

Annual Report 2022



Directors

Margaret Towers
Richard Morath
Jim Clegg
Ian Hunter (appointed 9 September 2021)

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 Platinum Capital Limited (the "Company")

Shareholder Liaison

Elizabeth Norman

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Share Registrar

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Sydney NSW 2000

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Auditor and Taxation Advisor

PricewaterhouseCoopers

Securities Exchange Listing

Platinum Capital Limited shares are listed on the Australian Securities Exchange (ASX code: **PMC**)

Website

www.platinumcapital.com.au

Corporate Governance Statement

www.platinum.com.au/PlatinumSite/media/Find-a-form/pmc_corp_gov.pdf

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Chairperson's Report 2022

Summary

Platinum Capital Limited ("PMC" or the "Company") delivered an investment return of negative 6.3% for the year ended 30 June 2022, as measured by its pre-tax net tangible asset backing per share. The return from the Company's investment portfolio resulted in a net loss after tax of \$19.4 million (2021: profit of \$68.3 million). The negative investment return should be considered in the context of global equity markets being down 8% for the year.

The Company determined a fully-franked final dividend of 3 cents per share, bringing the total dividends determined for the 2022 financial year to 6 cents per share (2021: 7 cents per share). This represents a grossed up dividend yield of 6.8% based on the closing share price as at 30 June 2022 or 5.8% based on the pre-tax net tangible asset backing per share at 30 June 2022.

Investment Performance

As mentioned, for the 12 months to 30 June 2022, the Company delivered a pre-tax net tangible asset return of negative 6.3%.¹ This is compared to the return for the MSCI All Country World Net Index in A\$ terms ("MSCI index"), which delivered a return of negative 8.0% for the same period.

Platinum Investment Management Limited ("Platinum"), the investment manager, has been warning of inflation, the potential for increased interest rates and overvaluation of growth stocks for over 18 months now and has been positioning the portfolio based on this view, by taking short positions and increasing cash holdings. It has taken until the end of the 2022 financial year for this to bear fruit. Consequently, the investment return is a product of two very different halves:

- In the first half of the year (1 July 2021 to 31 December 2021), the Company's return was +1.3% (MSCI index +9.0%). During this half, growth stocks continued to dominate global markets. Long positions contributed 2% to the portfolio's returns, whilst shorts detracted negative 0.5%.
- In the second half of the year (1 January 2022 to 30 June 2022), the Company's return was negative 7.5% (MSCI index negative 15.6%). The market was pushed lower over this period due to the Russia/Ukraine conflict, the China slowdown and central banks' action on interest rates. At 30 June 2022, the Company had one of its most conservative net invested positions in its 28-year history of 57.6%. The biggest contributors to performance during this half were shorts at around 8% and cash at 1%. The long positions contributed negative 15%.

1 Measured by its pre-tax net tangible assets ("pre-tax NTA"), which represents the combined capital and income return of the Company's investments after the deduction of fees and expenses, adjusted for corporate taxes paid and any capital flows and assuming the reinvestment of all dividends.

The current year's returns on short positions, during a falling market, shows the benefits of downside protection provided by an index-agnostic approach, where returns can be achieved through both long and short capability over investment cycles.

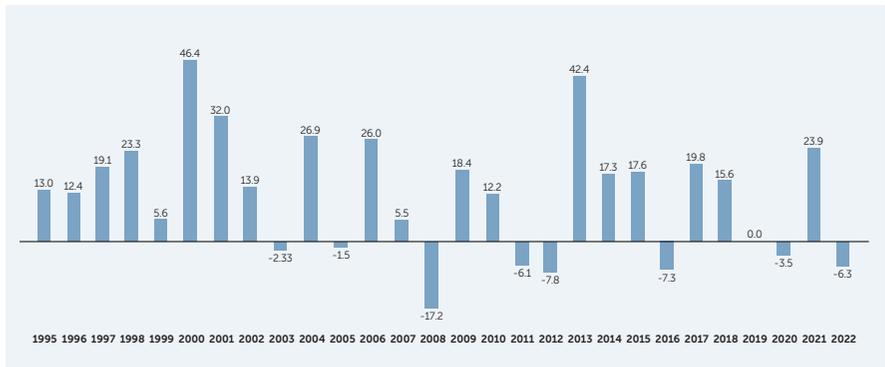
The Quarterly Investment Manager's Reports provide further detail on the performance during the year.

Since inception (29 June 1994) to 30 June 2022, the Company's annualised compound return (measured by the Company's pre-tax NTA) was 11.1% per annum, compared with an annualised compound return of 7.1% per annum for the MSCI index for the same period.

In the June 2022 quarterly report, the investment manager commented that: *"The US Federal Reserve's decision to sharply increase interest rates from 0.5% to 1.75% over the course of the quarter in response to the accelerating rate of inflation was the key driver of markets. This resulted in a significant setback for the popular growth stocks that have led the bull market over the last three years."*

A summary of the annual returns to 30 June since inception (29 June 1994), is shown in the graph below.

PMC's Annual Pre-Tax Investment Returns Year to 30 June (%)



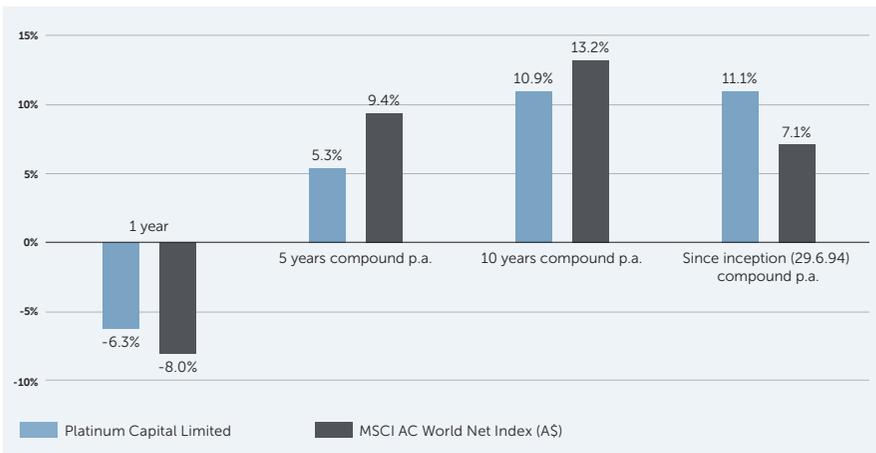
Source: Platinum Investment Management Limited (PMC returns). Returns have not been calculated using the Company's share price. **Past performance is not a reliable indicator of future performance.**

Chairperson’s Report 2022

CONTINUED

A summary of the compound returns as compared to the MSCI index over the 1-year, 5-year and 10-year periods and since inception, is shown in the graph below. The long bull market run up to the end of 2021 was fuelled by growth stocks which is contrary to the Company’s value style, nonetheless the Company has delivered 10.9% and 5.3% annually over 10 years and 5 years respectively.

PMC’s Pre-Tax Net Tangible Assets (NTA) Return (%) versus MSCI Index Return to 30 June 2022 (%)



Source: Platinum Investment Management Limited (PMC returns) and FactSet Research Systems (MSCI Index returns). Returns have not been calculated using the Company’s share price. **Past performance is not a reliable indicator of future performance.**

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The Company's shares continue to trade at a discount to pre-tax NTA. The discount has increased during the financial year, resulting in the Total Shareholder Return, including franking credits, of negative 11.0% for the year ended 30 June 2022. It is noted that the discount has narrowed since 30 June 2022.

	1 YEAR (%)	5 YEARS (% P.A.)	10 YEARS (% P.A.)	SINCE INCEPTION (% P.A.)
Pre-tax NTA return	(6.3)	5.3	10.9	11.1
Total shareholder return (TSR)	(11.0)	1.6	10.0	9.7

Source: Platinum Investment Management Limited. Both returns assume the reinvestment of dividends. The Total Shareholder Return is calculated using share price movements and dividends paid assuming shareholders obtain the full benefit of franking credits. **Past performance is not a reliable indicator of future performance.**

The Directors consider it appropriate to include franking credits in the TSR when comparing TSR to pre-tax NTA returns.

Statutory Accounts

For the financial year ended 30 June 2022, the Company made a statutory pre-tax operating loss of \$27.8 million and a post-tax operating loss of \$19.4 million.

The Board maintains that a more appropriate measure of the Company's performance is the percentage change in its pre-tax NTA. On this measure, the Company's return was negative 6.3% for the 12 months to 30 June 2022.

To keep shareholders fully informed, PMC releases weekly and monthly calculations of its net tangible asset backing per share to the ASX. Platinum publishes monthly investment performance updates and quarterly investment reports to shareholders.

Chairperson's Report 2022

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Dividends

The Company determined a 2022 fully-franked final dividend of 3 cents per share, bringing the total dividends determined for the 2022 financial year to 6 cents per share. This represented a grossed up dividend yield of 6.8% based on the 30 June 2022 closing share price.

The Board aims to deliver a consistent stream of fully-franked dividends to shareholders over time, through 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.

The Company generates franking credits by paying tax on profits at the Australian company tax rate of 30%. The Australian company tax rate will continue to apply unless the Company qualifies as a 'base rate entity' which would mean that a 25% tax rate would apply for that year.

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. The ability to manage the level of fully-franked dividend payments over time is a key strength of the listed investment company structure.

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. Under the DRP, the DRP issue price will be the volume-weighted average share price of the Company's shares sold on the ASX over the five business days subsequent to the date on which the Company's shares cease to trade cum-dividend. No discount will be applied to the DRP issue price.

Capital Management

The Company did not engage in any capital raising activities during the financial year.

On 8 April 2022, the Company extended the on-market share buy-back for up to 10 per cent of PMC's issued share capital for another 12 months. No shares have been bought back as at 30 June 2022.

The Directors continue to monitor the Company's share price relative to pre-tax NTA, which is currently at a discount that widened through the year consistent with the broader global equities listed investment company market. It is noted that the discount has narrowed since 30 June 2022.

Environmental, Social & Governance Matters (ESG)

The Board acknowledges that ESG is a growing focus for investors. There is an implicit inclusion of ESG factors in Platinum's investment analysis and decision-making process. For Platinum, ESG is about understanding a company. Platinum emphasises a balanced approach; Platinum looks at what detracts and what contributes to a company's worth. To assess a company's true worth a nuanced consideration of the company's operations and operating environment is essential. The evaluation of material ESG issues and risks (including climate risks), just like traditional financial and operational factors, is an integral part of this exercise.

Where material ESG issues are identified, Platinum's approach is generally one of thoughtful engagement, where Platinum seeks to nudge these companies to move towards better ESG outcomes.

Specifically, in relation to climate risks, Platinum considers the implications of climate change in both its investment and operational decisions. When selecting investments for the Company's portfolio, environmental factors, including climate change risks and clean energy developments, are taken into consideration in Platinum's assessment of the competitiveness of the companies in question and their ability to generate returns for shareholders over the medium and long term.

