

Appendix 4E

Preliminary final report

Listing Rule 4.3A

Company	Platinum Capital Limited
ASX Code	PMC
Year Ended	30 June 2009
ABN	51 063 975 431

Results for Announcement to the market

			\$A'000
Total investment income	up	232.56%	39,459
Net Profit after income tax attributable to members	up	186.20%	20,567
Net Profit for the year attributable to members	up	186.20%	20,567

Under the conventions of International Accounting Standards recorded profits and losses are much more variable, as changes in the market value of the Company's total assets are reflected through the profit and loss account.

The longer term movement of asset values, combined with the flow of dividends, is a better measure of the performance of a listed investment company, such as Platinum Capital.

The Company believes a more appropriate measure of its results is the change in its Net Asset Value, adjusted for dividends. The NAV is released monthly to the ASX and is on the Company's web site.

Dividends

Recommended Final Dividend	5 cents per share fully franked
Record date	4 November 2009
Payable date	17 November 2009
Last date for receipt of election notices for the dividend re-investment plan	4 November 2009

An interim dividend of 5 cents per share fully franked was paid on 6 March 2009.

- Refer to the attached audited financial statements for financial data on the Company.
- Refer to the attached for Chairman's Report and Investment Manager's Report.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation and the recommended Final Dividend of 5 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a five percent discount on the prevailing stock market price (calculated as the average closing price over the five business days subsequent to the date on which the shares cease to trade cum dividend).

M Halstead
Secretary
7 August 2009

PLATINUM CAPITAL® LIMITED

ABN 51 063 975 431

ANNUAL REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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PLATINUM CAPITAL LIMITED

Chairman's Report 2009

Investment Performance

In the year ending on 30 June 2009, Platinum Capital's net asset value increased by 18.4% pre-tax and by 14.2% after allowing for all tax liabilities, both realised and unrealised. For a comparison the benchmark Morgan Stanley Capital Index fell 16.1% for the 12 months.

This good short-term performance made a useful contribution to our very satisfactory long-term and medium-term out-performance of both the world index and of the Australian index.

Since its inception in 1994 the compound annual appreciation of the Company's assets on a pre-tax basis has been 13.7% compared to the return from the MSCI of 4.2%. The comparable return from the Australian All Ordinaries Accumulation Index has been 8.9% annually over the 15 years.

Platinum Capital Limited – Pre-Tax NAV Return versus MSCI Index (%)					
	1 year	3 years (compound pa)	5 years (compound pa)	Since inception (15 years compound pa)	Since inception (cumulative)
PCL	18.4	1.1	5.1	13.7	589.6
MSCI*	-16.1	-9.6	-1.9	4.2	86.6

*Morgan Stanley Capital International All Country World Net Index
Source: Platinum and Factset

Corporate Governance – International Accounting Standards

The Annual Report is prepared under Australian International Financial Reporting Standards. Under the Standards, realised profits and losses are added to or reduced by changes in the market value of the Company's total assets. As regards Investment Companies operating in volatile markets, this leads to large variations in reported profit as from any one year to the next.

In your Directors' opinion the longer-term movement of asset values, combined with the flow of dividends, is a better measure of performance.

Dividends

A fully franked final dividend of 5 cents per share is proposed, making 10 cents for the full year as against 10 cents in the previous twelve months. We continue with our policy of smoothing dividend payouts.

Outlook for 2009-2010

The Investment Manager is of the opinion that "it is likely to be several years before the consequences of the credit crisis have fully played themselves out". With such an uncertain background, it is impossible to forecast profit a year ahead.

Corporate Actions

In the 2008/2009 year the Company undertook a 1:1 renounceable rights issue at \$1.07 per share to take advantage of opportunities to invest in securities we regarded as undervalued. The issue raised \$17.5m. This was the first rights issue the Company has undertaken since its formation in 1994.

In response to shareholders' requests we also introduced a Share Purchase Plan ("SPP") which enabled us to issue stock at slightly below market price and free of brokers' commission.

Finally

I wish to express my appreciation of the efforts of all the people at Platinum Asset Management along with those of my fellow Directors.

I wish to pay particular tribute to the late Graeme Galt, who served us well for seven years.

Peter Clarke
Chairman

Platinum Capital Limited 30 June 2009
Investment Manager's Report

Performance

The mood of investors brightened as the realisation set in that the downward spiral of economic activity, attributable to massive but short-lived de-stocking, would be arrested by concerted government deficit spending. The measures adopted are unprecedented with huge government transfers augmenting incomes and massive asset purchases greatly assisting the resuscitation of bank and company balance sheets. The spreads on corporate paper shrank while money moved away from government bonds towards higher risk assets.

World stock markets came tearing out of the blocks in the second quarter led by emerging markets. Countries such as India, Indonesia and China were particularly strong, being identified as having less vulnerability to external factors than the developed economies. In the earlier sell-off these same markets had borne the brunt of selling as fund managers, and hedge funds in particular, sought to raise cash in the context of ever dwindling pools of liquidity. The developed markets were also lively with those industries most adversely affected in the preceding quarter, such as financials, home builders and other economically sensitive companies, recovering the most. The trading floor describes this as 'putting the risk trade back on!' but, interestingly, after the initial surge in April there was a flattening out as the quarter progressed.

Platinum Capital Limited has performed very strongly due to successful stock picking and heavy exposure to Asia. In fact, in each geographic area we outperformed the index by a handsome margin, although we surrendered some of that gain to losses made on shorts. Overall the Company outperformed the MSCI by 7.6% for the quarter, 15.8% for the six months and 34.5% for the year.

In absolute terms, our net assets rose by 12.7% (pre-tax) for the quarter, 9.9% for the six months and 18.4% for the year.

MSCI* WORLD INDEX SECTOR PERFORMANCE (AUD)		
Sector	Quarter	1 Year
Financials	20%	-21%
Materials	10%	-33%
Industrials	7%	-22%
Consumer Discretionary	6%	-6%
Information Technology	4%	-7%
Energy	2%	-29%
Utilities	-1%	-16%
Consumer Staples	-1%	2%
Telecommunications	-3%	-9%
Health Care	-6%	2%

* Morgan Stanley Capital International
Source: MSCI

The following Platinum Net Asset Value figures (cps) are after provision for tax on both realised and unrealised income and gains.

30 April 2009	31 May 2009	30 June 2009
128.01	131.48	132.58

Source: Platinum

Currencies

The A\$ has been a star performer since the beginning of 2009. The ideal position would have been to be fully hedged back into the A\$ out of the Yen, US\$ and Euro. In the six months to 30 June 2009 the A\$ appreciated by 26%, 23% and 13% respectively against these currencies.

We at Platinum have been far too conservative, believing that Australia's overseas obligations would weigh heavily on the exchange rate even though our government's total net indebtedness is negligible and our banks are relatively sound. As a consequence we held only about 30% in the A\$. By the end of the quarter, we had reduced this further to 24% of the portfolio, the concern being that as the pro-growth trade loses momentum the A\$ will lose some support. Our disposition of currencies is shown in the table below.

CURRENCY POSITION	
Region	Jun 2009
Europe (Euro, Norwegian kroner)	26%
Australia	24%
Asia (HK dollar, Taiwanese dollar, Korean won etc)	22%
North America	14%
Japan	13%
Other	1%

Source: Platinum

Shorting

We entered the quarter with the lowest short position for years and, happily, the defensive names that constituted the bulk of our shorts barely moved up as investors used them as funding to purchase more economically sensitive entities. As this occurred, we began to shift the positions out of the defensives into more cyclical stocks, the latter having been significantly up-valued in relation to defensives. We further believed that in the current uncertain climate the defensives would continue to gain support.

At quarter end our shorts represent 18% of the portfolio and are mainly in economically sensitive companies.

Changes to the Portfolio

GEOGRAPHICAL DISPOSITION OF PLATINUM ASSETS		
Region	Jun 2009	Mar 2009
Japan	24%	24%
Asia and Other	23%	25%
Europe	21%	21%
North America	20%	21%
Cash	12%	9%
Shorts	18%	19%

Source: Platinum

There is not much overall change in the portfolio as our transactions have been largely in smaller holdings. Several purchases that were made into the teeth of the sell-off subsequently climbed sharply and were reversed. These included China Mengniu Dairy, which we described in March regarding melamine contamination and which then doubled, Wumart (China retail), Mosaic (fertiliser), Metso (plant engineering), Corning (substrate glass and poly silicon) and Rohm (analog chips). The proceeds were redirected into our larger holdings. The top 20 holdings now account for nearly 37% of our longs.

A large company with very interesting prospects that was added, is China Resources Enterprise. This is a Hong Kong listed subsidiary of a state owned enterprise (SOE) with diverse interests in supermarkets and hypermarkets, beverages (beer and bottled water), rented commercial property and infrastructure. The businesses that caught our attention were retailing and beer. Both have been increasing sales in the high teens and profits are starting to follow. Each area is highly competitive and we have reservations about the business acumen of many SOEs. However, the group has teamed up with a highly experienced partner in beer, namely SABMiller, while in retailing they are following a model of trying to dominate specific regions, and with the help of experts lured from experienced international competitors, seem to be building a successful business. The company is not a complete gift being priced on about 17 times this year's earnings and 1.5 times book, yet the profit potential of its consumer businesses is alluring.

PLATINUM CAPITAL LIMITED – TOP 20 STOCKS		
Stock	Industry	Jun 09
Microsoft	Technology	3.6%
Mitsubishi UFJ Financial	Financial	3.3%
Cisco Systems	Technology	2.3%
Siemens	Electrical	2.2%
Denso Corp	Auto	2.0%
Hutchison Whampoa	Telco/Transport	2.0%
Bangkok Bank	Financial	1.9%
Henkel	Consumer Goods	1.9%
Henderson Land Dev	Property	1.8%
Anglogold Ashanti	Gold	1.7%
Samsung Electronics	Electrical	1.7%
Sumitomo Real Estate Sales	Property	1.7%
Micron Technology	Technology	1.5%
Kanto Denka Kogyo	Chemicals	1.4%
En-Japan Inc	Technology	1.4%
Sanofi-Aventis	Health Care	1.3%
International Paper	Paper	1.3%
Merck & Co	Health Care	1.3%
BMW	Auto	1.3%
Veolia Environnement	Utility	1.3%

Source: Platinum

Commentary

Being conscious of the fact that most readers have probably had their fill of media coverage of the “world economic crises”, we will try to follow a different course. Before we do, though, let’s remind ourselves of important observations made in our earlier communications:

- We are in uncharted water and cannot know how the individual will respond to the uncertainties.
- The fiscal and monetary response by a host of nations is unprecedented in scale and scope and is partially experimental.
- The de-stocking cycle that probably bottomed-out in the first quarter of 2009 led to unbounded fear, even panic, and this was expressed in a collapse in the valuation attributed to risk assets; shares, commercial paper and property.
- While reassuring, the recent rally in risk assets does not necessarily mean the system is healed and the pattern of the last thirty years is about to resume. As we noted last quarter, the banks are mostly bereft of equity, aggregate corporate profits had reached extreme levels world-wide and trade imbalances are at huge and probably unsustainable levels.
- Those countries with strong fiscal balances and high savings are likely to recover the quickest.

As we write the conventional view is that the emerging countries of the world are best placed to drag the “world train” out of the shunting yard.

Among the people we met in Beijing on a recent trip to China was a well-regarded Chinese economist who had served the IMF in various postings around the world. He felt the stimulus package of Rmb 4 trillion, some 25% of GDP, together with the massive growth in bank lending, up 30% year-on-year in the first six months of 2009, would allow China to decouple from the industrialised countries. Also, that the changing destination of Chinese exports to Asia, Africa and Latin America would compensate for weak demand elsewhere.