The table below shows the carbon intensity of the Company:

	30 JUNE 2022	30 JUNE 2021
Carbon intensity (tCO ₂ e/\$10k invested)	1.07	0.78

Refer to Platinum's website for more information: www.platinum.com.au/ESG.

Other Corporate Governance Matters

As Chairperson of this Company and Platinum's other listed investment company, Platinum Asia Investments Limited (PAI), it became clear that PMC and PAI face many common issues, not least in relation to legal, risk and compliance matters. As such, there are many potential benefits to having a common board of directors across both companies.

In recognition of this, the Board appointed Mr Ian Hunter (non-executive director of PAI) to the Company's Board as an independent non-executive director, effective 9 September 2021. Directors' fees in aggregate did not change as a result of this appointment.

Chairperson's Report 2022

CONTINUED

The Board continued to monitor the performance of Platinum and its adherence to the investment management and administration agreements with the full and transparent co-operation of Platinum's management team. The Company's Audit, Risk and Compliance Committee (ARCC) reviewed and recommended to the Board the approval of the full-year and half-year statutory accounts and reports, continued to review the Company's risk management framework, and received regular reporting from Platinum's management team on compliance and risk management matters and the impact of changes to the legal and regulatory environment affecting the Company.

Accordingly, I am confident in the integrity and reporting of the Company's financial results to shareholders.

Outlook for 2022-2023

As highlighted recently by Platinum, *"The months ahead are likely to remain volatile as markets transition away from the near-zero interest rate environment. The portfolio is positioned for this environment with investments predominantly comprising profitable businesses trading at attractive valuations. Short positions continue to be held in popular growth stocks and market indices to reduce the portfolio's exposure to further market declines. Ample cash reserves will allow PMC to take advantage of new opportunities as they arise."*

Annual General Meeting

My fellow Directors and Platinum are pleased to invite you to the Company's Annual General Meeting ("AGM") on 3 November 2022.

Subject to public health orders, the Company's AGM will be held as a hybrid event whereby shareholders can either attend in person or otherwise join online.

The AGM notice, including details on how to join the meeting, will be dispatched to shareholders in the coming weeks.

Finally

On behalf of the Board, I wish to express our appreciation of the excellent work done by Andrew Clifford, Clay Smolinski and Nikola Dvornak and Platinum's investment team over the last year and I thank the broader team at Platinum.

On behalf of the Board, I thank shareholders for their support.

Margaret Towers

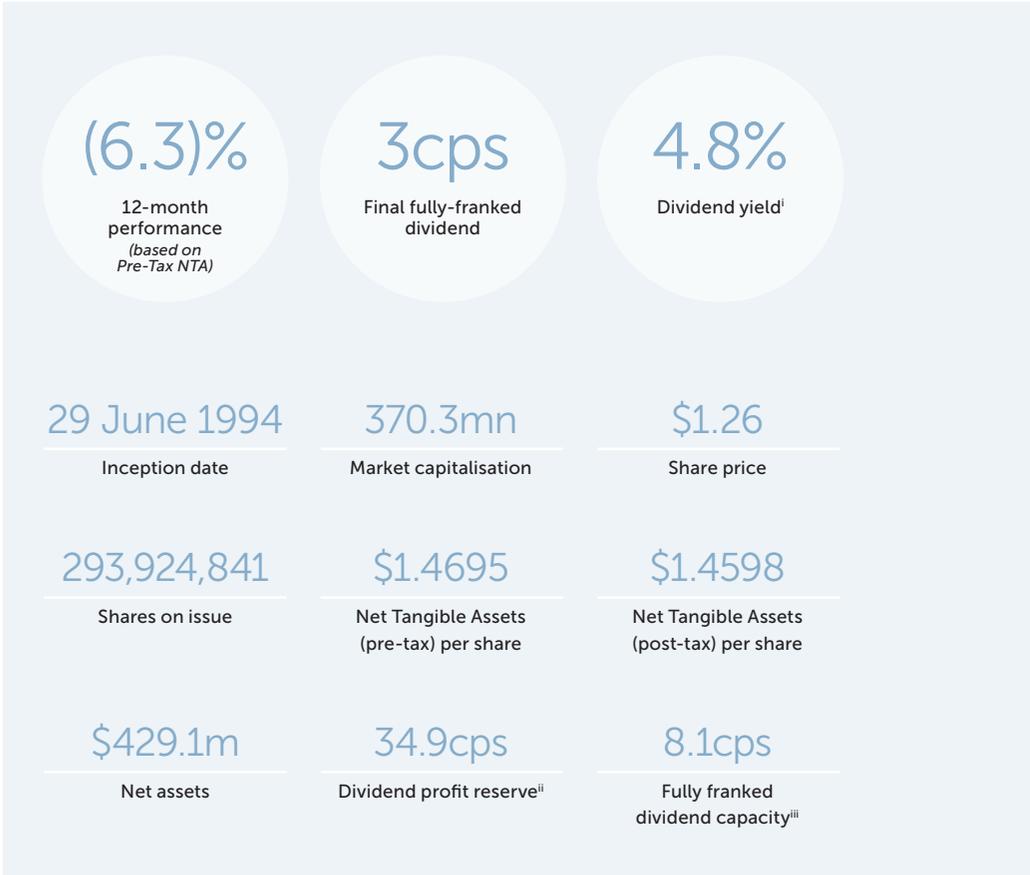
Chairperson

16 August 2022



Financial Information Summary

30 JUNE 2022



i. Dividend yield is based on the 2022 interim dividend of 3 cents per share plus the 2022 final dividend of 3 cents per share and the share price as at 30 June 2022.

ii. Dividend profit reserve is after providing for the 2022 final dividend of 3 cents per share.

iii. This is the maximum fully-franked dividend that can be paid based on the franking credit balance as at 30 June 2022 after adjusting for the 2022 tax payable and the 2022 final dividend of 3 cents per share.

PMC's pre-tax NTA return % versus MSCI AC World Net Index

	1 year	5 years	10 years	Since inception
PMC	(6.3)%	5.3%	10.9%	11.1%
MSCI	(8.0)%	9.4%	13.2%	7.1%

5-year compound per annum pre-tax NTA returns since inception^{iv}

	Total number of 5-year periods to 30 June 2022 ^v	Periods where return was positive (% of total)	Periods where return was negative (% of total)
PMC	277	97%	3%
MSCI	277	68%	32%

	Largest 5-year gain (% compound per annum)	Largest 5-year loss (% compound per annum)	Periods > +8% compound per annum (% of total)	Periods where PMC return was > MSCI (% of total)
PMC	27%	(2)%	72%	61%
MSCI	23%	(8)%	51%	N/A

iv. The pre-tax NTA return is calculated after the deduction of fees and expenses, adjusted for corporate taxes paid, and any capital flows and assumes the reinvestment of dividends.

v. Commencing each month since inception to 30 June 2022.

Source: Platinum Investment Management Limited (PMC returns) and FactSet (MSCI returns). Returns have not been calculated using the Company's share price. **Past performance is not a reliable indicator of future performance.**

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Investment Structure, Objectives and Methodology

Investment Structure

Platinum Capital Limited (the “Company”) is a listed investment company, or “LIC”, whose shares are listed 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 fluctuating cash flows;
- is taxed at source and can therefore distribute available profits to shareholders in the form of dividends, usually fully franked (depending on the availability of franking credits); and
- has established a dividend profit reserve, which creates the opportunity for the 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.

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

Investment Objective

The investment objective of the Company is to provide capital growth over the long term through investing in companies worldwide which the Investment Manager perceives to be undervalued by the market.

Investment Methodology

The Investment Manager’s index-agnostic investment approach has been well tested over many years. The investment methodology seeks to identify and take advantage of opportunities created by anomalies between a company’s share price and its intrinsic value. Transitory events can have a disproportionate effect on the share prices of companies, either positive or negative, and hence there is a tendency for share prices to deviate significantly at times from their inherent value.

For a more detailed discussion of the Investment Manager’s methodology and processes, we encourage you to visit the Investment Manager’s website at www.platinumcapital.com.au.

Managing Currency Exposures

International equity investments create an exposure to foreign currency fluctuations. Consequently, part of the Company's investment strategy is to assess the potential returns and risks created by currency exposures and to seek to maximise the return as reported in Australian dollars. To this end the Investment Manager uses foreign currency forward contracts, currency swaps, non-deliverable forwards and currency options, as well as spot foreign exchange transactions to actively manage currency exposures.

Strategies Aimed at Containing Losses and Delivering Solid Absolute Returns

While the Company's primary objective is to generate capital growth over the long term, the Investment Manager also seeks to mitigate the risk of significant capital losses by employing a range of strategies, which include adjusting cash levels, deploying funds from overvalued to undervalued stocks and short selling (usually through equity derivatives).

The Investment Manager has historically endeavoured to maintain an effective cash level of between 15% and 30% of the portfolio value. In the event of a significant downturn, cash not only acts as a valuable cushion but also provides additional "fire power" to take advantage of opportunities as they arise.

Timing the implementation of these strategies however is challenging and, though the rewards can be gratifying, patience is often required. The nature of markets means it can take time for inappropriately valued geographical regions, industry sectors or individual stocks to become more widely recognised and for prices to revert closer to their inherent values.

Our Journal

You can find a range of thought-provoking articles and videos on our website, www.platinum.com.au. For ad hoc commentary on the latest market trends and investment themes, look up *The Journal* under Insights & Tools.

If you find yourself short on time to read our in-depth reports and articles, have a listen to our audio podcasts or watch brief market updates in video format.



Market Update: Inflation Takes its Toll on Markets

CEO and co-CIO Andrew Clifford talks with Investment Specialist Julian McCormack on the impact of inflation, rising interest rates, the Russia-Ukraine conflict and the re-emergence of Covid in China on global equity markets. Against this market backdrop, Andrew discusses Platinum's investment approach, drivers of recent returns and where the team is investing...



By Andrew Clifford
13 April 2022



The Beautiful Game

There is an apparent paradox of investing in shares; price is everything yet it is also nothing. There is no contradiction in this paradox because the reality lies in the very essence of what share selection is really about. If one starts from the naive stance of saying you want to own really fine companies that will be bigger and hopefully better in the coming few years...



By Kerr Neilson
04 February 2022



Turmoil Provides Catalyst for Significant Investment in Europe

It is no surprise that investor sentiment has turned negative on Europe. In the short term, there are good reasons to be cautious. However, recent events are providing catalysts for significant change...



By Adrian Cotiga
23 June 2022

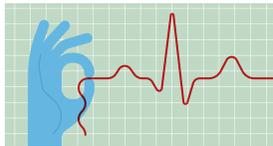


Investing for a Better Tomorrow

The world economy emits around 50 billion tonnes of CO₂-equivalent greenhouse gases (GHGs) every year, of which 36 billion tonnes is derived from the burning of fossil fuels. It is now widely accepted the increasing amount of GHGs in the atmosphere is warming our planet and the current level of emissions needs to reduce...