When talking about prospects for growth, among the other BRIC (Brazil, Russia, India and China) economies he argued that India's prospects were sub-par on account of its inadequate infrastructure. This notion has great appeal for those who go to India frequently, as we do, but it depends on your "perspective". While true at first sight, it remains a fact that India has a strong judicial system, cumbersome and creaky though it may be, and a representative system of government. This is still a dream for China. Whether a modern capitalist economy needs representative government is for readers to judge but what is surely not in dispute is the need for a sound judicial system.

This difference in perspective recurred on several occasions during our ten day visit. The most striking was the meeting with investor relations representatives from China South Locomotive and Rolling Stock Corp (CSR). This recently listed SOE, together with its still unlisted northern twin, the CNR, are principal beneficiaries of the massive infrastructure programme just launched by the Central Government. Sadly for us, the meeting started on the wrong foot when we asked why we should share the general enthusiasm for the company's profit prospects. Closer inspection of the presenter's business card would have revealed that apart from being a board member he was also head of the CPC department of propaganda. Our lack of perspective worsened when we persisted in delving into the terms and conditions under which foreign giants like Siemens are required to transfer their technology in order to gain market access. Not that we are unsympathetic to a reversal of roles harking back to the days of the treaty ports¹, but the divergence of views on protectionism and selection on grounds other than commercial merit was a source of friction. Our final opinion was that there will be a lot of trains built but that the sort of profits the brokers are projecting is probably unrealistic.

With the banks having been instructed to lend copiously, credit is exploding in China, in marked contrast to the developed world where credit growth is slowing, notwithstanding government urging, and delinquencies have reached record levels. Interestingly, anecdotal evidence from those Chinese who do not face the daily chatter of markets, fear that this will lead to inflation. Property speculation is snowballing into a frenzy. As in Hong Kong, land development in China requires the payment of a development premium governed by size of the approved floor space (square meters built). The price

¹ Generally accompanied by military superiority/victories in the nineteenth century, the Western powers entered into unequal treaties in countries such as Japan, Korea and China to gain access to their markets.

levels of recent land sales in Beijing are astounding observers. In the most recent auction, a site close to the fourth ring road² went for Rmb 15,000 per m². Considering that building costs of medium grade residential property are approximately Rmb 4,000 per m², the bidder, an SOE, is evidently relying on substantial price appreciation in order to break even. The same pattern is occurring in the other major cities and there is a massive revival of interest in the HK property scene³.

The most encouraging aspect of this development activity is the insistence by the authorities that development is accompanied by ample green space calculated at 60% of each site area. This is resulting in Beijing being an unusually green metropolis. Few modern cities have achieved such a balance and each time one visits Beijing one is reminded of the success of the town planners in having embedded the amenities that are rare in great conurbations. Our accompanying broker thought it was a waste of good building space, another example of the differences in the way of looking at things.

Outlook

Markets have rallied strongly in response to the realisation that the world is no longer looking over the edge of an abyss but this does not alter the fact that a resumption of a high level of economic growth will remain a challenge for most Western countries. The emerging economies will probably do somewhat better though burdened by weaker exports. With this in mind we are puzzled by the strength of commodity markets and believe they are being driven by short-term anomalies which include strategic stockpiling in a world where most currencies are suspect.

Coming off a severely depressed base, profits will improve but utilisation levels are unlikely to be strong, meaning that a recovery to the super profits of earlier years is highly unlikely. The most encouraging aspect of all this uncertainty from our point of view is that there are now plenty of opportunities to find companies that are priced below their potential. Such investments are not confined to those areas of the world that are likely to grow strongly. There are many companies that, while registered as having their head offices in Europe or America, in fact derive a great part of their profit from emerging economies. Their share price sometimes does not reflect this fact.

We have adopted a relatively cautious stance and are delighted at the price at which we can acquire companies of unusual quality that are relatively low risk. We have identified a number of companies well placed to benefit from the stimuli to the system afforded by central bank largesse and government infrastructure spending.

² The fourth ring road built in 2001 is about 8kms from Tiananmen Square. The farthest complete ring around the city is the sixth ring, about 18kms from the centre.

³ Top end residential property in both Shanghai and Beijing is certainly no longer cheap with prize locations, say within the second ring road in Beijing, selling for Rmb 50 to 60,000 per m²; over A\$10,000 per m². This contrasts with the average residential selling price recorded in the first five months of 2009 of Rmb 4,450 m² for China as a whole and around Rmb 11,300 per m² for the first tier cities of Beijing, Shanghai, and Shenzhen in the New Territories. The average for Hong Kong is HK\$45,000 per m² and the top end is 3 to 5 times this figure.

It is likely to be several years before the consequences of the credit crisis have fully played themselves out. With an earthquake of such magnitude it would be surprising if there were not after-shocks. We will use shorts to exploit the anomalies that are being created by those investors who believe that it was all a bad dream and that the system is nearly fully repaired.

Whether or not matters turn out better than we presently believe, we feel those companies geared to world growth will achieve results superior to those with essentially defensive qualities.

SHAREHOLDER INFORMATION

Substantial Shareholders

No shareholders appeared in the Company's Register of Substantial Shareholders, maintained in accordance with section 671B of the *Corporations Act 2001*, as at 4 August 2009.

Distribution of Securities

	Class of equity security
(i) Distribution schedule of holdings	Ordinary
1-1000	855
1,001 - 5,000	3,371
5,001 - 10,000	2,682
10,001-100,000	3,626
100,001 and over	95
Total number of holders	10,629
(ii) Number of holders of less than a marketable parcel	341
(iii) Percentage held by the 20 largest holders	12.44%

Twenty Largest Shareholders

The names of the twenty largest holders of each class of listed equity securities as at 4 August 2009 are listed below:

	Number of Shares	%
Forbar Custodians Limited	2,332,280	1.57
Groote Eylandt Aboriginal Trust Incorporated	1,753,416	1.18
K Neilson	1,648,038	1.11
Moya Pty Limited	1,412,005	0.95
UBS Wealth Management Australia Nominees Pty Limited	1,356,483	0.91
Questor Financial Services Limited	1,353,456	0.91
R I Thompson	1,127,536	0.76
RBC Dexia Investor Services Australia Nominees Pty Limited	976,476	0.66
J P Morgan Nominees Australia Limited	894,151	0.60
HSBC Custody Nominees (Australia) Limited	863,784	0.58
R Ware	643,682	0.43
Feboco Investments Pty Limited	616,613	0.41
R Thompson	600,000	0.40
I T Heffernan Pty Limited	525,000	0.35
Australian Executor Trustees Limited	511,570	0.34
Questor Financial Services Limited	485,315	0.33
RBC Dexia Investor Services Australia Nominees Pty Limited	390,674	0.26
The Uniting Church in Australia	387,000	0.26
ANZ Nominees Limited	346,385	0.23
Invia Custodian Pty Limited	298,000	0.20

Voting Rights

Ordinary Shares

On a show of hands, every member present in person or represented by a proxy or representative shall have one vote and on a poll every member who is present in person or represented by a proxy or representative shall have one vote for every share held by them.

Platinum's Commitment to Carbon Neutrality

The Manager continues to report that it is carbon neutral (as is your Company), having purchased carbon credits to offset its carbon emissions. The Manager reports that it continues to strive toward further reductions.

Distribution of Annual Report to Shareholders

The Law allows for an "opt in" regime in which shareholders will receive a printed "hard copy" version of the Annual Report only if they request one. The Directors have decided to mail out the 2009 Annual Report to all shareholders, unless they have "opted out". This position will be kept under review. Please communicate your views to the Company Secretary by email to invest@platinum.com.au.

Financial Calendar

Annual General Meeting	23 October 2009
Ordinary Shares trade ex-dividend	28 October 2009
Record (books close) date for final dividend	4 November 2009
Final dividend paid	17 November 2009

These dates are indicative and may be changed.

Questions at 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.

Investment Methodology

Platinum Capital Limited is an investment company listed on the Australian Securities Exchange and open to investors who wish to purchase shares in the same way as one might buy shares in NAB or BHP. Platinum Capital is taxed at source and pays shareholders dividends (usually fully franked). This feature distinguishes it from managed investment trust products.

Platinum Capital delegates the investment function to Platinum Investment Management Limited (trading as Platinum Asset Management). This entity employs an investment team that manages the investments of Platinum Capital. These are two discrete legal entities. As a shareholder in Platinum Capital you have no interest/ownership in Platinum Investment Management Limited or its listed parent, Platinum Asset Management Limited.

Platinum Asset Management's investment process has been well-tested over time. The principles on which it is based have not varied since inception, although refinements continually evolve and develop.

Platinum Asset Management seeks a broad range of investments globally whose businesses and growth prospects, it believes, are being inappropriately valued by the market. By using themes and an industry focus, the portfolio is built up through individual stock selection. Consideration of the macro environment as well as careful evaluation of how the stock will fit and function in the portfolio are also important.

By locating the research efforts together in one place Platinum Asset Management facilitates the cross pollination of ideas that is possible with the free-flow of information between managers with different geographic and industry responsibilities. It has the further benefit that distance acts as a filter and calming influence enabling a more objective assessment of "noisy" markets. This process is well supported by carefully planned and extensive visits to companies and key areas.

The wealth of research and detailed analysis that leads to the consideration of a stock addition/retention/reduction in a portfolio takes form in a disciplined reporting process that is open to the critical scrutiny of divergent thinking peers. This process serves to challenge and encourage analysts and to "test" the investment decision as well as add accountability to the process. Implementation of investment decisions is also given detailed attention as is the on-going review and monitoring of the portfolio.

For a more detailed look at Platinum Asset Management's investment process we would encourage you to visit Platinum's website at the following links:

www.platinum.com.au/invest_process.htm

www.platinum.com.au/invest_diagram.htm

DIRECTORS' REPORT

In respect of the year ended 30 June 2009, 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 for the whole year and up to the date of this report unless otherwise stated):

Peter Clarke	(Chairman since 16 February 2009 and Non-Executive Director)
Bruce Coleman	(Non-Executive Director)
Bruce Phillips	(Non-Executive Director since 10 March 2009)
Richard Morath	(Non-Executive Director since 27 March 2009)
Kerr Neilson	(Managing Director)
Andrew Clifford	(Director)
Malcolm Halstead	(Director and Secretary)

Graeme Galt was Chairman of the Company and a Non-Executive Director until his passing on 13 February 2009.

Principal Activity

The principal activity of the Company during the year was the investment of funds internationally into securities of companies, which are perceived by the Investment Manager to be undervalued.

Trading Results

The net profit of the Company for the year was \$20,567,000 (2008:net loss \$23,861,000) after income tax expense of \$9,162,000 (2008:income tax benefit \$10,419,000).

Dividends

Since the end of the financial year, the Directors have recommended the payment of a 5 cents per share (\$7,438,000) fully franked final dividend payable to shareholders on 17 November 2009.

A fully franked interim dividend of 5 cents per share (\$7,353,000) was paid on 6 March 2009.

A fully franked final dividend of 5 cents per share (\$6,358,000) for the year ended 30 June 2008 was paid on 14 November 2008.

Review of Operations

The net profit before tax was \$29,729,000 (2008:net loss before tax \$34,280,000) and net profit after tax was \$20,567,000 (2008:net loss after tax was \$23,861,000). Income tax expense for the year was \$9,162,000 (2008:income tax benefit \$10,419,000).

Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company that occurred during the year not otherwise disclosed in this report or the financial statements.

Events Subsequent to the end of the Financial Year

Since the end of the financial year, the Directors are not aware of any matter or circumstance not otherwise dealt with in this report or financial statements that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Likely Developments and Expected Results of Operations

The Company will continue to pursue its investment objective which is to increase the net asset value of the Company. The methods of operating the Company are not expected to change in the foreseeable future.

Rounding of Amounts

The Company is of a kind referred to in the Australian Securities & Investments Commission's Class Order 98/0100 (as amended) and consequently amounts in the Directors' Report and financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Environmental Regulation

The Company is not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory Law.