By Liam Farlow & Jodie Bannan
05 May 2022



Biotech, Down but Absolutely Not Out

It has been a difficult 12 months or so for biotech, but portfolio manager Dr Bianca Ogden believes the sector is "absolutely not broken" – far from it. Innovation continues and balance sheets are stronger than ever with a lot of cash sitting on the sidelines, paving the way for industry consolidation and ongoing investment in next-generation technologies and drug discovery...



By Dr Bianca Ogden
22 June 2022



Defensive Stocks Not So Defensive After All?

US consumer stocks have taken a hit this year. Rate rises, geopolitical issues, withdrawal of fiscal stimulus and excess inventory are all taking their toll on company sales and profit margins. Portfolio manager Jamie Halse sat down with investment specialist Julian McCormack in early June to discuss his thoughts...



By James Halse
28 June 2022



Financial Statements 2022

Platinum Capital Limited

General Information

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 August 2022. The Directors have the power to amend and reissue the financial statements.

Shareholder Information

The shareholder information set out below was applicable as at 9 August 2022.

Distribution of Ordinary Shares

Analysis of number of ordinary shareholders by size of holding:

	NUMBER OF HOLDERS OF ORDINARY SHARES
1 to 1,000	1,097
1,001 to 5,000	1,901
5,001 to 10,000	1,844
10,001 to 100,000	5,115
100,001 and over	362
Total	10,319
Holding less than a marketable parcel (of \$500)	717

Twenty largest shareholders

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

	ORDINARY SHARES NUMBER HELD	% OF TOTAL SHARES ISSUED
HSBC Custody Nominees (Australia) Limited	16,972,381	5.77
Sysha Pty Limited	13,960,000	4.75
Nulis Nominees (Australia) Limited	4,566,766	1.55
BNP Paribas Nominees Pty Limited HUB24 Custodial Serv Limited	4,407,454	1.50
Lekk Pty Limited	4,000,000	1.36
Mr William Kerr Neilson	1,977,646	0.67
BNP Paribas Nominees Pty Limited	1,959,084	0.67
Jorlyn Pty Limited	1,900,000	0.65
Moya Pty Limited	1,694,406	0.58
Intech Solutions Pty Limited	1,617,158	0.55
Navigator Australia Limited	1,417,999	0.48
Citicorp Nominees Pty Limited	980,077	0.33
Netwealth Investments Limited	937,089	0.32
Perpetual Corporate Trust Limited	888,344	0.30
Mr Raymond Ireson	876,430	0.30
JCHP Investments Pty Limited	841,046	0.29
Howmains Pty Limited	811,972	0.28
Australian Executor Trustees Limited <No 1 Account>	719,291	0.24
Australian Executor Trustees Limited <Beneficiaries Holding A/C>	684,090	0.23
Custodial Services Limited	651,068	0.22
	61,862,301	21.04

There are no substantial holders in the Company.

Shareholder Information

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Voting Rights

Ordinary shares

Every member is entitled to 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

Ordinary shares trade ex-dividend	25 August 2022
Record date (books close) for dividend	26 August 2022
Dividend payment date	15 September 2022

These dates are indicative and subject to change.

Notice of Annual General Meeting (AGM)

The Annual General Meeting of Platinum Capital Limited will be held on Thursday, 3 November 2022. Details of how to join the meeting will be included in the AGM notice.

Questions for the AGM

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

Directors' Report

In respect of the year ended 30 June 2022, 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 and Independent Non-Executive Director

Richard Morath – Independent Non-Executive Director

Jim Clegg – Independent Non-Executive Director

Ian Hunter – Independent Non-Executive Director (appointed 9 September 2021)

Principal Activities

The Company is a listed investment company established to provide capital growth over the long term by investing in companies worldwide which the Investment Manager perceives to be undervalued by the market.

Operating and Financial Review

For the 12 months to 30 June 2022, the net loss before income tax was \$27,757,000 (2021: profit of \$97,281,000) and net loss after income tax was \$19,425,000 (2021: profit of \$68,272,000).

For the 12 months to 30 June 2022, the Company delivered a return of negative 6.3%¹ (measured by its pre-tax NTA) compared to a return of negative 8.0% for the benchmark, the MSCI All Country World Net Index ("MSCI") in A\$ terms².

The Directors consider that the pre-tax net tangible asset backing per share, after the deduction of fees and expenses, adjusted for corporate taxes paid and any capital flows, and assuming the reinvestment of dividends ("pre-tax NTA"), is a better measure of performance of the Company than its reported profits or losses. This is because the pre-tax NTA per share is the most accurate way to assess the investment performance of the Company's investment portfolio. For the 12 months to 30 June 2022, the Company's pre-tax NTA per share decreased from \$1.68 to \$1.47. The decrease includes 7 cents per share in dividends and the equivalent of 4 cents per share in taxes paid during the financial year.

1 Source: Platinum Investment Management Limited (the Company's returns) and FactSet Research Systems (MSCI returns). Returns have not been calculated using the Company's share price. **Past performance is not a reliable indicator of future performance.**

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Directors' Report

CONTINUED

In the June 2022 quarterly report, the Investment Manager commented that: *"The months ahead are likely to remain volatile as markets transition away from the near-zero interest rate environment. The portfolio is positioned for this environment with investments predominantly comprising profitable businesses trading at attractive valuations. Short positions continue to be held in popular growth stocks and market indices to reduce the portfolio's exposure to further market declines. Ample cash reserves will allow PMC to take advantage of new opportunities as they arise."*

For more information and the Company's most recent results please refer to: www.platinumcapital.com.au.

COVID-19 has not had a direct impact on the ability of the Company or the Investment Manager to perform business activities. The Company has not received any COVID-19-related financial assistance or support.

Capital Management

The Directors continue to monitor the Company's share price relative to pre-tax NTA, which is currently at a discount, consistent with the broader global equities listed investment company market. At this stage, the Directors do not see the need to commence an on-market share buy-back. It is noted that the discount has narrowed since 30 June 2022.

Another objective of the Company's capital management policy is to smooth dividends over time and, where possible, retain a reasonable level of franking credits to enable payment of fully-franked dividends in the future. The Company does not believe that it is in the Company's or shareholders' interests to pay unfranked dividends, resulting in a tax liability in the shareholders' hands and reduced investment capacity for the Company to generate future returns.

Dividends

The Directors determined a 2022 fully-franked final dividend of 3 cents per share (\$8,818,000), with a record date of 26 August 2022 and payable to shareholders on 15 September 2022, out of the dividend profit reserve. Together with the 2022 interim dividend of 3 cents per share, this represents a fully-franked dividend yield of 4.8% based on the 30 June 2022 closing share price. At 30 June 2022, the available franking credit balance after providing for the 2022 final dividend would enable the payment of a fully-franked dividend up to 8.1 cents per share.

The Dividend Reinvestment Plan ("DRP") is in operation. 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 will be the volume-weighted average share price of the Company's shares sold on the ASX over the five business days subsequent to the date on which the Company's shares cease to trade cum-dividend. No DRP discount will apply to the dividend.

Matters Subsequent to the End of the Financial Year

Apart from the dividend determined, no matter or circumstance has arisen since 30 June 2022 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 investment objective, which is to provide capital growth over the long term through investing in companies worldwide which the Investment Manager perceives to be undervalued by the market. The methods of operating the Company are not expected to change in the foreseeable future.

Environmental, Social & Governance ("ESG") Reporting

Shareholders are encouraged to read the Investment Manager's Corporate Responsibility and Sustainability Report, which is available at www.platinum.com.au/About-Platinum/ptm-shareholders.

For further information on the Investment Manager's approach to ESG refer to the website at www.platinum.com.au/ESG.

It is noted that the Company is not subject to any significant environmental regulation under Commonwealth, State or Territory laws.

Managing Tax Risk

The Board is committed to acting with integrity and transparency in all tax matters. The Company aims to meet all of its obligations under the law and pay the correct amount of tax to the relevant authorities. The Company has established a Tax Risk Management and Governance Policy, which ensures an adequate framework is in place to allow for the effective management of tax risks in an appropriate and consistent manner. The policy describes the Company's approach to managing tax risk including key responsibilities, key controls and reporting mechanisms.

Information on Directors

Margaret Towers CA, GAICD

Ms Margaret Towers was appointed as an Independent Non-Executive Director on 31 March 2018. Ms Towers is the Board Chair and also serves as a member of the Audit, Risk and Compliance Committee.

Ms Towers has over 35 years' experience operating at board and senior management levels, within the wealth management and investment banking services industry.

Ms Towers is a Non-Executive Director and Chair of Platinum Asia Investments Limited.

Ms Towers was previously a Non-Executive Director of Platinum Asset Management Limited, serving on its Audit, Risk and Compliance Committee and Nomination and Remuneration Committee and IMB Limited, serving as Chair and member of IMB's Risk Committee, Audit Committee and Financial Planning Committee.

Directors' Report

CONTINUED

Richard Morath BA, FIAA

Mr Richard Morath was appointed as an Independent, Non-Executive Director on 27 March 2009 and is Chair of the Audit, Risk and Compliance Committee.

Mr Morath has over 40 years' experience in life insurance, funds management, banking and financial planning.

Mr Morath is a Non-Executive Director of Platinum Asia Investments Limited, JANA Investment Advisors Limited, BNZ Life, BNZ Insurance and National Wealth Management Holdings New Zealand.

Jim Clegg BRURSC (HONS), DIPAGEC

Mr Jim Clegg was appointed as an Independent, Non-Executive Director on 5 June 2015 and is a member of the Audit, Risk and Compliance Committee.

Mr Clegg has over 40 years' experience in the financial services industry.

Mr Clegg is a Non-Executive Director of Platinum Asia Investments Limited and was the founding Managing Director of Pembroke Financial Planners and has been a Non-Executive Director of Godfrey Pembroke, Berkley Group and Centric Wealth and a trustee of The Walter and Eliza Hall Trust.

Ian Hunter BA, LLB, MBA

Independent Non-Executive Director since 9 September 2021.

Mr Ian Hunter was appointed as an Independent Non-Executive Director on 9 September 2021 and serves as a member of the Audit, Risk and Compliance Committee.

Mr Hunter has over 40 years' experience in finance and the investment industry having held several roles in Corporate Finance and Equity Capital Markets at international banks, most latterly Bankers Trust Australia.

Mr Hunter is a Non-Executive Director of Platinum Asia Investments Limited and Ironbark Capital Limited and was previously a Non-Executive Director of several listed companies.

Information on Company Secretary

Joanne Jefferies BCOM, LLB

Ms Joanne Jefferies was appointed Platinum's General Counsel and Group Company Secretary on 17 October 2016. Ms Jefferies serves as the Company Secretary for Platinum, a number of its subsidiary entities and ASX listed investment company, Platinum Asia Investments Limited.

Ms Jefferies is an English law qualified solicitor with more than 25 years' experience in financial services law and corporate governance specialising in asset management and banking, in England and across Asia Pacific.

Ms Jefferies previously worked for BNP Paribas Securities Services, where she was Head of Legal, Asia Pacific and Company Secretary of all Australian subsidiaries. Prior to this Ms Jefferies held senior legal positions with Russell Investments, Morley Funds Management (Aviva Investors) and Lord Abbett. She also served as the General Counsel for the UK's funds management industry association, the Investment Association.

Ms Jefferies is a Non-Executive Director of Australian Pain Management Association Limited.

Meetings of Directors

The number of meetings of the Company's Board of Directors (the "Board") and Audit, Risk and Compliance Committee held during the year ended 30 June 2022, and the number of meetings attended by each Director/Committee member were:

	BOARD MEETINGS ATTENDED/ HELD	AUDIT, RISK AND COMPLIANCE COMMITTEE MEETINGS ATTENDED/HELD
Margaret Towers	8/8	7/7
Richard Morath	8/8	7/7
Jim Clegg	8/8	7/7
Ian Hunter*	7/7	5/5

* Ian Hunter was appointed as a non-executive director on 9 September 2021 and was only eligible to attend meetings since his appointment date.

The Audit, Risk and Compliance Committee meet at least one week prior to the formal adoption of the annual and interim financial statements, in order to carry out a detailed review of the financial statements.

Directors' remuneration is detailed further in the Remuneration Report.

Indemnity and Insurance of Directors or 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 year, indemnified or agreed to indemnify the auditor of the Company against a liability incurred by the auditor. During the 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 year by the auditor are outlined in Note 17 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the 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*.

Directors' Report

CONTINUED

The Directors are of the opinion that the services as disclosed in Note 17 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 31.

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
Chairperson



Richard Morath
Director

16 August 2022
Sydney

Remuneration Report (audited)

Executive Summary

- The Company had four key management personnel ("KMP") during the financial year, being the Directors of the Company.
- The aggregate annual remuneration paid by the Company to the Chairperson during the financial year was \$57,073 (including superannuation).
- During the year there was an appointment of one Non-Executive Director. The aggregate directors' fees paid by the shareholders of the Company remain unchanged (excluding superannuation) due to a reduction in Director fees.
- There has only been one increase in base pay for the Company Chairperson and other Non-Executive Directors in the last 17 years.
- The Company does not pay bonuses to any of its Directors.

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 2022.

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

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

NAME	POSITION
Margaret Towers	Chairperson and Independent Non-Executive Director
Richard Morath	Independent Non-Executive Director
Jim Clegg	Independent Non-Executive Director
Ian Hunter*	Independent Non-Executive Director

* Appointed 9 September 2021.

Shareholders' Approval of the 2021 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.

The Company received 91.75% of "yes" votes on its remuneration report for the 2021 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Directors' Report

CONTINUED

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 \$187,003 in aggregate was paid to the Directors in 2022 (2021: \$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 17 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 is 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. Any Director may retire or resign from the Board, or be removed by a resolution of shareholders.

In recognition of the benefits and efficiencies of a common board of directors across both the Company and Platinum Asia Investments Limited, the Company's current directors' fees were reduced, such that following Mr Hunter's appointments to the Company Board, the aggregate directors' fees paid by the shareholders of the Company remain substantially unchanged.

Remuneration for Directors

The table below presents amounts received by the Directors.

NAME	CASH SALARY ¹ \$	SUPER- ANNUATION \$	SHORT-TERM INCENTIVES \$	LONG-TERM INCENTIVES \$	TOTALS \$
Margaret Towers					
FY 2022	51,885	5,188	–	–	57,073
FY 2021	60,000	5,700	–	–	65,700
Richard Morath					
FY 2022	42,828	4,283	–	–	47,111
FY 2021	55,000	5,225	–	–	60,225
Jim Clegg					
FY 2022	42,828	4,283	–	–	47,111
FY 2021	55,000	5,225	–	–	60,225
Ian Hunter					
FY 2022	32,462	3,246	–	–	35,708
FY 2021	–	–	–	–	–
Total remuneration					
FY 2022	170,003	17,000	–	–	187,003
FY 2021	170,000	16,150	–	–	186,150

1 The annual salary for the Directors effective 9 September 2021 is as follows; Margaret Towers \$50,000, Richard Morath \$40,000, Jim Clegg \$40,000 and Ian Hunter \$40,000. The total of the Directors annual salaries effective 9 September 2021 is \$170,000.

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 have 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.

Directors' Report

CONTINUED

Link between the Remuneration of the Directors and Company Performance

	2022	2021	2020	2019	2018
Total net investment income/(loss) (\$'000)	(20,776)	103,952	(8,787)	6,538	78,807
Expenses (\$'000)	(6,981)	(6,671)	(6,481)	(6,558)	(7,170)
Net profit/(loss) after tax (\$'000)	(19,425)	68,272	(10,125)	(373)	50,353
Earnings per share (cents per share)	(6.63)	23.43	(3.50)	(0.13)	17.66
Dividends (cents per share)	6.0	7.0	6.0	10.0 ¹	10.0
Net Tangible Asset backing (pre-tax) (30 June) (\$ per share)	1.4695	1.6773	1.4080	1.5686	1.7495
Closing share price (30 June) (\$)	1.26	1.52	1.25	1.57	2.09
Total remuneration (salary and superannuation) paid (\$)	187,003	186,150	186,150	186,150	186,150

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

1 Includes the payment of a 3 cents per share special dividend paid in March 2019.

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
Ian Hunter*	–	100,000	–	100,000

* Appointed 9 September 2021.

Auditor's Independence Declaration



As lead auditor for the audit of Platinum Capital Limited for the year ended 30 June 2022, 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.

A handwritten signature in black ink, appearing to read 'CJ Cummins', with a horizontal line underneath.

CJ Cummins

Partner

PricewaterhouseCoopers

16 August 2022

Sydney

PricewaterhouseCoopers, ABN 52 780 433 757

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Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 \$'000	2021 \$'000
Investment income			
Dividends		8,744	6,372
Interest income		36	29
Net gains/(losses) on equities, convertible notes, foreign currency forward contracts and other derivatives		(32,320)	100,347
Net foreign exchange gains/(losses) on overseas bank accounts		2,764	(2,796)
Total investment income		(20,776)	103,952
Expenses			
Management fees	18	(5,138)	(5,019)
Custody		(257)	(236)
Share registry		(107)	(101)
Continuous reporting disclosure		(206)	(178)
Directors' fees	18	(187)	(186)
Auditor's remuneration and other services	17	(106)	(100)
Interest expense		(167)	(91)
Brokerage costs		(200)	(217)
Transaction costs		(165)	(127)
Insurance		(318)	(327)
Other expenses		(130)	(89)
Total expenses		(6,981)	(6,671)
Profit/(loss) before income tax expense/benefit		(27,757)	97,281
Income tax (expense)/benefit	3(a)	8,332	(29,009)
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Platinum Capital Limited		(19,425)	68,272
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income/(loss) for the year attributable to the owners of Platinum Capital Limited		(19,425)	68,272
Basic earnings per share (cents per share)	10	(6.63)	23.43
Diluted earnings per share (cents per share)	10	(6.63)	23.43

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

Statement of Financial Position

AS AT 30 JUNE 2022

	NOTE	2022 \$'000	2021 \$'000
Assets			
Cash at bank	11(a)	22	8
Cash on deposit held within the portfolio	11(a)	106,022	72,001
Receivables	5	2,387	1,307
Financial assets at fair value through profit or loss	4, 13	326,099	419,125
Deferred tax asset	3(c)	4,288	–
Total assets		438,818	492,441
Liabilities			
Payables	6	774	1,104
Financial liabilities at fair value through profit or loss	4, 13	1,845	1,276
Income tax payable	3(b)	7,137	4,767
Deferred tax liability	3(c)	–	18,861
Total liabilities		9,756	26,008
Net assets		429,062	466,433
Equity			
Issued capital	7	392,665	390,128
Accumulated losses		(75,060)	(50,807)
Dividend profit reserve	8	111,457	127,112
Total equity		429,062	466,433

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	ISSUED CAPITAL \$'000	ACCUMULATED LOSSES \$'000	DIVIDEND PROFIT RESERVE \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2020		387,838	(50,807)	76,298	413,329
Profit after income tax expense for the half to 31 December 2020		–	36,488	–	36,488
Profit after income tax expense for the half to 30 June 2021		–	31,784	–	31,784
Other comprehensive income /(loss) for the year, net of tax		–	–	–	–
Total comprehensive income/(loss) for the year		–	68,272	–	68,272
Transfer of profit after income tax for the half to 31 December 2020, to the dividend profit reserve	8	–	(36,488)	36,488	–
Transfer of profit after income tax for the half to 31 December 2020, to the dividend profit reserve	8	–	(31,784)	31,784	–
<i>Transactions with owners in their capacity as owners:</i>					
Proceeds from the issue of shares associated with the dividend reinvestment plan and unclaimed dividends	7	2,290	–	–	2,290
Dividends paid	9	–	–	(17,458)	(17,458)
Balance at 30 June 2021		390,128	(50,807)	127,112	466,433

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	ISSUED CAPITAL \$'000	ACCUMULATED LOSSES \$'000	DIVIDEND PROFIT RESERVE \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2021		390,128	(50,807)	127,112	466,433
Profit after income tax expense for the half to 31 December 2021		–	4,828	–	4,828
Loss after income tax expense for the half to 30 June 2022		–	(24,253)	–	(24,253)
Other comprehensive income/(loss) for the year, net of tax		–	–	–	–
Total comprehensive income/(loss) for the year		–	(19,425)	–	(19,425)
Transfer of profit after income tax for the half to 31 December 2021, to the dividend profit reserve	8	–	(4,828)	4,828	–
<i>Transactions with owners in their capacity as owners:</i>					
Proceeds from the issue of shares associated with the dividend reinvestment plan and unclaimed dividends	7	2,537	–	–	2,537
Dividends paid	9	–	–	(20,483)	(20,483)
Balance at 30 June 2022		392,665	(75,060)	111,457	429,062

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Payments for purchase of financial assets		(232,297)	(290,239)
Proceeds from sale of financial assets		292,655	328,850
Dividends received		7,275	5,772
Interest received/(paid)		(148)	(58)
Management fees paid		(5,191)	(4,944)
Other expenses paid		(1,735)	(1,685)
Income tax refund received		–	2,940
Income tax paid		(11,342)	(3,217)
Net cash from operating activities	11(b)	49,217	37,419
Cash flows from financing activities			
Dividends paid – net of dividend re-investment plan	7, 9	(18,007)	(15,228)
Proceeds from issue of shares in relation to unclaimed dividends	7	61	60
Net cash used in financing activities		(17,946)	(15,168)
Net increase/(decrease) in cash and cash equivalents		31,271	22,251
Cash and cash equivalents at the beginning of the year		72,009	52,554
Effects of exchange rate changes on cash and cash equivalents		2,764	(2,796)
Cash and cash equivalents at the end of the year	11(a)	106,044	72,009
Non-cash financing activities:			
dividend re-investment plan	7		

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below or in the relevant note to which the policy relates. 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 certain 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.