Auditor

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

DIRECTORS' REPORT (Cont.)

Non-Audit Services

The Directors, in accordance with advice received from the Audit and Risk Committee, are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied, considering the nature and quantum of the non-audit services, that the provision of non-audit services by the Auditor, did not compromise the auditor independence requirements of the *Corporations Act 2001*.

Details of the amounts paid or payable to the Auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

	2009	2008
	\$	\$
Audit services - statutory	85,934	84,319
Taxation services - compliance	38,790	42,903
Taxation services - Foreign tax agent	4,611	9,139
Total	<u>129,335</u>	<u>136,361</u>

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 8.

Information on Directors

Peter Clarke BSc(Econ)

Chairman of the Company since 16 February 2009, Independent Non-Executive Director for ten years and Member of the Audit and Risk Committee. (Age 73)

Relevant interest in 26,096 shares in the Company.

Mr Clarke brings to the Board over 30 years experience in the Investment Management business.

Until 1987 he held various directorships in the UK and was Managing Director of a stockbroking firm.

Bruce Coleman BSc, BCom, CA, FFin

Independent Non-Executive Director for five years and member of the Audit and Risk Committee. (Age 59)

Relevant interest in 200,000 shares in the Company.

Mr Coleman has worked in the Finance and Investment industry since 1986. He was the

CEO of MLC Investment Management from 1996 to 2004. He has held various directorships

within MLC Limited, Lend Lease and the National Australia Banking group.

Former Director of MLC Limited from 2001 to 2004.

Mr Coleman is a Non-Executive Director of Platinum Asset Management Limited.

Richard Morath BA, FIA, ASIA

Independent Non-Executive Director and Chairman of the Audit and Risk Committee. (Age 60).

Mr Morath has over 35 years experience in the Funds Management and Banking industry. He currently holds several board positions with organisations that operate under the National Australia Group of companies.

He is a Chairman of Plum, the group vehicle providing member services to the corporate superannuation market and a Director of PFS Nominees, the Plum Trustee, and of MLC Nominees, the trustee for the superannuation business of MLC. He is also a Director of BNZ Life.

Mr Morath held senior and leadership roles with the Commercial Banking Company of Sydney and State Bank of NSW. He has worked as Managing Director of Australian Bank in the 1980s,

and was CEO of MLC Retail Funds and CEO of MLC's corporate funds business in the 1990s.

Before retiring in December 2001, Mr Morath worked with Lend Lease Corporation as Group Executive

and was responsible for relations with media, analysts, shareholders and government.

Bruce Phillips BSc (Hons)

Independent Non-Executive Director and member of the Audit and Risk Committee. (Age 54).

Mr Phillips has over 30 years of technical, financial and managerial experience in the Global Energy industry. He has worked on projects throughout Australasia, South America, the UK, Southeast Asia and East Africa. He founded Australian Worldwide Exploration Limited in 1997 and was its Managing Director until 2007 and was a Non-Executive Director of Sunshine Gas Limited from 2007 to 2008.

Since 2007, Mr Phillips has been a Non-Executive Director of AGL Energy Limited.

Kerr Neilson BCom (UCT), ASIP

Managing Director for 15 years. (Age 59)

Relevant interest in 1,648,039 shares in the Company.

Appointed as Managing Director upon incorporation. He is the Managing Director of Platinum Investment Management Limited, the Company's Investment Manager and Platinum Asset Management Limited.

Prior to Platinum, Mr Neilson was an Executive Vice President at Bankers Trust Australia Limited.

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

Andrew Clifford BCom(Hons) (UNSW)

Director for 15 years. (Age 43)

Relevant interest in 1,412,006 shares in the Company.

Appointed a Director of the Company upon incorporation. He is a Director of Platinum Investment Management Limited, the Company's Investment Manager. Prior to Platinum Investment Management Limited, Mr Clifford was a Vice President at Bankers Trust Australia Limited.

Malcolm Halstead CA

Finance Director and Company Secretary for 15 years. (Age 51)

Relevant interest in 414,607 shares in the Company.

Appointed a Director of the Company upon incorporation. He is a Director of Platinum Investment Management Limited, the Company's Investment Manager and a Director of Platinum Asset Management Limited. Prior to Platinum,

Mr Halstead was a Vice President at Bankers Trust Australia Limited.

Previously he was with Price Waterhouse, Sydney and Jolliffe Cork, London.

DIRECTORS' REPORT (Cont.)

Directors' Meetings

The following table sets out the number of meetings held and attended by the Company's Directors during the year ended 30 June 2009.

Name	Held	Board Meetings		Audit and Risk Committee Meetings	
		while a Director	Attended	while a member	Attended
P Clarke	6		5	4	4
B Coleman	6		6	4	4
R Morath (appointed 27 March 2009)	2		2	1	1
B Phillips (appointed 10 March 2009)	2		2	1	1
K Neilson	6		4	-	-
A Clifford	6		6	-	-
M Halstead	6		6	-	-
G Galt (until 13 February 2009)	4		2	3	2

Remuneration Report (audited)

Principles used to determine the nature and amount of remuneration

The Executive Directors review and determine the remuneration of the Non-Executive Directors and may utilise the services of external advisors. It is the policy of the Board to remunerate at market rates commensurate with the responsibilities borne by the Non-Executive Directors. The remuneration of the Directors is not linked to the performance or earnings of the Company.

Directors' fees

Non-Executive Directors' base remuneration is reviewed annually.

Retirement benefits for Directors

No retirement benefits (other than mandatory superannuation) are provided to Directors.

Other benefits (including termination) and incentives

No other benefits and incentives are paid to Directors.

Details of Remuneration

The Executive Directors (K Neilson, A Clifford and M Halstead) are all employees of the Investment Manager, Platinum Investment Management Limited, and are not remunerated by the Company. The Non-Executive Directors received the following amounts from the Company during the financial year:

Name	Short-term Benefits	Post-employment Benefits	Total
	Salary	Superannuation	
	\$	\$	\$
P Clarke	51,859	4,667	56,526
B Coleman	50,000	4,500	54,500
R Morath (appointed 27 March 2009)	13,017	1,172	14,189
B Phillips (appointed 10 March 2009)	15,514	1,396	16,910
G Galt (until 13 February 2009)	36,667	3,300	39,967
Total remuneration	167,057	15,035	182,092

AASB 124: *Related Party Disclosures* defines key management personnel as "persons having authority and responsibility for planning, directing and controlling activities of the entity". The only employees who have this authority and responsibility are the directors of Platinum Investment Management Limited.

Directors

The following persons were directors of Platinum Investment Management Limited during the whole of the financial year and up to the date of this report:

K Neilson
A Clifford
M Halstead

There are no employees who hold an executive position within Platinum Investment Management Limited.

Key management personnel compensation

The Executive Directors (K Neilson, A Clifford and M Halstead) are all employees of the Investment Manager, Platinum Investment Management Limited, and are not compensated by the Company. AASB 124 requires compensation provided by the Company or on behalf of the Company to be disclosed. Platinum Investment Management Limited is a related entity of the three Executive Directors, because the Executive Directors are also directors of Platinum Investment Management Limited which provides investment management services to the Company.

A portion of the compensation paid by Platinum Investment Management Limited to its employees is in relation to managing the affairs of the Company. Platinum Investment Management Limited has not made any determination as to what proportion of its employees' compensation relates to the Company. Platinum Investment Management Limited paid: K Neilson a salary of \$313,756 (2008:\$313,132) and superannuation of \$99,989 (2008:\$99,997); A Clifford a salary of \$313,747 (2008:\$313,130), superannuation of \$49,997 (2008:\$49,999). M Halstead a salary of \$263,756 (2008:\$313,130), and superannuation of \$99,989 (2008:\$49,999). Platinum Investment Management Limited provided for additional long service leave as follows: K Neilson \$12,753 (2008:\$3,854), A Clifford \$12,926 (2008:\$3,656) and M Halstead \$10,339 (2008:\$3,932) and provided for an increase/(decrease) in annual leave as follows: K Neilson (\$1,282) (2008:(\$18,642)), A Clifford (\$17,213) (2008:\$2,462) and M Halstead (\$3,803) (2008:(\$8,266)).

DIRECTORS' REPORT (Cont.)

Shareholdings

In the Company, the number of Ordinary Shares in which the Directors have a relevant interest at balance date is as follows:

Name	Balance at 1/07/2008	Acquisitions	Disposals	Balance at 30/06/2009
P Clarke	-	26,096	-	26,096
B Coleman	-	200,000	-	200,000
K Neilson	324,020	1,324,019	-	1,648,039
A Clifford	81,004	1,331,002	-	1,412,006
M Halstead	64,804	349,803	-	414,607

Service Agreements

Remuneration and other terms of employment for the Non Executive Directors are formalised in service agreements. The Executive Directors do not have service agreements, as they are employees of the Investment Manager, Platinum Investment Management Limited.

P Clarke, Chairman and Non-Executive Director

- Commenced on 15 April 1999.
- Agreements have no termination date. Tenure is subject to approval by shareholders at every third AGM.
- Base salary, inclusive of superannuation, for the year ended 30 June 2009 of \$56,526.

B Coleman, Non-Executive Director

- Commenced on 10 June 2004.
- Agreements have no termination date. Tenure is subject to approval by shareholders at every third AGM.
- Base salary, inclusive of superannuation, for the year ended 30 June 2009 of \$54,500.

R Morath, Non-Executive Director

- Commenced on 27 March 2009.
- Agreements have no termination date. Tenure is subject to approval by shareholders at every third AGM.
- Base salary, inclusive of superannuation, for the year ended 30 June 2009 of \$14,189.

B Phillips, Non-Executive Director

- Commenced on 10 March 2009.
- Agreements have no termination date. Tenure is subject to approval by shareholders at every third AGM.
- Base salary, inclusive of superannuation, for the year ended 30 June 2009 of \$16,910.

Share Based Compensation

No shares or options in the Company are granted to Directors.

Directors' Interests in Contracts

The three Executive Directors are employees of and have a relevant interest in the Investment Manager and accordingly will receive a portion of the Management and Performance fee. They do not receive any Directors' remuneration directly from the Company.

Directors' Insurance

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.

Executives

The Company has no employees or executives other than the Directors.

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

Peter Clarke
Chairman

Malcolm Halstead
Director

Sydney
7 August 2009

Auditor's Independence Declaration

As lead auditor for the audit of Platinum Capital Limited for the year ended 30 June 2009, 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.

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

A J Wilson

Partner
PricewaterhouseCoopers

August 2009

Corporate Governance Statement

Platinum Capital Limited ABN 51 063 975 431 is a listed investment company on the Australian Securities Exchange ("ASX").

The objective of the Company is to seek long term capital growth through utilising the skills of the Investment Manager, Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 which trades as "Platinum Asset Management".

Other than its Directors, the Company has no employees. It has no premises, plant or equipment or other physical assets. The Company's day-to-day affairs are managed by Platinum Asset Management in accordance with an Administrative Services Agreement. The Company's investment activities are undertaken by Platinum Asset Management in accordance with an Investment Management Agreement.

The Company's main corporate governance practices are set out below and, unless otherwise stated, were in place for the entire year.

The Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Governance Principles"), except where indicated.

Company policies, charters and codes referred to in this Statement are provided on the Company's website at www.platinumcapital.com.au.

1. The Board of Directors

Members: Peter Clarke (acting Chair), Bruce Coleman, Bruce Phillips, Richard Morath, Kerr Neilson (Managing Director), Andrew Clifford and Malcolm Halstead.

Changes to Board since last report:

- Graeme Galt deceased, 13 February 2009
- Bruce Phillips appointed 10 March 2009
- Richard Morath appointed 27 March 2009

1.1 Role of the Board

The Board has adopted a Charter, which details the functions and responsibilities of the Board.