New and amended accounting standards and interpretations

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

New standards, amendments and interpretations effective after 1 July 2022 and have not been early adopted

A number of new standards, amendments and interpretations are effective for annual reporting periods beginning on or after 1 July 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statement of the Company.

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. Areas of judgement include:

- Fair value measurement (refer to Note 15);
- Deferred tax (refer to Note 3(c)); and
- Financial assets/liabilities at fair value through profit or loss (refer to Note 4).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 1. Summary of significant accounting policies – continued

Functional currency

Items included in the Company's financial statements are measured using the Australian Dollar, which is the currency of the primary economic environment in which it operates (the "functional currency") and reflects the currency of the country in which the Company is incorporated, and the currency in which capital is raised and dividends are paid. However, most of the Company's assets and revenues are not denominated in Australian Dollars. The Australian dollar is also the Company's presentation currency.

Foreign currency transactions

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 statement of profit or loss and other comprehensive income.

Investment income

Interest income

Interest income from financial assets at amortised cost is recognised on a time proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from convertible notes. Interest from financial assets at fair value through profit or loss is included in net gains/(losses) in equities, convertible notes, foreign currency forward contracts and other derivatives at fair value through profit or loss.

Dividend income

Dividend income is brought to account on the applicable ex-dividend date.

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 they are paid or become payable.

Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of 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.

Note 1. Summary of significant accounting policies – continued

Due from/due to brokers for unsettled trades

Amounts due from/due to brokers represent receivables for proceeds from the 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.

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 accrual basis.

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.

Note 2. Operating segments

An operating segment is a distinguishable component of the Company that is engaged in business activity from which the Company earns revenues and incurs expenses, whose operating results are regularly reviewed by the Company's Investment Manager in order to make decisions about the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

The Company is organised into one main operating segment with only one key function, being the investment of the Company's funds worldwide. It operates predominantly in Australia and in the securities industry. It earns revenue from dividend income and other returns from the investment portfolio. The Company continues to have foreign exposures as it invests in companies which operate internationally. The Company invests in different types of securities, as detailed in Note 13.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 3. Income tax

(a) Income tax (expense)/benefit

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.

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

	2022 \$'000	2021 \$'000
Current income tax provision	(13,583)	(7,984)
Movement in deferred tax	23,149	(20,315)
Withholding tax on foreign dividends	(1,224)	(770)
Over/(under) provision of prior period tax	(10)	60
Income tax (expense)/benefit	8,332	(29,009)

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

	2022 \$'000	2021 \$'000
Profit/(loss) before income tax expense/(benefit)	(27,757)	97,281
Prima facie income tax at tax rate of 30%	8,327	(29,184)
Foreign tax credits	15	115
Over provision of prior period tax	(10)	60
Income tax (expense)/benefit	8,332	(29,009)

(b) Income tax receivable/(payable)

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

	2022 \$'000	2021 \$'000
Current income tax provision (before foreign & domestic tax credits)	(14,696)	(8,915)
Foreign & domestic tax credits utilised	1,113	931
Current income tax provision	(13,583)	(7,984)
Income tax instalments paid	6,446	3,217
Income tax receivable/(payable)	(7,137)	(4,767)

Note 3. Income tax – continued

(c) Deferred tax asset/(liability)

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 and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

The deferred tax asset/(liability) figure in the statement of financial position is comprised of:

	2022	2021
	\$'000	\$'000
Dividends accrued	(142)	(186)
Interest accrued	–	(77)
Unrealised (gains)/losses on investments	4,432	(18,642)
Expense accruals	(2)	44
Deferred tax asset/(liability)	4,288	(18,861)

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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

	2022 \$'000	2021 \$'000
<i>Financial assets</i>		
Equity securities	323,022	411,686
Convertible notes	–	7,152
Derivative financial instruments	3,077	287
	326,099	419,125
<i>Financial liabilities</i>		
Derivative financial instruments	1,845	1,276
	1,845	1,276

Recognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement and recognises changes in the fair value of financial assets or financial liabilities from this date. Investments are derecognised when the contractual right to receive cash flows from the investments have expired or have been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

Measurement

The contractual cash flows of equity securities, derivatives and foreign currency forward contracts held by the Company are not comprised of principal and interest. Consequently, these financial assets and financial liabilities are measured at fair value through profit or loss. For convertible notes, the collection of contractual cash flows is only incidental to achieving the Company's business model's objective. Consequently, the convertible notes are measured at fair value through profit and loss.

At initial recognition, the Company measures financial assets and financial liabilities at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss and other comprehensive income.

Subsequent to initial recognition, gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of profit and loss and comprehensive income within "net gains/(losses) in equities, convertible notes, foreign currency forward contracts and other derivatives at fair value through profit or loss" in the period in which they arise.

Note 4. Financial assets and liabilities at fair value through profit or loss – continued

Fair value

AASB 13: *Fair Value Measurement* 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”. 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 exit 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.

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.

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 provide 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, options are valued based on option prices provided by an arm’s length broker. These valuations are based on option pricing models.

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, basket of equities or an index, in markets where liquidity, custody or other issues make ownership of the local securities 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.

Note 5. Receivables

Receivables include proceeds from the sale of financial assets, dividends, GST, Indian Capital Gains Tax and interest receivables where settlement has not occurred at the end of the reporting period. Receivables are usually received within 30 days of being recognised as a receivable.

	2022 \$'000	2021 \$'000
Proceeds from sale of financial assets	800	–
Dividends receivable	1,309	1,066
Other receivables	278	241
	2,387	1,307

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 6. 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.

	2022 \$'000	2021 \$'000
Payables on purchase of financial assets	102	485
Other payables	672	619
	774	1,104

Note 7. Issued capital

	2022 SHARES	2021 SHARES	2022 \$'000	2021 \$'000
Ordinary shares – fully paid	293,924,841	292,186,708	392,665	390,128

DETAILS	DATE	SHARES	\$'000
Balance	30 June 20	290,485,178	387,838
Dividend reinvestment plan	13 September 20	909,846	1,134
Reinvestment of unclaimed dividends ^(a)	27 September 20	27,723	35
Dividend reinvestment plan	18 March 21	747,412	1,096
Reinvestment of unclaimed dividends ^(a)	1 April 21	16,549	25
Balance	30 June 21	292,186,708	390,128
Dividend reinvestment plan	16 September 21	980,679	1,431
Reinvestment of unclaimed dividends ^(a)	8 October 21	18,187	26
Dividend reinvestment plan	18 March 22	713,210	1,045
Reinvestment of unclaimed dividends ^(a)	1 April 22	26,057	35
Closing Balance	30 June 22	293,924,841	392,665

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

Ordinary shares

Ordinary shares are classified as equity. 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. Every member is entitled to one vote and upon a poll, each share shall have one vote. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Note 7. Issued capital – continued

Rights issue or share buy-back

There is no rights issue currently in place. On 8 April 2022, the Company announced a 12 month extension to the on-market share buy-back program, in which shares will be bought-back, should the Board consider that such is in the interest of shareholders as a whole. No shares have been bought-back as at 30 June 2022.

Note 8. Dividend profit reserve

The Company has created a dividend profit reserve. The Board considers transfers of profits to the dividend profit reserve on a semi-annual basis. Dividends are paid from this reserve and undistributed profits are available to be used for dividends in future periods to enable smoothing of dividends for its shareholders. The reserve is included when determining the overall equity of the Company for accounting purposes.

The profit after income tax expense for the half-year ended 31 December was transferred to the dividend profit reserve. A summary of the movements in this account is shown below.

	2022 \$'000	2021 \$'000
Opening balance 1 July 2021 (1 July 2020)	127,112	76,298
Transfer of profit after income tax expense	4,828	68,272
Dividends paid	(20,483)	(17,458)
Closing balance	111,457	127,112

Note 9. Dividends

A provision is recognised if the Directors declare or determine to pay a dividend on or before balance date that has not been paid at balance date. Dividends paid during the financial year were as follows:

	2022 \$'000	2021 \$'000
Final dividend paid for the 2021 financial year (4 cents per share)	11,687	–
Interim dividend paid for the 2022 financial year (3 cents per share)	8,796	–
Final dividend paid for the 2020 financial year (3 cents per share)	–	8,715
Interim dividend paid for the 2021 financial year (3 cents per share)	–	8,743
	20,483	17,458

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 9. Dividends – continued

Dividends not recognised at year-end

In addition to the above dividends paid during the period, on 16 August 2022, the Directors determined the payment of a 2022 fully-franked final dividend of 3 cents per share. The aggregate amount of this dividend expected to be paid on 15 September 2022, but not recognised as a liability at year-end, is \$8,818,000. The dividend will be paid out of the dividend profit reserve.

Franking credits

	2022 \$'000	2021 \$'000
Franking credits available at the balance date based on a tax rate of 30%	6,856	4,280
Franking credits/(debits) that will arise from the tax (receivable)/payable at balance date based on a tax rate of 30%	7,137	4,767
Franking credits available for future franked dividends based on a tax rate of 30%	13,993	9,047
Franking debits that will be utilised from the payment of dividends determined subsequent to the balance date based on a tax rate of 30%	(3,779)	(5,009)
Net franking credits available based on a tax rate of 30%	10,214	4,038

The available franking credits balance after providing for the 2022 final dividend would enable the payment of a fully-franked dividend of up to 8.1 cents per share fully-franked.

Note 10. 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.

	2022 \$'000	2021 \$'000
Profit/(loss) after income tax attributable to the owners of Platinum Capital Limited	(19,425)	68,272
	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	293,185,425	291,425,835
	CENTS	CENTS
Basic earnings per share	(6.63)	23.43
Diluted earnings per share	(6.63)	23.43

Note 11. Notes to the statement of cash flows

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

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.

(a) Components of cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at bank	22	8
Cash on deposit held within the portfolio*	106,022	72,001
	106,044	72,009

* Cash on deposit includes \$10,023,000 (2021: \$14,785,000) to cover margin transferred on derivative contracts. These amounts are transferred to the relevant clearing houses and counterparties as collateral. If losses are realised, the cash collateral is set off against those losses. If profits are realised on the close out of derivative contracts, the cash collateral is returned to the Company.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 11. Notes to the statement of cash flows – continued

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

	2022 \$'000	2021 \$'000
Profit/(loss) after income tax expense for the year	(19,425)	68,272
Adjustments for non-operating and non-cash items:		
Foreign exchange (gains)/losses	(2,764)	2,796
Change in operating assets and liabilities:		
Movement in investment securities and foreign currency forward contracts	93,596	(63,028)
Movement in deferred tax asset	(4,288)	1,454
Movement in deferred tax liability	(18,861)	18,861
Movement in receivables	(1,081)	942
Movement in payables	(330)	475
Movement in tax receivable/payable	2,370	7,647
Net cash from operating activities	49,217	37,419

Note 12. Statement of post-tax Net Tangible Asset backing (NTA)

Reconciling Net Tangible Asset backing (post-tax) in the statement of financial position to that reported to the ASX.

	2022 \$'000	2021 \$'000
Post-tax Net Tangible Asset backing per statement of financial position	429,062	466,433
Adjustments	–	(56)
Post-tax Net Tangible Asset backing as reported to the ASX	429,062	466,377

Note 13. Investments

All investments below are ordinary shares, unless stated otherwise.

SECURITY	INVESTMENT TYPE	COUNTRY	VALUES \$'000
ZTO Express Inc	Common Stock	China	14,599
Microchip Technology	Common Stock	United States of America	11,263
Minebea Mitsumi Inc	Common Stock	Japan	10,353
Ping An PN2 S C	Participatory Note	China	9,902
UPM-Kymmene Oyj	Common Stock	Finland	9,625
Shell PLC	Common Stock	Netherlands	8,698
Beazley PLC	Common Stock	United Kingdom	8,503
Trip.com Group ADR	American Depository Receipt	China	8,436
Samsung Electronic	Common Stock	South Korea	8,348
China Overseas Land	Common Stock	China	7,909
Glencore PLC	Common Stock	Australia	7,820
Tencent Holdings	Common Stock	China	7,724
InterGlobe Aviation	Common Stock	India	7,722
Mosaic Co/The	Common Stock	United States of America	6,912
Suzano SA	Common Stock	Brazil	6,591
Weichai Power	Common Stock	China	6,408
LG Chem Ltd	Common Stock	South Korea	6,178
Intesa Sanpaolo SpA	Common Stock	Italy	6,098
Bayerische MotorenAG	Common Stock	Germany	6,002
Lixil Corp	Common Stock	Japan	5,923
Allfunds Group PLC	Common Stock	United Kingdom	5,879
Itochu Corporation	Common Stock	Japan	5,865
Toyota Motor Corp	Common Stock	Japan	5,173
Suncor Energy Inc	Common Stock	Canada	5,147
St James's Place PLC	Common Stock	United Kingdom	4,921
MTU Aero Engines	Common Stock	Germany	4,805
Barrick Gold	Common Stock	Canada	4,661
Econet Wireless	Common Stock	Zimbabwe	4,424
JD.com Inc	Common Stock	China	4,345
Intercontinental	Common Stock	United States of America	4,260
Alibaba Group Ltd	Common Stock	China	4,254
Bayer AG	Common Stock	Germany	4,186
Erste Group Bank	Common Stock	Austria	3,948
Infineon Tech	Common Stock	Germany	3,911
China Resources Land	Common Stock	China	3,668
Micron Technology Inc	Common Stock	United States of America	3,567

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 13. Investments – continued

SECURITY	INVESTMENT TYPE	COUNTRY	VALUES S'000
Booking Holdings Inc	Common Stock	United States of America	3,558
Saras SpA	Common Stock	Italy	3,518
Open House Co Ltd	Common Stock	Japan	3,110
Iris Energy Ltd	Common Stock	Australia	3,097
Valeo SA	Common Stock	France	2,875
Safran SA	Common Stock	France	2,847
Airbus SE	Common Stock	France	2,830
Alibaba Group ADR	American Depository Receipt	China	2,680
Ciena Corp	Common Stock	United States of America	2,646
General Electric Co	Common Stock	United States of America	2,638
Raiffeisen Bank	Common Stock	Austria	2,596
Wizz Air Holdings	Common Stock	Switzerland	2,448
Ping An Insurance Group Co of China Ltd	Common Stock	China	2,427
Gilead Sciences Inc	Common Stock	United States of America	2,407
Lam Research Corp	Common Stock	United States of America	2,248
Sanofi SA	Common Stock	France	2,126
Banco Santander SA	Common Stock	Spain	2,086
Informa PLC	Common Stock	United Kingdom	2,013
First Quantum	Common Stock	Zambia	1,892
Barclays PLC	Common Stock	United Kingdom	1,880
LGI Homes Inc	Common Stock	United States of America	1,810
PICC Prop & Cas RTS	Common Stock	China	1,733
Subaru Corp	Common Stock	Japan	1,621
Prosus NV	Common Stock	China	1,588
Equifax Inc	Common Stock	United States of America	1,569
Freeport-McMoran	Common Stock	United States of America	1,563
Meta Platforms Inc	Common Stock	United States of America	1,508
Meituan	Common Stock	China	1,148
Pigeon Corp	Common Stock	Japan	1,098
Ally Financial Inc	Common Stock	United States of America	1,029
Weichai Power PN4 J	Participatory Note	China	1,013
Lamb Weston Holdings	Common Stock	United States of America	1,009
Block Inc	Common Stock	United States of America	947
Longshine Tech S	Common Stock	China	935
BTRS Holdings Inc	Common Stock	United States of America	889
Trip.com Group Ltd	Common Stock	China	830

Note 13. Investments – continued

SECURITY	INVESTMENT TYPE	COUNTRY	VALUES \$'000
NAC Kazatomprom GDR	Common Stock	Kazakhstan	810
Evolution Mining Ltd	Common Stock	Australia	803
Ulta Beauty Inc	Common Stock	United States of America	774
Recursion Pharma	Common Stock	United States of America	710
ExScientia Ltd ADR	American Depository Receipt	United Kingdom	704
DoorDash Inc	Common Stock	United States of America	655
SilverCrest Metals	Common Stock	Canada	572
Telix Pharmaceutical	Common Stock	Australia	570
WolfSpeed Inc M	Short Equity Swap	United States of America	504
AMC Entertainment MS	Short Equity Swap	United States of America	491
Flutter Entertainment	Common Stock	Ireland	426
Flutter Entertainment	Common Stock	Ireland	426
Universal Music Group	Common Stock	Netherlands	414
Dax Index Fut Sep22	Short Equity Swap	Germany	372
Sun Corp	Common Stock	Japan	368
ROBLOX Corp	Common Stock	United States of America	367
Industrial & Commercial Bank of China	Common Stock	China	364
Prometheus Bio	Common Stock	United States of America	362
S&P 500 E-Mini Sep22	Short Equity Swap	United States of America	339
China Construction Bank	Common Stock	China	329
Kalera PLC	Common Stock	Ireland	329
Epizyme Inc	Common Stock	United States of America	307
Foxtons Group PLC	Common Stock	United Kingdom	305
Ideaya Biosciences	Common Stock	United States of America	302
Esperion Therapeutic	Common Stock	United States of America	298
Icosavax Inc	Common Stock	United States of America	290
SK Hynix Inc	Common Stock	South Korea	280
Microsoft Corp	Common Stock	United States of America	275
Galapagos	Common Stock	Belgium	250
Quanterix Corp	Common Stock	United States of America	242
Alphabet Inc C Class	Common Stock	United States of America	204
908 Devices Inc	Common Stock	United States of America	201
Tesla Motors C	Short Equity Swap	United States of America	184
Williams-Sonoma MS	Short Equity Swap	United States of America	155
ASOS PLC	Common Stock	United Kingdom	149
Nanostring Technologies	Common Stock	United States of America	128
BioArctic AB	Common Stock	Sweden	123

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 13. Investments – continued

SECURITY	INVESTMENT TYPE	COUNTRY	VALUES S'000
Credit Acceptance M	Short Equity Swap	United States of America	118
AC Immune SA	Common Stock	Switzerland	117
Apple Inc	Short Equity Swap	United States of America	116
Taiwan Semiconductor Manufacturing Co Ltd	Common Stock	Taiwan	110
Exagen Inc	Common Stock	United States of America	106
Skyworks Solutions	Common Stock	United States of America	94
Commonwealth Bank	Short Equity Swap	Australia	89
Avis Budget Group M	Short Equity Swap	United States of America	85
GMO Payment C	Short Equity Swap	Japan	84
Pardes Biosciences	Common Stock	United States of America	83
Nvidia Corp M	Short Equity Swap	United States of America	80
Esperion Therapeutics Inc	Common Stock	United States of America	78
Cogent Biosciences	Common Stock	United States of America	73
Centogene NV	Common Stock	Germany	68
SMCP SA	Common Stock	France	61
Amazon.com Inc U	Short Equity Swap	United States of America	52
Kawasaki Kisen U	Short Equity Swap	Japan	51
WiseTech Global C	Short Equity Swap	Australia	51
Euro Stoxx 50 Sep22	Short Equity Swap	Other Europe	38
Omega Therapeutics	Common Stock	United States of America	35
Sonos Inc M	Short Equity Swap	United States of America	34
Rivian Automotive	Short Equity Swap	United States of America	32
Hutchison China MediTech Ltd	Common Stock	China	30
Blackstone Mort U	Short Equity Swap	United States of America	26
Mastercard Inc U	Short Equity Swap	United States of America	22
AP Moller - Maersk U	Short Equity Swap	Denmark	15
Euroapi SASU	Common Stock	France	14
ZIM Integrated M	Short Equity Swap	Israel	14
Target Corp M	Short Equity Swap	United States of America	14
DraftKings Inc U	Short Equity Swap	United States of America	7
Old Mutual Ltd	Common Stock	Zimbabwe	2
Visa Inc J	Short Equity Swap	United States of America	2
Asana Inc M	Short Equity Swap	United States of America	–
Peru Holding De Turi	Common Stock	Peru	–
Great Basin Gold Ltd	Common Stock	South Africa	–
Taiwan Semicond MS	Short Equity Swap	Taiwan	(5)

Note 13. Investments – continued

SECURITY	INVESTMENT TYPE	COUNTRY	VALUES \$'000
UiPath Inc J	Short Equity Swap	United States of America	(6)
WEICHAI POWER CO LTD	Long Equity Swap	China	(8)
Costco Wholesale J	Short Equity Swap	United States of America	(9)
Oriental Land Co	Short Equity Swap	Japan	(106)
Plantir Tech Inc	Short Equity Swap	United States of America	(99)
AMC Entertainment	Long Equity Swap	United States of America	(106)
Enphase Energy MS	Short Equity Swap	United States of America	(135)
Shimano Inc	Short Equity Swap	Japan	(135)
GameStop Corp	Short Equity Swap	United States of America	(232)
Ryanair Holdings U	Long Equity Swap	Ireland	(336)
ChargePoint Holdings	Short Equity Swap	United States of America	(566)
Total			324,254
Financial assets at fair value through profit and loss			326,099
Financial liabilities at fair value through profit and loss			(1,845)
Total			324,254

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 14. Financial risk management

Financial risk management objectives, policies and processes

In pursuing its investment objectives, the Company is exposed to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The management of these risks is carried out by the Investment Manager under the investment management agreement and policies approved by the Directors. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

The Company uses financial derivative instruments (both Over-the-Counter (OTC) derivatives and exchange traded derivatives) for risk management purposes and to take opportunities to increase returns, including, for example:

- to gain access to markets not readily available to foreign investors;
- to create a short position in a security;
- to build a position in a security as a short-term strategy to be reversed when physical securities are purchased; and
- to aid in the management of the Company's cash flows (e.g. some stock markets require pre-funding of stock purchases that may be avoided through the use of derivatives).