The role of the Board is to ensure that:

- the appointed Investment Manager is performing its duties in a skilful and diligent manner, employs qualified and experienced staff and operates appropriate risk monitoring and compliance procedures; and
- the Company operates in compliance with its regulatory environment and good corporate governance practices are adopted.

1.2 Responsibilities of the Board

The principal responsibilities of the Board include:

- overseeing the Company, including its control and accountability systems;
- overseeing and monitoring Platinum Asset Management's compliance with the terms of the Investment Management Agreement;
- monitoring the financial position and performance of the Company;
- identifying the principal risks faced by the Company and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks;
- overseeing communications and reporting to shareholders;
- ensuring compliance with all laws, governmental regulations and accounting standards; and
- ensuring that good corporate governance practices are adopted.

1.3 Structure of the Board

The Board currently comprises seven Directors: four Non-Executive Directors and three Executive Directors (including the Managing Director).

Prior to 27 March 2009, the Board was represented by an equal number of Non-Executive and Executive Directors. Recommendation 2.1 of the Governance Principles provides that "[a] majority of the board should be independent directors". At the time, the Board considered equal representation was appropriate for the Company given its size and purpose.

The qualifications, experience and term of office of the Directors are provided in The Directors' Report on page 5.

The Chair of the Board is an independent Director, and the roles of Chair and Managing Director (Chief Executive Officer) are not exercised by the same individual.

The Chair is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning.

The Chair facilitates to ensure the effective contribution of all Directors and promote constructive and respectful relations between Directors and between Board and Management.

The Managing Director is responsible for ensuring the terms of the Investment Management Agreement and Administrative Services Agreement are fulfilled by Platinum Asset Management.

1.4 Director Independence

All the current Non-Executive Directors of the Company have been assessed as independent.

In reaching its decision, the Board has taken into account the factors outlined below.

The Board regularly assesses the independence of each Director. For this purpose an Independent Director is a Non-Executive Director whom the Board considers to be independent of Management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of unfettered and independent judgement.

Directors must disclose any material personal or family contract or relationship in accordance with the *Corporations Act 2001*. Directors also adhere to constraints on their participation and voting in relation to matters in which they may have an interest in accordance with the *Corporations Act 2001* and the Company's policies.

Each Director may from time to time have personal dealings with the Company. Each Director is involved with other companies or professional firms which may from time to time have dealings with the Company.

Details of offices held by Directors with other organisations are set out on page 5 of the Directors' Report. Full details of related party dealings are set out in notes to the Company's accounts as required by law.

In assessing whether Directors are independent, the Board takes into account (in addition to the matters set out above):

- the specific disclosures made by each Director as referred to above;
- where applicable, the related party dealings referable to each Director, noting whether those dealings are material under accounting standards;
- whether a Director is, or is associated directly with, a substantial shareholder of the Company;
- whether the Director has ever been employed by the Company or any of its subsidiaries;
- whether the Director is, or is associated with, a supplier, professional adviser, consultant to or customer of the Company which is material under accounting standards; and
- whether the Director personally carries on any role for the Company otherwise than as a Director of the Company.

Corporate Governance Statement (continued)

1.4 Director Independence (continued)

The Board also has regard to the matters set out in the Governance Principles. The Board does not consider that term of service on the Board should be considered as a factor affecting a Director's ability to act in the best interests of the Company.

1.5 Selection and Appointment of Directors

Recommendation 2.4 of the Governance Principles provides that "[t]he board should establish a nomination committee". Given the size and purpose of the Company, the Board considers a nomination committee is not warranted. The full Board considers the issues that would otherwise be a function of a nomination committee.

When evaluating, selecting and appointing Directors the Board considers:

- the candidate's competencies, qualifications and expertise and his/her fit with the current membership of the Board;
- the candidate's knowledge of the industry in which the Company operates;
- directorships previously held by the candidate and his/her current commitments to other boards and companies;
- existing and previous relationships with the Company and Directors;
- the candidate's independence status and the need for a majority balance on the Board; and
- requirements of the *Corporations Act 2001*, ASX Listing Rules, the Company's Constitution and Board Policy.

The Board seeks to ensure that:

- its membership represents an appropriate balance between Directors with investment management experience and Directors with an alternative perspective; and
- the size of the Board is conducive to effective discussion and efficient decision-making.

Under the terms of the Company's constitution, all Directors, other than the Managing Director, must retire from office no later than the third Annual General Meeting following their last election and that one-third of the Directors are to retire from office at each Annual General Meeting. Where eligible, a Director may stand for re-election.

1.6 Access to Information and Independent Advice

All Directors have unrestricted access to Company records and information.

The Investment Manager provides regular information and reports to the Board (as requested).

The Board of Directors' Charter provides that the Directors may seek independent professional advice at the Company's expense, after first notifying the Board.

The Board will review the estimated costs for reasonableness, but will not impede the seeking of advice.

1.7 Performance Assessment

The Board undertakes an annual self assessment of its collective performance, as well as the performance of its Committees.

The Board reviews its performance in terms of Company objectives, Company results and achievements of the Investment Manager.

The Board ensures each Director has the necessary skills, experience and expertise, and the mix remains appropriate for the Board to function effectively. This assessment was undertaken during August 2009.

Independent professional advice may be sought as part of this process.

Recommendation 1.2 of the Governance Principles provides that "[c]ompanies should disclose the process for evaluating the performance of senior executives".

As the Company has no senior executives other than the Executive Directors of the Board and the Executive Directors are not remunerated by the Company, it is considered appropriate that their performance be assessed as part of the collective review outlined above.

2. Board Committees

The Board may establish committees to assist in the execution of its duties and (from time to time) to deal with matters of special importance.

Each committee has a documented and approved Charter under which authority is delegated from the Board.

2.1 Audit and Risk Committee

Members: Peter Clarke (Chair until 7 August 2009), Bruce Coleman, Bruce Phillips and Richard Morath.

Changes to the Committee since last Report:

- . Graeme Galt, deceased, 13 February 2009
- . Bruce Phillips appointed 10 March 2009
- . Richard Morath appointed 27 March 2009 (Chair of Committee from 7 August 2009)

The purpose of the Committee is to assist the Board in fulfilling its responsibilities relating to the financial reporting and accounting practices of the company.

Its key responsibilities are to:

- review and recommend to the Board the financial statements (including key financial and accounting principles adopted by the Company);
- review and monitor risks and the implementation of mitigation measures for those risks as appropriate;
- assess and recommend to the Board the appointment of external auditors;
- monitor the conduct of audits;
- monitor the Company's compliance with its statutory obligations;
- review and monitor the adequacy of management information and internal control systems; and
- ensure that any Shareholder queries relating to such matters are dealt with expeditiously.

All members of the Committee are Independent Non-Executive Directors.

Recommendation 4.2 of the Governance Principles provides that "[t]he audit committee should be structured so that it is chaired by an independent chair, who is not chair of the board and has at least three members". Following Mr Galt's passing, the Committee operated with two members (from 13 February to 10 March 2009) and P Clarke (Chair of the Audit and Risk Committee) was appointed as acting Chair of the Board (from 13 February to 30 June 2009).

These temporary positions would be rectified following a re-organisation of the Board.

All matters determined by the Committee are submitted to the full Board as recommendations for Board decisions. Minutes of a Committee meeting are tabled at the subsequent Board meeting. Additional requirements for specific reporting by the Committee to the Board are addressed in the Charter.

2.2 Remuneration Committee

Recommendation 8.1 of the Governance Principles provides that "[t]he board should establish a remuneration committee".

Given the size of the Company and the fact that the Executive Directors are not remunerated by the Company, the Board has determined that a remuneration committee is not warranted.

Remuneration for the Non-Executive Directors is set at market rates commensurate with the responsibilities borne by the Non-Executive Directors.

The Executive Directors review and determine the remuneration of the Non-Executive Directors accordingly. Independent professional advice may be sought.

Further information is provided in the Remuneration Report set out on pages 6 to 7 of the Directors' Report.

Remuneration paid to the Non-Executive Directors for the 2008/2009 reporting year is set out on page 6 to 7 of the Directors' Report.

Corporate Governance Statement (continued)

3. Company Auditor

The policy of the Board is to appoint auditors who clearly demonstrate competence and independence.

The performance of the Auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

PricewaterhouseCoopers was appointed as the Auditor to the Company in 1994.

It is PricewaterhouseCoopers policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the Auditor, including a break-down of fees for non-audit services, is provided in the Directors' Report.

It is the policy of the external Auditor to provide an annual declaration of its independence to the Audit and Risk Committee.

The external Auditor will attend the Company's Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

4. Company Policies

4.1 Directors' Code of Conduct

The Board has adopted a Directors' Code of Conduct which is based upon the Australian Institute of Company Directors' Code of Conduct. It requires the Directors to act honestly, in good faith, and in the best interests of the Company as a whole, whilst in accordance with the letter (and spirit) of the law.

4.2 Trading in Company Securities

The purchase and sale of shares in the Company by Directors is only permitted during a period of five business days following the Company's release of its monthly net tangible assets figure to the ASX. Additional blackout periods are enforced as necessary

(e.g. during an on-market buy-back of shares on issue). Any and all changes to Director shareholdings are reported to the ASX.

The Investment Manager, Platinum Asset Management, imposes the same rules on itself and its employees.

4.3 Financial Reporting

In respect of the year ended 30 June 2009, the Managing Director and Finance Director have made the following certifications to the Board:

- The Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant Accounting Standards.
- The above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

4.4 Continuous Disclosure

The Board is committed to:

- the promotion of investor confidence by ensuring that trading in Company shares takes place in an efficient, competitive and informed market;
- complying with the Company's disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001*; and
- ensuring the Company's stakeholders have the opportunity to access externally available information issued by the Company.

The Company Secretary is responsible for coordinating the disclosure of information to Regulators and shareholders, and ensuring that any notifications/reports to the ASX are promptly posted on the Company's website.

4.5 Shareholder Communication

The Board has adopted a Communications Plan which describes the Board's policy for ensuring shareholders and potential investors of the Company receive or obtain access to information publicly released by the Company. The Company's primary portals are its website, Annual Report, AGM, Half-Yearly Report, Quarterly Investment Report and monthly notices to the ASX.

The Company Secretary oversees and coordinates the distribution of all information by the Company to the ASX, shareholders, the media and the public.

4.6 Risk Assessment and Management

The Board, through the Audit and Risk Committee, is responsible for ensuring that:

- there are adequate policies for the oversight and management of material business risks to the Company;
- there are effective systems in place to identify, assess, monitor and manage the risks of the Company and to identify material changes to the Company's risk profile; and
- arrangements are adequate for monitoring compliance with laws and regulations applicable to the Company.

The Executive Directors have reported to the Board as to the effectiveness of the Company's management of its material business risks.

The Investment Manager and Administrator, Platinum Asset Management, has implemented risk management and compliance frameworks based on AS/NZS 4360:2004 Risk Management Standard and AS 3806-2006 Compliance Programs. These frameworks (together with the firm's internal audit function) ensure that:

- emphasis is placed on maintaining a strong control environment;
- accountability and delegations of authority are clearly identified;
- risk profiles are in place and regularly reviewed and updated;
- timely and accurate reporting is provided to Management and respective Committees; and
- compliance with the law, contractual obligations and internal policies (including business rules of conduct) is communicated and demonstrated.

Platinum Asset Management reports periodically to the Audit and Risk Committee on the effectiveness of its risk management and compliance frameworks with respect to services undertaken for the Company.

4.7 Business Rules of Conduct

The Investment Manager and Administrator, Platinum Asset Management, has established Business Rules of Conduct applicable to its Directors and staff.

It communicates the appropriate standards of behaviour, provides a framework for the workplace, and informs staff of their responsibilities with respect to legal compliance, confidentiality and privacy, conflicts of interest, investment activities and operational processes.