The underlying value of the Company's derivatives positions may not exceed 100% of the Company's net asset value ("NAV"). The underlying value of the Company's long stocks and derivative positions may not exceed 150% of the Company's NAV. Where options are employed, the underlying value will be the delta-adjusted exposure. The Company will typically have 50% or more net equity exposure. The Company's exposures against these limits are regularly monitored by the Investment Manager. In addition, quarterly exposure reports are provided to the Audit, Risk and Compliance Committee. As ordinary shares of the Company are fully paid, a shareholder's exposure to any losses would not exceed the value of their shareholding.

Market risk

Price risk

The Company is exposed to equity securities, convertible notes and derivatives price risk. Price risk arises from investments held by the Company for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

Note 14. Financial risk management

Market risk – continued

Price risk – continued

Market prices fluctuate due to a range of factors specific to the individual investments, or factors affecting the market in general. The Investment Manager's stock selection process is core to the management of price risk. The Investment Manager adopts a "bottom up" stock selection approach and is an "active manager". The Investment Manager seeks a broad range of investments whose businesses and growth prospects, it believes, are being undervalued by the market. Accordingly, the investment holdings in the Company may vary considerably from the make-up of the MSCI All Country World Net index on the basis that the Investment Manager remains index agnostic. The Company may hold long and short positions.

As an additional risk management tool, the Company may enter into short equity swaps and futures to protect against market movements. This may include short positions against market indices and company-specific stocks.

The table below summarises the Company's net exposure to price risk (effective exposure is used for derivatives).

	2022 \$'000	2021 \$'000
Equities		
Asia	103,740	119,428
Europe	94,785	96,223
North America	65,787	110,951
Japan	33,511	60,389
Other regions	25,199	24,695
Total Equities	323,022	411,686
Convertible notes	–	7,152
Derivatives	(74,975)	(21,206)
Net exposure	248,047	397,632

Foreign Exchange risk

Foreign exchange risk is the risk the fair values of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company invests internationally and is exposed to foreign exchange risk arising from buying, selling and holding investments denominated in foreign currencies. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to the changes in exchange. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities. The Investment Manager selects stocks based on value regardless of geographic location. The Company undertakes a significant number of its transactions denominated in foreign currencies and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 14. Financial risk management – continued

Market risk – continued

Foreign Exchange risk – continued

Active currency management is an integral part of the management of market risk. The Investment Manager may position the Company's portfolio in what it believes will be stronger performing or undervalued currencies. The Investment Manager may use foreign currency forward contracts, currency swaps, non-deliverable forwards and currency options, as well as spot foreign exchange transactions 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).

The table below and on the next page summarises the Company's exposure to foreign exchange risk.

30 JUNE 2022	AUSTRALIAN DOLLAR \$'000	EURO \$'000	JAPANESE YEN \$'000	CHINESE YUAN \$'000	UNITED STATES DOLLAR \$'000	OTHER CURRENCIES \$'000
Financial asset						
Cash at bank	22	–	–	–	–	–
Cash on deposit held within the portfolio	274	3,194	20,685	–	55,511	26,358
Equity securities	12,290	67,713	33,511	80,322	55,407	73,779
Convertible notes	–	–	–	–	–	–
Derivative financial instruments	140	410	135	–	2,365	27
Receivables	706	467	20	–	165	1,029
Total financial assets	13,432	71,784	54,351	80,322	113,448	101,193
Financial liabilities						
Payables	593	79	7	–	95	–
Derivative financial instruments	–	336	241	–	1,265	3
Total financial liabilities	593	415	248	–	1,360	3
Net exposure	12,839	71,369	54,103	80,322	112,088	101,190

Note 14. Financial risk management – continued**Market risk – continued***Foreign Exchange risk – continued*

30 JUNE 2021	AUSTRALIAN DOLLAR \$'000	EURO \$'000	JAPANESE YEN \$'000	CHINESE YUAN \$'000	UNITED STATES DOLLAR \$'000	OTHER CURRENCIES \$'000
Financial asset						
Cash at bank	8	–	–	–	–	–
Cash on deposit held within the portfolio	153	6,041	6,196	2,916	39,811	16,884
Equity securities	9,174	76,398	60,389	83,195	101,091	81,439
Convertible notes	7,152	–	–	–	–	–
Derivative financial instruments	–	–	242	39	6	–
Receivables	241	481	29	553	3	–
Total financial assets	16,728	82,920	66,856	86,703	140,911	98,323
Financial liabilities						
Payables	619	485	–	–	–	–
Derivative financial instruments	–	225	–	–	1,051	–
Total financial liabilities	619	710	–	–	1,051	–
Net exposure	16,109	82,210	66,856	86,703	139,860	98,323

Summarised Sensitivity Analysis

The table below summarises the sensitivities of the Company's profit to price risk and foreign exchange risk. Price risk exposure arises from the Company's investment portfolio, which comprises investments in securities and derivatives. The below analysis is based on net effective exposure positions. Foreign exchange risk exposure arises from volatility in both the Australian dollar and other currencies. 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.

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.

	PRICE RISK		FOREIGN EXCHANGE RISK	
	-10% \$'000	+10% \$'000	-10% \$'000	+10% \$'000
As at 30 June 2022	(24,805)	24,805	47,610	(38,954)
As at 30 June 2021	(39,550)	39,550	53,467	(43,745)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 14. Financial risk management – continued

Interest rate risk

Interest rate risk is the possibility the fair value of 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 the short-term settlement of trades. Accordingly, the Company is not exposed to significant interest rate risk.

Credit risk

Credit risk relates to the risk of a counterparty defaulting on a financial obligation resulting in a loss to the Company (typically through derivatives transactions, currency forward contracts and cash holdings).

The exposure to credit risk for cash and cash equivalents, futures, equity swaps, and foreign currency forward contracts is any unrealised profit 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	2022 \$'000	2021 \$'000
A+	16,837	22,416
A	101,349	61,617
Unrated	–	7,152
Total	118,186	91,185

Independent rating agencies consider a credit rating of BBB or higher to be investment grade.

The Investment Manager regularly monitors the Company's credit risk exposure to counterparties and seeks to manage this risk by diversifying the Company's exposure to a number of different counterparties. Over-the-counter derivatives transactions are entered into by the Investment Manager on behalf of the Company under standard ISDA (International Swaps and Derivatives Association) master agreements and English law governed Credit Support Annexes, which employ two-way margining of unrealised profits and losses. The Investment Manager also limits the duration of derivatives contracts to short-term. Transactions in listed securities and investments are entered into with the Investment Manager's approved brokers and are typically cleared through a central clearing counterparty. Settlement is typically on a delivery versus payment basis.

Note 14. 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 what they are worth.

Remaining contractual maturities

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

	WITHIN 3 MONTHS \$'000	BETWEEN 3 AND 12 MONTHS \$'000	TOTAL \$'000
30 JUNE 2022			
Payables	750	24	774
Derivative contractual outflows	1,845	–	1,845
Total	2,595	24	2,619
30 JUNE 2021			
Payables	1,104	–	1,104
Derivative contractual outflows	1,276	–	1,276
Total	2,380	–	2,380

At 30 June 2022, there are no other contractual amounts payable after 12 months. The Company has sufficient funds to meet these liabilities as most of the Company's assets can be realised in one year or less.

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

- (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.

The Investment Manager prepares daily cash forecasts on behalf of 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 purposes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 14. Financial risk management – continued

Capital risk management

The Company considers its capital to comprise ordinary share capital, reserves and accumulated retained earnings.

The Company's investment objective is to provide capital growth over the long-term through investing in companies worldwide which the Investment Manager perceives to be undervalued by the market.

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.

The Company is an ASX-listed investment company and is subject to the ASX Listing Rules. The Company complies with all externally-imposed capital requirements.

Note 15. Fair value measurement

AASB 13: *Fair Value Measurement* requires the Company to classify those assets and liabilities measured at fair value through profit or loss, 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 or 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, convertible notes, long equity swaps and long futures;
- (ii) Short equity swaps and short futures; and
- (iii) Foreign currency forward contracts.

Note 15. Fair value measurement – continued

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

30 JUNE 2022	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
Assets				
Equity securities	312,027	10,993	2	323,022
Convertible notes	–	–	–	–
Derivatives	748	2,329	–	3,077
Total assets	312,775	13,322	2	326,099
Liabilities				
Derivatives	–	1,845	–	1,845
Total liabilities	–	1,845	–	1,845
<hr/>				
30 JUNE 2021	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
Assets				
Equity securities	382,389	27,511	1,786	411,686
Convertible notes	–	–	7,152	7,152
Derivatives	–	287	–	287
Total assets	382,389	27,798	8,938	419,125
Liabilities				
Derivatives	28	1,248	–	1,276
Total liabilities	28	1,248	–	1,276

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 15. Fair value measurement – continued

Assets and liabilities classified as Level 1

At 30 June 2022, 97% (2021: 91%) of the equity securities held by the Company were valued using unadjusted quoted prices in active markets and were classified as Level 1 in the fair-value hierarchy model.

Assets and liabilities classified as Level 2

There were certain financial instruments that were 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 was a degree of estimation involved in deriving the fair value. Participatory notes were classified as Level 2 because they were generally traded over-the-counter and were often priced in a different currency to the underlying security. Foreign currency forward contracts are classified as Level 2 even though forward points are quoted in an active and liquid market. The forwards themselves are based on interest rate differentials.

Assets and liabilities classified as Level 3

As at 30 June 2022, the Company held A\$4,426,000 in Zimbabwean securities, which constituted approximately 1.4% (2021: 0.4%) of the Company's total fair value of investments at 30 June 2022. At 30 June 2021, the Zimbabwean securities were classified as Level 3 as a result of an unobservable adjustment to the ZWL price quoted on the Zimbabwe stock exchange, in order to derive or translate the local currency fair value into Australian Dollars. Following an announcement by the Reserve Bank of Zimbabwe in May 2022 to change the official published rate to reflect the interbank borrowing rate instead of the rate realised through weekly ZML currency auctions, the investment manager removed the adjustment, and adopted the daily reported rate as the rate used to derive its fair value as denominated in Australian Dollars. Consequently, the Zimbabwean securities were transferred to Level 1 at 30 June 2022.

On 17 November 2021, the Company's interest in convertible notes issued by Iris Energy Pty Ltd ("Iris") converted to equity with Iris listing on the NASDAQ. 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. Accordingly, the interest in Iris was transferred to level 1 at the 30 June 2022 fair value. The fair value at 30 June 2022 was \$3,097,000 using the quoted price.

Note 15. Fair value measurement – continued

Below is a table showing the Level 3 fair value movement during the year.