Compliance is monitored by the Compliance team. Regular training sessions are provided by the Compliance Manager.

All employees are asked to sign an annual declaration confirming their compliance with the Business Rules of Conduct.

Income Statement
for the year ended 30 June 2009

		2009	2008
	Notes	\$'000	\$'000
Investment income			
Dividends		4,274	3,185
Interest		237	502
Net gains/(losses) on equities/derivatives		20,879	(34,432)
Net gains on forward currency contracts		9,820	3,043
Net gains/(losses) on overseas bank accounts		4,249	(2,064)
Total investment income		<u>39,459</u>	<u>(29,766)</u>
Expenses			
Management fee	15	2,674	2,888
Performance fee	15	5,147	-
Custody		160	176
Share registry		317	224
Directors' fees		182	169
Continuous reporting disclosure		155	127
Auditor's remuneration			
- Auditing services (\$85,934, 2008 \$84,319)		86	84
- Taxation services (\$43,401, 2008: \$52,042)		43	52
Transaction costs		222	157
Withholding tax on foreign dividends		462	342
Other expenses		282	295
Total expenses		<u>9,730</u>	<u>4,514</u>
Profit/(loss) before income tax		29,729	(34,280)
Income tax expense/(benefit)	2(a)	<u>9,162</u>	<u>(10,419)</u>
Profit/(loss) after income tax	8	<u>20,567</u>	<u>(23,861)</u>
Basic earnings per share (cents per share)	7	<u>14.74</u>	<u>(19.00)</u>
Diluted earnings per share (cents per share)	7	<u>14.74</u>	<u>(19.00)</u>

The Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet
as at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Assets			
Cash and cash equivalents	9(a)	18,275	19,028
Financial assets at fair value through profit or loss	1(c), 3	177,583	138,847
Income tax receivable		1,114	2,415
Receivables	4	1,723	407
Deferred tax assets	2(b)	4,951	6,689
Total assets		203,646	167,386
Liabilities			
Payables	5	6,037	642
Deferred tax liabilities	2(c)	995	125
Total liabilities		7,032	767
Net assets		196,614	166,619
Equity			
Contributed equity	6	171,672	148,533
Retained profits	8	24,942	18,086
Total equity		196,614	166,619

The Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Total equity at the beginning of the financial year		166,619	203,917
Profit/(loss) for the year		20,567	(23,861)
Total recognised income and expense for the financial year		20,567	(23,861)
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transactions costs		23,139	5,258
Dividends paid	14	(13,711)	(18,695)
		9,428	(13,437)
Total equity at the end of the financial year		196,614	166,619

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cash Flow Statement
for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Dividends received		4,225	3,190
Interest received		256	528
Cost of purchases of financial assets		(150,771)	(109,294)
Proceeds from sale of financial assets		141,073	129,980
Management fees paid		(2,625)	(2,956)
Other expenses		(1,970)	(1,607)
Income tax paid		(5,254)	(7,151)
Net cash from operating activities	9(b)	<u>(15,066)</u>	<u>12,690</u>
Cash flows from financing activities			
Proceeds from issue of shares		23,139	5,258
Dividends paid		(13,729)	(18,725)
Net cash from financing activities		<u>9,410</u>	<u>(13,467)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(5,656)</u>	<u>(777)</u>
Cash and cash equivalents held at the beginning of the financial year		19,028	21,148
Effects of exchange rate changes on cash and cash equivalents		4,903	(1,343)
Cash and cash equivalents held at the end of the financial year	9(a)	<u>18,275</u>	<u>19,028</u>

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report was authorised for issue by the Directors of the Company on 7 August 2009.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with International Financial Reporting Standards (IFRS)

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Company, and notes thereto, complies with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of "financial assets (including derivative instruments) at fair value through profit or loss".

The preparation of the financial statements in conformity with AIFRS requires the use of certain critical accounting estimates and judgements, which are included below.

The Balance Sheet is presented in decreasing order of liquidity.

(b) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period taxable income based on the current income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities, and their carrying amounts in the financial statements, and to unused tax losses. Under AASB 112: *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the Balance Sheet and their associated tax bases. The Company exercises judgement in determining the extent of recognition of deferred tax assets, in relation to unrealised tax losses and whether future realised taxable profits are expected to be sufficient, to allow recovery of these losses.

(c) Financial Assets at Fair Value through Profit or Loss

Under AASB 139, marketable equity securities are classified in the Balance Sheet as "financial assets at fair value through profit or loss". These include financial assets that have quoted prices in active markets and can be reliably measured.

This designation is consistent with the Investment Manager's general stock selection policy of selecting investments that are liquid and actively traded. These investments are initially recognised at fair value, excluding transaction costs, which are expensed as incurred. Investments are valued based on quoted "bid" prices on long securities. Gains and losses arising from changes in the fair value of the financial assets are included in the Income Statement in the period in which they arise.

In accordance with AIFRS, derivative financial instruments are categorised as "financial assets held for trading" and are accounted for at fair value, with changes to such values recognised through the Income Statement in the period in which they arise. Derivative financial instruments are valued based on quoted "bid" prices for long equity swaps and long futures. Short equity swaps and short futures are valued based on quoted "ask" prices. Gains and losses arising from changes in the fair value of the financial assets are included in the Income Statement in the period in which they arise.

Forward currency contracts are categorised as "financial assets held for trading" and are initially recognised at fair value on the date contracts are entered into and are subsequently remeasured at each reporting date. The fair value is the unrealised profit or loss on the foreign currency position (in Australian dollars).

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at reporting date without any deduction for estimated future selling costs. Long securities, long equity swaps and long futures are priced at "bid" prices, while short equity swaps and short futures are priced at "ask" prices.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Recognition/derecognition

The Company recognises financial assets on the date they become party to the purchase contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date.

Financial assets are no longer recognised on the date they become party to the sale contractual agreement (trade date).

(d) Transaction Costs

Initial measurement (cost) on acquisition of trading securities shall not include directly attributable transaction costs such as fees and commissions paid to agents. Incremental transaction costs are expensed as incurred in the Income Statement.

(e) Foreign Currency Translation

The functional and presentation currency of the Company as determined in accordance with AASB 121: *The Effects of Changes in Foreign Exchange Rates* will be the Australian dollar.

Transactions denominated in foreign currencies are translated into Australian currency at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities existing at balance date are translated at the closing exchange rates prevailing at balance date. Resulting exchange rate differences are brought to account in determining profit and loss for the year.

(f) Investment Income

Interest income

Interest income is recognised in the Income Statement using the effective interest method, which allocates income over the relevant period.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(f) Investment Income continued

Dividend income

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

(g) Directors' Entitlements

Liabilities for Directors' entitlements to fees are accrued at nominal amounts calculated on the basis of current fees rates.

Contributions to Directors' superannuation plans are charged as an expense as the contributions are paid or become payable.

(h) Earnings per Share

Basic and diluted earnings per share are determined by dividing the profit after income tax by the weighted number of ordinary shares outstanding during the financial year.

(i) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash includes deposits at call and cash at bank, which are readily convertible to cash on hand.

Cash at the end of the financial year, as shown in the Cash Flow Statement, is reconciled to the related item in the Balance Sheet.

(j) Receivables

All receivables are recognised as and when they are due.

Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when there is evidence the amount will not be collected.

(k) Payables

All payables and trade creditors are recognised as and when the Company becomes liable.

(l) Contributed Equity

Ordinary shares are classified as equity.

(m) Dividends

Provision is made for the amount of any dividend declared or determined by the Directors on or before the end of the financial year but not paid at balance date.

(n) Rounding of amounts

The Company is of a kind referred to in the Australian Securities & Investments Commission's Class Order 98/0100 (as amended) and consequently amounts in the financial report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

(o) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST 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 has been expensed.

(p) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. Our assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 101: *Presentation of Financial Statements and AASB 2007-8: Amendments to Australian Accounting Standards (AASB 101)*

The revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009.

It requires the presentation of a Statement of Comprehensive Income and makes changes to the Statement of Comprehensive Income and to the Statement of Changes in Equity, but will not affect any of the amounts recognised in the financial statements. If the Company has made prior period adjustments or reclassified items in the financial statements, it will need to disclose a third Balance Sheet

(Statement of Financial Position), as at the beginning of the comparative period.

The Company intends to apply the revised standard from 1 July 2009.

(ii) AASB 8: *Operating Segments* and AASB 2007-3: *Amendments to Australian Accounting Standards (AASB 107 & AASB 134)*

AASB 8 and AASB 2007-3 are applicable to annual reporting periods beginning on or after 1 January 2009. AASB 8 requires the adoption of a "management approach" to disclosing information about its reportable segments. Generally, the financial information will be reported on

the same basis as is used internally by the chief decision maker for evaluating operating segment performance and deciding how to

allocate resources to operating segments. The amendments may have an impact on the Company segment disclosures. However,

the amendment will not affect any of the amounts recognised in the Company's financial statements. The Company has not adopted this

standard early.

(iii) AASB 2008-5: *Amendments to Australian Accounting Standards arising from the Annual Improvement Project* (effective from

1 January 2009) and AASB 2008-6: *Further Amendments to Australian Accounting Standards arising from the Annual Improvement Project*

(effective from 1 July 2009)

These Standards make a number of amendments. The most relevant one for the Company being to

AASB 139: *Financial Instrument Recognition and Measurement*. The revised AASB 139 is applicable to reporting periods beginning on or after 1 July 2009.

This amendment clarifies the definition of "financial asset or financial liability at fair value through profit or loss" as it relates to items

that are held for trading. A financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent

pattern of short-term profit taking is included in such a portfolio on initial recognition. The amendment is consistent with the Company's existing policies

and is not expected to have an impact on adoption. The Company has not adopted this standard early.

(iv) AASB 2009-2: *Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments*

AASB 2009-2 is applicable to annual reporting periods beginning on or after 1 January 2009. The amendments require

enhanced disclosures about fair value measurements and liquidity risk, including:

(i) the introduction of a three-level hierarchy for making fair value measurements and (ii) the reliability of fair value measurements.

The amendments may have an impact on the Company disclosures. However, the amendment will not affect

any of the amounts recognised in the Company's financial statements. The Company has not adopted this

standard early.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2009

	2009	2008
2. Income Tax	\$'000	\$'000

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

Current income tax provision	6,548	3,410
Deferred tax liabilities	870	(7,440)
Deferred tax assets	1,738	(6,575)
Under/(over) provision of prior period tax	6	186
Income tax expense/(benefit)	9,162	(10,419)

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

Profit/(loss) before income tax expense	29,729	(34,280)
Prima facie income tax on profit/(loss) at 30%	8,919	(10,284)
Tax effect on temporary differences which: <i>Increase tax payable</i>		
Deferred tax asset not recognised	526	-
<i>Reduce tax payable</i>		
Allowable credits	(289)	(321)
Under/(over) provision of prior period tax	6	186
Income tax expense/(benefit)	9,162	(10,419)

(b) Deferred tax assets	2009	2008
	\$'000	\$'000

The balance comprises temporary differences attributable to:

Auditing and review	9	17
Taxation services	7	7
Preparation of annual report and dividend processing	45	50
Capital expenditure not immediately deductible	36	-
Unrealised losses on financial assets	4,854	6,615
Deferred tax assets	4,951	6,689

(c) Deferred tax liabilities	2009	2008
	\$'000	\$'000

The balance comprises temporary differences attributable to:

Dividends receivable	48	31
Accounting/tax cost on investments	947	94
Deferred tax liabilities	995	125

For the year ended 30 June 2009 deferred tax assets, of \$526,266 (2008: nil) arising from unrealised investment losses have not been brought to account.

	2009	2008
3. Financial Assets at Fair Value Through Profit or Loss	\$'000	\$'000

Equity securities	174,108	136,174
Derivatives	(364)	2,542
Foreign currency contracts	3,839	131
	177,583	138,847

Refer to Note 1(c) for the accounting policy concerning fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

4. Receivables

	2009	2008
	\$'000	\$'000
Proceeds on sale of financial assets	1,414	143
Interest receivable	2	21
Goods and Services Tax	35	29
Dividends receivable	152	103
Prepayments	80	74
Sundry debtors	40	37
	<u>1,723</u>	<u>407</u>

Proceeds on sale of financial assets are usually received between two and five days after trade date. Interest is usually received within three days of becoming due and receivable and dividends are usually received within approximately 30 days of the ex-dividend date. Information relating to the ageing of receivables is shown in Note 12.

5. Payables

Payables on purchase of financial assets	268	1
Trade creditors (unsecured)	5,655	509
Unclaimed dividends payable to shareholders	114	132
	<u>6,037</u>	<u>642</u>

Included in trade creditors is an amount of \$5,147,000 which represents the Performance fee payable to the Investment Manager. Please refer to Note 15 for further details.

Payables on purchase of financial assets are usually paid between two and five days after trade date. Trade creditors are unsecured and payable between seven and 60 days after being incurred. These current payables are non interest bearing. Information relating to the Company's exposure of payables to liquidity risk is shown in Note 12.

6. Contributed Equity

		2009	2009	2008	2008
		Quantity	\$'000	Quantity	\$'000
Opening balance		127,150,058	148,533	124,004,583	143,275
Reinvestment of unclaimed dividends	6-Sep-07 (b)	-	-	8,210	17
Dividend reinvestment plan	14-Nov-07 (a)	-	-	1,892,923	3,445
Dividend reinvestment plan	4-Mar-08 (a)	-	-	1,223,327	1,761
Reinvestment of unclaimed dividends	15-May-08 (b)	-	-	21,015	35
Reinvestment of unclaimed dividends	8-Sep-08 (b)	13,914	19	-	-
Dividend reinvestment plan	14-Nov-08 (a)	1,669,647	1,703	-	-
Rights Issue	26-Nov-08 (c)	16,315,484	17,458	-	-
Share Purchase Plan	5-Dec-08 (d)	1,914,355	2,010	-	-
Dividend reinvestment plan	6-Mar-09 (a)	1,676,550	1,911	-	-
Reinvestment of unclaimed dividends	19-May-09 (b)	26,061	38	-	-
Closing balance		<u>148,766,069</u>	<u>171,672</u>	<u>127,150,058</u>	<u>148,533</u>

(a) Shares are issued under the Dividend Reinvestment Plan at a 5% discount to the market price.

(b) For reinvestment of unclaimed dividends, additional shares are issued at the last sale price of the Company's shares on the first business day following the expiration six months from the date of payment of the relevant dividend.

(c) On 16 October 2008, the Company announced a Rights Issue in which eligible Australian and New Zealand shareholders were offered 1 share for every 1 fully paid ordinary share held as at 31 October 2008 at an issue price of \$1.07 per share. On 26 November 2008, 16,315,484 shares were allotted.

(d) On 22 October 2008, the Company announced a Share Purchase Plan (SPP) in which eligible Australian and New Zealand shareholders, were able to purchase shares up to a maximum value of A\$5,000.

The issue price was equal to a 5% discount of the weighted average price for the 5 trading days before the allotment date of 5 December 2008. On 5 December 2008, 1,914,355 shares were allotted.

Ordinary Shares

At 30 June 2009, Ordinary Shares on issue totalled 148,766,069 shares.

Ordinary Shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

7. Earnings per share

	2009	2008
Basic earnings per share - cents per share	<u>14.74</u>	<u>(19.00)</u>
Diluted earnings per share - cents per share	<u>14.74</u>	<u>(19.00)</u>
Weighted average number of Ordinary Shares on issue used in the calculation of basic and diluted earnings per share	<u>139,540,169</u>	<u>125,601,279</u>
	\$'000	\$'000
Earnings used in the calculation of basic and diluted earnings per share	<u>20,567</u>	<u>(23,861)</u>

There have been no conversions to, calls of, or subscriptions for Ordinary Shares during the period other than those issued under the Dividend Reinvestment Plan, and issues of Ordinary Shares pursuant to the Rights Issue and Share Purchase Plan. As there are no potential Ordinary Shares, diluted earnings per share equals basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

8. Retained Profits

	Notes	2009 \$'000	2008 \$'000
Retained earnings at the beginning of the financial year		18,086	60,642
Net profit/(loss)		20,567	(23,861)
Dividends provided for or paid	14	(13,711)	(18,695)
Retained earnings at the end of the financial year		24,942	18,086

9. Notes to the Cash Flow Statement

(a) Reconciliation of Cash

	2009 \$'000	2008 \$'000
Cash at bank *	132	150
Cash on deposit **	18,143	18,878
	18,275	19,028

* Includes \$112,000 (2008: \$130,000) held in respect of unclaimed dividends on behalf of shareholders.

** Includes \$6,807,000 (2008: \$8,102,000) on deposit to 'cash cover' derivative contracts' deposits and margin calls. These amounts are held by the relevant derivative exchanges and counterparties as security and are not available for use by the Company until the derivative contracts are closed out. If losses are realised on the close out of derivative contracts, the cash balances are set off against those losses. If profits are realised on the close out of derivative contracts, the money is returned to the Company.

The Company maintains bank accounts at various locations throughout the world to enable the settlement of purchases and sales of investments and to conduct other normal banking transactions. All accounts are at call and the majority bears floating interest rates in the range of 0.20% to 3.00% (2008: 0.20% to 0.85%).

	2009 \$'000	2008 \$'000
(b) Reconciliation of Net Cash from Operating Activities to Profit/(Loss) after Income Tax		
Profit/(loss) after income tax	20,567	(23,861)
Decrease/(increase) in investment securities and forward currency contracts	(38,736)	53,558
(Increase)/decrease in cash due to exchange rate movements	(4,903)	1,343
Decrease/(increase) in settlements receivable	(1,271)	(142)
Decrease/(increase) in dividends receivable	(49)	4
Decrease/(increase) in interest receivable	19	25
Decrease/(increase) in Goods and Services Tax receivable	(6)	41
Decrease/(increase) in sundry debtors	(3)	19
Decrease/(increase) in prepayments	(6)	13
Decrease/(increase) in income tax receivable	1,301	-
(Decrease)/increase in accrued expenses	5,146	(102)
(Decrease)/increase in settlements payable	267	(637)
(Decrease)/increase in income tax payable	-	(3,556)
(Increase)/decrease in deferred tax assets	1,738	(6,575)
Increase/(decrease) in deferred tax liabilities	870	(7,440)
Net cash from operating activities	(15,066)	12,690

(c) Non-Cash Financing Activities

During the year 3,346,197 (2008: 3,116,250) shares were issued under the Dividend Reinvestment Plan. Dividends settled in shares rather than cash under the Dividend Reinvestment Plan during the year totalled \$3,614,000 (2008: \$5,206,000).

10. Statement of Net Asset Value

	2009 \$'000	2008 \$'000
Reconciling Net Asset Value in accordance with AIFRS to that reported to the ASX*		
Net Asset Value per Balance Sheet	196,614	166,619
Add:		
Difference between bid price under AIFRS and last sale price	144	163
Deferred Income tax asset on revaluation of investments not recognised in Balance Sheet	526	-
Less:		
Deferred Income tax asset on revaluation of investments not recognised in Net Asset Value	-	(3,106)
Deferred income tax asset on movements on AIFRS and last sale price	(43)	(49)
Net Asset Value	197,241	163,627
Net Asset Value - cents per share	132.58	128.69

* Financial assets are valued at last sale price with an allowance for transaction costs.

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2009

	Quantity	2009 Fair Value \$'000
11. Investment Portfolio		
Japan		
Alpine Electronics	81,200	1,042
Asahi Diamond Industrial	133,400	941
Canon	20,200	822
Daiwa Securities	120,800	894
Denso	124,830	3,984
Dydo Drinco	25,400	860
En-japan	1,589	2,675
GS Yuasa - Sold Short	(84,700)	(50)
Hamamatsu Photonics	33,600	798
Inpex	19	188
Itochu Techno Solutions	32,500	1,198
Japan Steel Works - Sold Short	(144,600)	(37)
JGC	94,700	1,901
Kajima	128,400	497
Kanto Denka Kogyo	427,400	2,728
Kintetsu - Sold Short	(42,800)	(7)
Mitsubishi UFJ Financial	851,800	6,556
Murata Manufacturing	28,668	1,513
Nagano Bank	2,100	6
Nitto Denko	15,300	579
NSD	82,100	1,033
Obayashi	381,200	2,321
Obic	5,040	1,016
Pal	94,800	1,995
Sazaby League	78,600	1,396
Sekisui House	12,000	151
Shimizu	146,900	794
SMC	6,955	926
Sumitomo Real Estate Sales	54,273	3,255
Tobu Railway - Sold Short	(140,000)	(90)
Tokyo Electron	20,500	1,232
Toyota Industries	60,900	1,885
Ushio Denki	60,500	1,197
Yahoo Japan	3,000	1,166
Yamanashi Chuo Bank	64,895	443
Yamato	11,600	192
Zenrin	62,400	1,147
Total Japan		47,147
Other Asia		
<i>China</i>		
China Life Insurance - H	61,000	280
China Life Insurance - P_Note	251,341	1,272
China Mengniu Dairy	44,705	129
China Rare Earth	8,999,500	2,189
China Resources Enterprise	804,800	1,989
CITIC Securities - P_Note	65,000	333
Denway Motors	1,477,995	731
EcoGreen Fine Chemicals	9,071,400	2,105
Haitian International	3,505,000	1,105
HLS Systems International	18,400	132
Travelsky Technology - H	1,436,700	989
Wumart Stores	174,426	270
		11,524
<i>Hong Kong</i>		
China Resources Gas	114,600	97
Computime	7,332,300	669
Galaxy Entertainment	314,500	102
Henderson Land Development	503,800	3,584
Hutchison Whampoa	487,200	3,934
Kerry Properties	166,500	906
Luk Fook Holdings International	4,584,900	2,517
		11,809

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2009

	Quantity	2009 Fair Value \$'000
11. Investment Portfolio (continued)		
Other Asia (continued)		
<i>Korea</i>		
Kangwon Land	67,918	1,077
Korea Investment	39,801	1,422
Samsung Electronics	5,901	3,394
		5,893
<i>Malaysia</i>		
Gamuda	798,700	780
Parkson	1,107,800	1,952
		2,732
<i>Singapore</i>		
Singapore Airlines	192,520	2,187
		2,187
<i>Taiwan</i>		
Far EasTone Telecommunications	348,227	505
Polaris Securities	3,967,284	2,482
Taiwan Semiconductor Manufacturing	150,756	311
		3,298
<i>Thailand</i>		
Airports of Thailand - Foreign	456,000	444
Bangkok Bank - Foreign	171,624	672
Bangkok Bank - NVDR	802,560	3,142
		4,258
Total Other Asia		41,701
Australia		
Lihir Gold	97,900	289
Total Australia		289
Europe - Euro		
<i>Belgium</i>		
Umicore	30,000	844
		844
<i>France</i>		
Areva	1,253	903
Lagardere	28,025	1,154
Pernod Ricard	22,408	1,747
PPR	22,313	2,258
Sanofi-Aventis	36,000	2,621
Schneider Electric	20,291	1,917
Veolia Environnement	69,587	2,541
		13,141
<i>Germany</i>		
Adidas	37,200	1,750
Bayerische Motoren Werke	55,000	2,565
Henkel KGAA - Vorzug	98,044	3,776
Hornbach Baumarkt	36,656	1,850
Hornbach	11,860	1,099
Infineon Technologies	549,344	2,405
Kontron	70,000	1,084
MTU Aero Engines	23,146	1,045
Qiagen	18,968	433
SAP	41,352	2,063
Siemens	50,249	4,303
		22,373
<i>Netherlands</i>		
Crucell	14,465	432
Royal Dutch Shell	81,714	2,531
		2,963
Total Europe - Euro		39,321

NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

	Quantity	2009 Fair Value \$'000
11. Investment Portfolio (continued)		
Europe - Other		
<i>Sweden</i>		
Atlas Copco - Sold Short	(15,624)	(14)
SKF - Sold Short	(87,854)	(4)
		(18)
<i>United Kingdom</i>		
Reed Elsevier	175,734	1,621
SABMiller	1,200	30
Virgin Media	45,000	520
		2,171
Total Europe - Other		2,153
North America		
<i>Canada</i>		
Bombardier	327,900	1,200
Cameco	25,200	800
Canfor Pulp Income Fund	58,000	153
Domtar	15,883	326
Kinross Gold	31,000	698
Thomson Reuters - Sold Short	(34,200)	15
		3,192
<i>United States</i>		
Advanced Micro Devices	53,095	254
AES	174,300	2,510
Alcoa	109,000	1,395
Amazon.com - Sold Short	(39,400)	(37)
Amdocs	61,992	1,645
Autozone - Sold Short	(18,500)	96
Barrick Gold	21,900	912
Best Buy - Sold Short	(37,000)	238
Caliper Life Sciences	63,114	138
CH Robinson Worldwide - Sold Short	(43,205)	(148)
Charles Schwab - Sold Short	(29,146)	14
Cisco Systems	197,800	4,572
Danaher - Sold Short	(10,800)	(10)
Darden Restaurants - Sold Short	(6,000)	1
eBay	44,700	948
Expeditors International Washington - Sold Short	(16,694)	2
Far East Energy	888,000	421
Incyte	42,046	172
International Paper	138,966	2,609
IShares Real Estate ETF - Sold Short	(35,702)	(65)
Johnson & Johnson	34,000	2,392
KBR	18,784	430
Mercer International	89,000	65
Merck	74,200	2,571
Micron Technology	461,100	2,893
Microsoft	240,500	7,095
MSCI Emerging Markets Index Fund - Sold Short	(13,000)	(29)
Newmont Mining	47,050	2,381
News Corp - CDI	80,548	1,076
O Reilly Automotive - Sold Short	(47,100)	(65)
Research in Motion - Sold Short	(3,000)	(11)
Smurfit-Stone Container	225,000	47
Sotheby's	3,600	63
Staples - Sold Short	(139,338)	22
T Rowe Price - Sold Short	(40,592)	16
Veeco Instruments	36,636	527
VFC - Sold Short	(21,200)	15
XOMA	127,145	129
		35,284
Total North America		38,476

NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

	Quantity	2009 Fair Value \$'000
11. Investment Portfolio (continued)		
South America		
<i>Brazil</i>		
Grendene	110,000	1,244
		1,244
<i>Peru</i>		
Bayer Peru - Trabajo	77,287	118
Peru Holding De Turismo - Trabajo	1,667,523	79
		197
Total South America		1,441
South Africa		
AngloGold Ashanti - ADR	75,420	3,433
Standard Bank - Sold Short	(196,650)	(217)
Total South Africa		3,216
Liquids		
Outstanding settlements		1,298
Forward currency contracts		3,839
Cash on deposit		18,143
Total Liquids		23,280
Total Investment Portfolio Notes 12(b) and 12(c)		197,024
Accounted for in payables (payables on purchase of investments)		268
Accounted for in receivables (proceeds on sale of investments)		(1,414)
Accounted for in receivables (dividends receivable)		(152)
Accounted for in Financial Assets (Note 3) and Cash on Deposit (Note 9(a))		195,726

The total number of securities transactions entered into during the reporting period, together with total brokerage paid during the reporting period;

Number of transactions - 2,503 Total brokerage paid - \$343,274

12. Financial Risk Management

(a) Financial Risk Management Objectives, Policies and Processes

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

The Investment Manager's investment style:

- (i) adopts a bottom-up, stock selection methodology in which long-term capital growth is sought through investing in undervalued securities across the world;
- (ii) seeks absolute returns and not returns relative to any index;
- (iii) utilises short selling of shares and indices (via equity swaps and futures);
- (iv) invests excess funds in cash when undervalued stocks cannot be found; and
- (v) actively manages currency.

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

The underlying value of derivatives held by the Company may not exceed 100% of the portfolio value.

The underlying value of long stocks and derivative contracts may not exceed 150% of the portfolio value.

Where options are employed, the underlying value will be delta adjusted exposure.

Compliance with these limits is reviewed by the Board and Audit and Risk Committee on a continuous basis.

The Company does not enter or trade derivatives for speculative purposes.

12. Financial Risk Management (continued)

(b) Investments at Fair Value and Derivative Exposure

	2009		2008	
	Physical \$'000	Net Exposure \$'000	Physical \$'000	Net Exposure \$'000
Japan	47,331	42,873	29,244	29,244
Other Asia	41,701	41,701	31,095	30,300
Australia	289	289	87	(2,467)
Europe - Euro	39,321	39,321	34,602	30,045
Europe - Other	2,172	629	2,279	2,279
North America	38,421	11,398	40,246	7,228
South America	1,441	1,441	369	(5,173)
South Africa	3,432	613	794	794
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and accruals	174,108	138,265	138,716	92,250
	<hr/>	<hr/>	<hr/>	<hr/>
Total	22,916	58,759	19,254	65,720
	<hr/>	<hr/>	<hr/>	<hr/>
	197,024	197,024	157,970	157,970

The "Physical" column shows the location of the Company's investments.

The "Net Exposure" represents an approximation of the Investment Portfolio's exposure to movements in markets. This is calculated by making an adjustment to the "Physical" position, by subtracting, from the physical position, the principal notional amount of any short (sold) and add any long (bought) derivative positions in shares or share index futures. For example, if 5% of the Portfolio was invested in Japan but there was a 2% short position in Nikkei futures, then the net exposure column would show 3%. Conceivably the figure could show a negative exposure which would indicate the Portfolio was net short the Japanese market.

(c) Market Risk

(i) Foreign Exchange Risk

Foreign exchange risk is the risk the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risk arising from buying, selling and holding investments denominated in foreign currency. The Investment Manager selects stocks based on value regardless of geographic location.

Currency hedging is an integral part of the management of currency risk. The Investment Manager may position the Company's Portfolio in what it believes will be a stronger currency(ies). At 30 June 2009, the Company's principal currency exposures were Australian Dollar (24%), Euro (22%), Japanese Yen (13%) and the US Dollar (13%). This relatively large exposure to the Australian Dollar helped offset some of the losses that occurred from the Australian Dollar which has been rising since January 2009.

The Investment Manager may use forward foreign exchange contracts, and futures and option contracts on foreign exchange rate contracts, to position the Portfolio in the desired currencies. A currency exposure may be hedged into a different currency from which the exposure is maintained (for example, US Dollar hedges may be used to hedge the currency risk of holding investments in Hong Kong Dollars).

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

NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

12. Financial Risk Management (continued)

(c) Market Risk (continued)

(i) Foreign Exchange Risk (continued)

The table below summarises the Company's investment exposure at fair value to foreign exchange risk:

2009	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	50,343	2,669	(27,091)	25,921
Other Asia	42,854	391	-	43,245
Australia	7,245	44,849	(4,450)	47,644
Europe - Euro	42,370	16,837	(16,576)	42,631
Europe - Other	1,649	8,739	(2,001)	8,387
North America	51,228	18,115	(41,482)	27,861
South America	1,441	-	-	1,441
South Africa	(106)	-	-	(106)
Total	197,024	91,600	(91,600)	197,024

2008	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	33,433	3,109	(1,093)	35,449
Other Asia	32,323	20,796	(9,603)	43,516
Australia	1,190	27,958	(15,600)	13,548
Europe - Euro	35,593	1,243	(11,573)	25,263
Europe - Other	2,358	-	(3,340)	(982)
North America	51,910	34,012	(45,909)	40,013
South America	369	-	-	369
South Africa	794	-	-	794
Total	157,970	87,118	(87,118)	157,970

Forward foreign currency contracts and options on forward currency contracts are adjusted against the "physical" column to arrive at a "Net Exposure" for each currency grouping.

The Company generally utilises short dated (90 day maturities) currency agreements with high-credit rated counterparties. The existing forward currency contract positions' maturity dates range from 15 days to 75 days.

Foreign exchange risk sensitivity analysis

At 30 June 2009, had the Australian Dollar weakened/strengthened by 10% against the Japanese Yen with all other variables held constant, net profit would have been A\$2,880,110/A\$2,356,454 higher/lower (2008:A\$3,889,477/A\$3,271,991 higher/lower). Likewise, had the Australian Dollar weakened/strengthened by 10% against the Euro with all other variables held constant, net profit would have been A\$4,736,830/A\$3,875,588 higher/lower (2008:A\$2,806,911/A\$2,296,564 higher/lower). Similarly, had the Australian Dollar weakened/strengthened by 10% against the US Dollar with all other variables held constant, net profit would have been A\$2,938,914/A\$2,404,568 higher/lower (2008:A\$4,714,869/A\$2,180,496 higher/lower).

A sensitivity of 10% has been selected as this is considered reasonably possible given the volatility of current exchange rates.

The sensitivity analysis is based on the impact of foreign currency movements on monetary assets and liabilities, held at reporting date, such as cash and forward contracts, as well as non-monetary assets, such as equities.

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

Since January 2009, the Australian Dollar started to appreciate against major currencies and hence currency hedging was undertaken to mitigate some of the adverse impact on returns.

(ii) Interest Rate Risk

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

The overwhelming majority of the Company's financial assets and liabilities are non-interest bearing as the Company has a policy of not borrowing, other than for settlement of trades. Therefore, there is no liability exposure to interest rate risk.

Interest rate risk indirectly affects the Company, because interest rate movements will affect forward points used in determining gains or losses on forward contracts.

The impact of interest rate movements on our investments is not capable of precise estimation.

At 30 June 2009 and 2008, if interest rates had changed by +/- 100 basis points with all other variables held constant, the direct impact on interest receivable would not be significant for the Company.

NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

12. Financial Risk Management (continued)

(c) Market Risk (continued)

(iii) Price Risk

Market prices fluctuate because of a range of factors specific to the individual investments, or factors affecting the market in general.

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

An additional risk management tool is that the Company may enter into short equity swaps and futures to protect against market movements. At 30 June 2009, the Company maintained short positions predominantly against company specific stocks.

Price risk sensitivity analysis

Price risk exposure arises from the Company's investment portfolio which comprises investments in listed and unlisted securities and derivatives. The effect on profit due to a possible change in market factors, as represented by a +/- 5% movement in key regional equity indices affecting the market (and securities/derivatives) that the Company predominantly invests in, with all other variables held constant, is indicated as follows:

At 30 June 2009 if the United States S&P index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased profit of the Company by approximately A\$623,447 (2008:A\$1,563,136). Similarly, if the Japanese Nikkei 225 index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased profit of the Company by approximately A\$2,143,634 (2008:A\$1,462,216).

A sensitivity of 5% has been selected as this is considered reasonably possible. However, given the present volatility of global markets, increases or decreases greater than this are possible.

The above analysis is based on the assumption the Company's investments move in correlation with the indices. The indices provided above are a reference points only. Actual movements in stock prices may vary significantly to movements in the index.

The above sensitivity analysis for price risk is unrepresentative of the market exposure for the Company because the Investment Manager does not invest by reference to the weighting or inclusion of a security in a specific index. An investment management style where the composition of the portfolio is by reference to global share index weightings are often referred to as "index managers". Index managers try to match a particular index by investing in securities that are representative of that index.