	2022 \$'000	2021 \$'000
Opening balance	8,938	1,134
Transfers to Level 1	(7,521)	–
Purchases during the year	574	6,896
Sales during the year	(561)	(349)
Gains/(losses) during the year	(1,428)	1,257
Closing balance	2	8,938

Valuation process

The valuation of each investment that the Company holds is the primary responsibility of the Investment Manager. The Investment Manager's Securities Pricing Committee has authority to review and approve valuation methodologies to be applied to determine the fair values of portfolio securities and other assets held by the Company for which no quoted market price is readily available, and to make recommendations to the Board.

The Securities Pricing Committee also assesses whether an adjustment is required to the quoted market price of any security, if it is considered that the quoted market price is not reasonable (for example securities with a so-called "stale" price). A register is maintained documenting the valuation used and the basis for the valuation of any security or investment that may be manually adjusted or manually priced. The Securities Pricing Committee meets on a quarterly basis, and also on an ad hoc basis as is required.

Note 16. Offsetting of financial assets and financial liabilities

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.

Offsetting and master netting agreements

The Company enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master agreements. In general, under these agreements the amounts owed by each counterparty on a single day in respect of the same transaction type 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 16. Offsetting of financial assets and financial liabilities – continued

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 SET-OFF IN THE STATEMENT GROSS AMOUNTS \$'000	OF FINANCIAL POSITION \$'000	NET AMOUNTS SET-OFF IN THE STATEMENT OF FINANCIAL POSITION \$'000	FINANCIAL INSTRUMENT ¹ \$'000	CASH COLLATERAL \$'000	NET AMOUNT \$'000
<i>Financial assets</i>						
2022						
Derivatives	3,077	–	3,077	(788)	(163)	2,126
2021						
Derivatives	287	–	287	–	–	287
<i>Financial liabilities</i>						
2022						
Derivatives	1,845	–	1,845	(788)	(1,057)	–
2021						
Derivatives	1,276	–	1,276	–	–	1,276

1 Shows the impact of arrangements between the Company and the relevant counterparty on financial instruments that provide a right to setoff 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 17. Remuneration of auditors

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

	2022 \$	2021 \$
Audit services – <i>PricewaterhouseCoopers</i>		
Audit and review of the financial statements	82,315	81,713
Other services – <i>PricewaterhouseCoopers</i>		
Tax compliance services	23,680	18,310
	105,995	100,023

Note 18. Related parties

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% (2021: 1.1%) per annum of the adjusted portfolio value (which includes cash and deposits).

The Investment Manager also receives a performance fee of 15% (calculated as at 30 June), of the amount by which the portfolio's annual performance exceeds the return achieved by the MSCI All Country World Net Index in \$A. Where the portfolio's annual return is less than the index, 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 underperformance from prior periods is carried forward until a performance fee becomes payable.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 18. Related parties – continued

Investment Manager

For the 12 months to 30 June 2022, the performance of the portfolio was negative 5.9%¹ and the performance of the MSCI All Country World Net Index in \$A was negative 8.0% for the same period. This represents an outperformance of 2.1% against the index for the year ended 30 June 2022. Taking into account the aggregate underperformance of 33.3% from prior periods, no performance fee has been accrued. A total aggregate underperformance, for the purposes of calculating the performance fee, of 31.2% will need to be made up before a performance fee will be payable.

The management fees paid and payable are shown in the table below.

	2022 \$	2021 \$
Management fees expense	5,138,192	5,019,130
Management fees paid	5,191,124	4,944,002
Management fees payable	397,054	449,986

In the event of termination of the Investment Management Agreement by the Company for convenience, the Investment Manager will be eligible to receive a termination fee equivalent to the management fee of 1.1% of the portfolio value (adjusted for any taxes paid/refunded, dividends paid and capital flows) and the performance fee (calculated as set forth above) if any, for 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.

Each party is required to provide three months' notice to terminate the Investment Management Agreement. However, the Company may terminate the Agreement for cause at any time by written notice to the Investment Manager in certain instances.

Administration services

The Investment Manager provides various administrative services to the Company under an Administration Services Agreement. These include accountancy, corporate secretarial, performance analytics, taxation, compliance and risk monitoring services. The services also include liaising with the external share registry to ensure that accurate share records are maintained and services are provided to shareholders in a timely and efficient manner.

Loans to/from related parties

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

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 negative 6.3% referred to in the Directors' Report, which also includes non-portfolio and non-investment related assets and liabilities.

Note 18. Related parties – continued**Key Management Personnel disclosures**

The Non-Executive Directors are the Company's key management personnel. Total remuneration paid to the Non-Executive Directors was \$187,003 (2021: \$186,150), with \$170,003 (2021: \$170,000) paid as cash salary and \$17,000 (2021: \$16,150) paid as superannuation. Refer to the Remuneration Report for further details.

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

30 JUNE 2022	OPENING BALANCE	ACQUISITIONS	DISPOSALS	CLOSING BALANCE
Margaret Towers	50,000	–	–	50,000
Richard Morath	42,372	–	–	42,372
Jim Clegg	59,972	–	–	59,972
Ian Hunter*	–	100,000	–	100,000

* Appointed 9 September 2021.

30 JUNE 2021	OPENING BALANCE	ACQUISITIONS	DISPOSALS	CLOSING BALANCE
Margaret Towers	50,000	–	–	50,000
Richard Morath	42,372	–	–	42,372
Jim Clegg	59,972	–	–	59,972

Note 19. Contingent assets, liabilities and commitments to capital expenditure

No contingent assets and liabilities or commitments existed at 30 June 2022 or 30 June 2021.

Note 20. Events after the reporting period

Apart from the dividend determined as disclosed in Note 9, no other matter or circumstance has arisen since 30 June 2022 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.

Directors' Declaration

30 JUNE 2022

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 32 to 67 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 2022
Sydney

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 2022 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 2022
- 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 significant accounting policies and other explanatory information
- the directors' declaration.

PricewaterhouseCoopers, ABN 52 780 433 757

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Independent Auditor's Report

TO THE MEMBERS OF PLATINUM CAPITAL LIMITED

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.

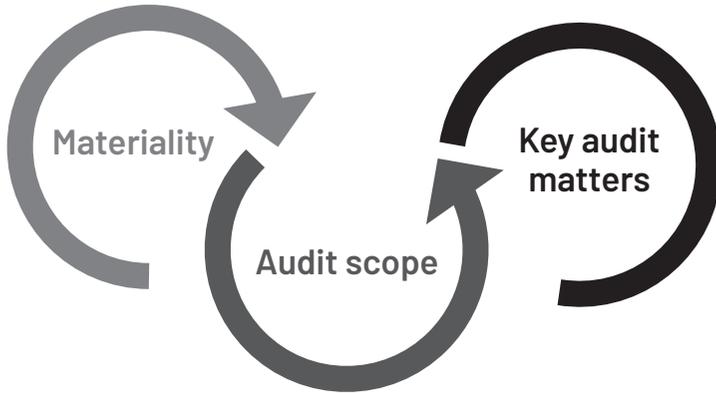
Independence

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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.



MATERIALITY	AUDIT SCOPE	KEY AUDIT MATTERS
<ul style="list-style-type: none"> - For the purpose of our audit we used overall materiality of \$4.290 million, which represents approximately 1% 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. 	<ul style="list-style-type: none"> - Our audit focused on areas 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 organisations. The administration, share registry and custody functions of the Company are conducted by third party service organisations. 	<ul style="list-style-type: none"> - Amongst other relevant topics, we communicated the following key audit matter to the Audit and Risk Committee: <ul style="list-style-type: none"> • Investment valuation and existence - This is further described in the <i>Key audit matters</i> section of our report.

Independent Auditor’s Report

TO THE MEMBERS OF PLATINUM CAPITAL LIMITED

MATERIALITY	AUDIT SCOPE	KEY AUDIT MATTERS
<ul style="list-style-type: none">- We chose net assets because, in our view:<ul style="list-style-type: none">• it is the metric against which the performance of the Company is most commonly measured, and• a generally accepted benchmark for listed investment companies.- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	<ul style="list-style-type: none">- The Company’s third party service organisations engaged an external auditor to provide assurance reports over the design and operating effectiveness of the third party service organisations’ key internal controls.	

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
<p><i>Investment valuation and existence</i> <i>Refer to note 1 (summary of significant accounting policies) and note 4 (financial assets and liabilities at fair value through profit or loss) and note 15 (fair value measurement).</i></p> <p>At 30 June 2022, investments in financial assets at fair value through profit or loss of \$326.099 million and financial liabilities at fair value through profit or loss of \$1.845 million were comprised primarily of investments in equity securities and derivative financial instruments.</p> <p>The existence and valuation of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss was a key audit matter because they represent the principal elements of the statement of financial position in the financial statements, accounting for approximately 75.57% of net assets. A discrepancy in the valuation or existence of investments could cause net assets to be materially misstated which could also impact the Company's performance as the valuation and existence of investments is the main driver of movements in the profit of the Company.</p>	<p>Our audit procedures over investment valuation included the following, amongst others:</p> <ul style="list-style-type: none"> – We developed an understanding of the Company's pricing policy and read the Securities Pricing Committee minutes. – For a sample of investments in level 1 equity securities and level 2 derivative financial instruments held by the Company, we obtained price data from third party price vendors and compared it to the prices used by the Company. – For level 2 participatory notes held by the Company, we obtained price data from third party price vendors 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 investments held by the Company.

Independent Auditor’s Report

TO THE MEMBERS OF PLATINUM CAPITAL LIMITED

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
	<p>Our audit procedures over investment existence included the following, amongst others:</p> <ul style="list-style-type: none"> – We obtained the most recent System and Organization Controls (“SOC 1”) Report issued by the custodian, setting out the controls in place at that service organisation, which included an independent assurance opinion over the design and operating effectiveness of those controls. – We assessed the service organisation’s auditors’ objectivity, experience, competency and the results of their procedures. – We assessed the most recent SOC 1 report issued by the custodian by developing an understanding of the control objectives and associated control activities, evaluated the tests undertaken by the auditor and the results of these tests and the auditor’s conclusions on the design and operating effectiveness of the controls to the extent relevant to our audit of the Company. This report and assurance opinion are comparable to the Australian equivalent, Australian Standards on Assurance Engagement 3402 issued by the Auditing and Assurance Standards Board. – For investments held in custody, we obtained an investment holdings confirmation from the custodian as at 30 June 2022 and compared confirmed holdings to the accounting records of the Company.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
	We assessed the adequacy of the disclosures in 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 2022, 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 company 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.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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, 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 the *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.

Independent Auditor's Report

TO THE MEMBERS OF PLATINUM CAPITAL LIMITED

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: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.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 27 to 30 of the directors' report for the year ended 30 June 2022.

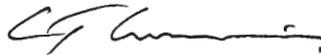
In our opinion, the remuneration report of Platinum Capital Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

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



CJ Cummins
Partner

16 August 2022
Sydney