(d) Credit Risk

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

The exposure to credit risk for futures, equity swaps, and forward currency contracts is any unrealised profit, margins and collateral paid on the positions (the money the Company would lose if the counterparty defaulted) at reporting date.

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2009

12. Financial Risk Management (continued)

(d) Credit Risk (continued)

The table below shows the Company's counterparty credit risk exposure by credit ratings

Ratings

	2009	2008
	\$'000	\$'000
AA/ Stable / A-1+	-	2,885
AA-/ Stable / A-1+	-	11,099
AA-/ Negative / A-1+	-	6,075
A+/ Stable / A-1	14,855	-
A+/ Stable / A-2	1,338	-
A+/ Negative / A-1	-	2,210
A / Stable/ A-1	6,317	-
A / Negative / A-1	2,242	-
Total	24,752	22,269

Source: Platinum and Standard & Poor's

The Investment Manager regularly monitors the Company's credit risk exposure to counterparties and seeks to manage the risk by spreading exposure over a number of counterparties, by signing standard ISDA (International Swaps and Derivatives Association) master agreement and net settlement contracts, employing two-way symmetrical margining of unrealised profits and losses and by controlling the duration of contracts to be short-term.

Transactions in listed securities and investments generally, are only entered into with approved brokers.

Payment is only made once a broker has received securities and delivery of securities sold only occurs once the broker receives payment.

Ageing analysis

The Company's ageing analysis of receivables at 30 June 2009 is \$1,494,549 (0-30 days) (2008: \$287,769), \$7,757 (31-60 days) (2008: \$16,773), \$118,179 (61-90 days) (2008: \$15,892) \$1,216,300 (90+ days) (2008: \$2,501,276).

(e) 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:

- (i) will not have sufficient funds to settle a transaction on the due date; and
- (ii) will be forced to sell financial assets at a value which is less than they are worth.

At 30 June 2009, the contractual maturity for amounts payable is no more than three months for unsettled trades which total \$267,773 (2008: \$1,141), other payables including Performance fees, other trade creditors and dividends payable which total \$5,769,257 (2008: \$641,024). The Company has sufficient funds to meet these liabilities as the value of assets realisable in one year or less is \$202,612,000 (2008: \$164,136,000).

Assets that are realisable in one year or less include equities, derivatives, cash and cash equivalents.

At 30 June 2009, contractual maturity for settlement of derivative contractual outflows is \$784,288 (2008:\$24,525) for amounts payable within three months.

At 30 June 2009, there are no other contractual amounts due or payable after three months.

Except for equity swaps and futures, the maximum capital risk resulting from financial instruments is determined by the fair value of financial instruments.

Potential losses from equity swaps and futures are limited to available capital.

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

- (i) ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- (ii) applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

The Investment Manager prepares daily cash forecasts for the Company and maintains sufficient cash to meet normal operating requirements.

The Company has a policy of not borrowing money, other than on a short term basis for settlement, trading and like purposes.

(f) Fair Value Estimation

Please refer to Note 1(c).

(g) Capital Risk Management

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

The Company's objective is to seek long-term capital growth by investing in undervalued securities across the world, so to continue to provide returns to shareholders. The Directors have a policy of smoothing dividend payments over time, but this is subject to the return over time from the investment portfolio. In addition, the Company may adjust its capital structure by issuing new shares, via rights issues, share purchase plans or dividend reinvestment plans.

The Company is an ASX-listed investment company and is subject to various ASX Listing Rules requirements. For example, the Company must report its net asset value to the ASX on a monthly basis.

NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

13. Franking Account

	2009 \$'000	2008 \$'000
Opening balance based on tax paid and franking credits attached to dividends paid - converted @ 30%	18,453	22,870
On tax paid and payable:		
2007/2008	-	3,409
2008/2009	6,548	-
Prior year tax provision - franking adjustment	6	186
Dividend paid - franked @ 30%	(5,876)	(8,012)
	<u>19,131</u>	<u>18,453</u>

14. Dividends (fully franked)

	2009 cps	2009 \$'000	2008 cps	2008 \$'000
Paid - Final 2007	-	-	10.00	12,400
Paid - Interim 2008	-	-	5.00	6,295
Paid - Final 2008	5.00	7,353	-	-
Paid - Interim 2009	5.00	6,358	-	-
		<u>13,711</u>		<u>18,695</u>

Dividends not recognised at year-end

	2009 \$'000	2008 \$'000
In addition to the above dividends, since year-end the Directors have recommended the payment of a final dividend of 5 cents per fully paid Ordinary Share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 17 November 2009 but not recognised as a liability at year-end.		
	<u>7,438</u>	<u>6,358</u>

15. Investment Manager

The Investment Manager Platinum Investment Management Limited receives a monthly Management fee for investment services provided in accordance with the Investment Management Agreement. This Agreement provides for a Management fee payable monthly and calculated at 1.5% per annum of the Portfolio Value (which includes cash and deposits).

A Performance fee is payable at 10% of the amount by which the Portfolio's annual performance exceeds the return achieved by the MSCI plus 5% (MSCI is the Morgan Stanley Capital International All Country World Net Index in A\$). Where the Portfolio's annual performance is less than the MSCI, the amount of the underperformance is aggregated, carried forward and deducted from the annual performance in the subsequent year before calculating any Performance fee for that year. The aggregate of underperformance is carried forward until a Performance fee becomes payable.

At 30 June 2009, the annual pre-tax performance of the portfolio was positive 22.05% and the corresponding MSCI was negative 16.10%. This represents an outperformance of 38.15% against the MSCI and 32.46% after the carry forward net underperformance amount of 0.69% and the 5% MSCI hurdle. Accordingly, a Performance fee of \$5,147,000 is payable at 30 June 2009.

The Investment Manager is to be paid a lump sum termination fee of 1.5%, calculated on the value of the Portfolio on the first day of the month in which termination is effective. The fee is not payable if the termination results from the default or insolvency of the Investment Manager. Additionally, a Performance fee is payable for the period from the last calculation of the Performance fee (as described above) to the date of termination.

Fees paid and payable to the Investment Manager for the year is shown in the table below:

	2009 \$'000	2008 \$'000
Management fee	2,674	2,888
Performance fee	5,147	-
	<u>7,821</u>	<u>2,888</u>

NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

15. Investment Manager (continued)

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

(a) The terms of the Agreement require the Investment Manager to:

- (i) invest and manage the Portfolio in accordance with the Agreement;
- (ii) confer with the Board of the Company at regular intervals in respect of the investment and management of the Portfolio;
- (iii) exercise all due diligence and vigilance in carrying out its functions, powers and duties under the Agreement;
- (iv) promptly notify the Board of any instructions given to it by the Company which have not been complied with; and
- (v) appoint Mr Neilson as Managing Director of the Company.

(b) Each party is to provide three months notice to terminate the Agreement. The Company, however, may immediately terminate the Agreement where the Investment Manager:

- (i) becomes subject to a receiver, receiver and manager, administrative receiver or similar person;
- (ii) goes into liquidation;
- (iii) ceases to carry on business in relation to its activities as an Investment Manager;
- (iv) breaches a material provision of the Agreement, or fails to observe or perform any representation, warranty or undertaking given by the Investment Manager under the Agreement; or
- (v) sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of the Investment Manager or beneficial interest therein, other than to a related body corporate for purposes of corporate reconstruction on terms previously approved in writing by the Company.

The Agreement was entered into to (a) codify changes made to the ASX Listing Rules over the past few years and (b) codify the range of services provided by the Investment Manager to the Company.

16. Contingent Assets, Liabilities and Commitments for Expenditure

No contingent assets or liabilities exist at 30 June 2009 and 30 June 2008.

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

17. Segment Information

The Company operates solely in Australia. While the Company only operates in Australia (the geographical segment), it has investment exposures in different countries.

The geographical locations of those exposures are outlined below.

	2009 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
	Segment Revenue	Segment Result	Segment Revenue	Segment Result
Japan	5,286	5,201	(13,685)	(13,745)
Other Asia	7,542	7,334	(2,352)	(2,441)
Australia	911	911	1,749	1,749
Europe - Euro	(1,990)	(2,241)	(11,285)	(11,477)
Europe - Other	(290)	(302)	(2,829)	(2,869)
North America	16,182	16,037	(3,808)	(3,927)
South America	1,969	1,965	(397)	(397)
South Africa	29	24	(202)	(202)
Unallocated revenue - Net gains on forward currency contracts	9,820	9,820	3,043	3,043
Unallocated expenses	-	(9,020)	-	(4,014)
Total	39,459	29,729	(29,766)	(34,280)

	2009 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Japan	25,921	-	35,449	-
Other Asia	45,157	(159)	43,554	(29)
Australia	52,882	(6,740)	22,909	(738)
Europe - Euro	42,632	-	25,264	-
Europe - Other	8,907	-	(982)	-
North America	23,379	(133)	40,029	-
South America	1,441	-	369	-
South Africa	3,327	-	794	-
Total	203,646	(7,032)	167,386	(767)

NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

18. Events occurring after Balance Sheet date

No significant events have occurred since balance date which would impact the Balance Sheet of the Company as at 30 June 2009 and the results for the year ended on that date.

19. Key Management Personnel Disclosures

(a) Details of Remuneration

Non-Executive Directors

During the financial year the Company paid the Non-Executive Directors (P Clarke, B Coleman, R Morath, B Phillips and G Galt) salaries of \$167,057 (2008:\$155,000) and superannuation of \$15,035 (2008:\$13,950).

Executive Directors

The Executive Directors (K Neilson, A Clifford and M Halstead) are all employees of the Investment Manager, Platinum Investment Management Limited, and are not remunerated by the Company. A portion of the compensation paid by the Investment Manager to its employees is in relation to managing the affairs of the Company. Platinum Investment Management Limited has not made any determination as to what proportion of its employees' compensation relates to Platinum Capital Limited. Platinum Investment Management Limited paid Executive Directors of the Company salaries of \$891,259 (2008:\$939,392) and superannuation of \$249,975 (2008:199,995).

Platinum Investment Management Limited provided for the Executive Directors total additional long service leave of \$36,018 (2008:\$11,442) and provided a decrease in total annual leave of \$22,298 (2008:\$24,446).

(b) Interests of Non-Executive and Executive Directors in shares

P Clarke held nil shares at 1 July 2008, acquired 26,096 shares during the year, disposed of nil shares during the year and held 26,096 shares at 30 June 2009.

B Coleman held nil shares at 1 July 2008, acquired 200,000 shares during the year, disposed of nil shares during the year and held 200,000 shares at 30 June 2009.

K Neilson held 324,020 shares at 1 July 2008, acquired 1,324,019 shares during the year, disposed of nil shares during the year and held 1,648,039 shares at 30 June 2009.

A Clifford held 81,004 shares at 1 July 2008, acquired 1,331,002 shares during the year, disposed of nil shares during the year and held 1,412,006 shares at 30 June 2009.

M Halstead held 64,804 shares at 1 July 2008, acquired 349,803 shares during the year, disposed of nil shares during the year and held 414,607 shares at 30 June 2009.

20. Related Party Information

Key Management Personnel

Disclosures relating to key management personnel are set out in note 19.

Related Parties

Disclosures relating to fees paid and payable to Platinum Investment Management Limited, a related party are set out in Note 15.

21. The Company

Platinum Capital Limited is a company limited by shares, incorporated and domiciled in New South Wales. Its current registered office and principal place of business is:

Level 8, 7 Macquarie Place
Sydney NSW 2000

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

DIRECTORS' DECLARATION

In the Directors' opinion,

- (a) the financial statements and notes set out on pages 12 to 31 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 2009 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that Platinum Capital Limited will be able to pay its debts as and when they become due and payable; and
- (c) the audited remuneration disclosures set out on pages 6 to 7 of the Director's Report comply with AASB 124: *Related Party Disclosures* and the *Corporations Regulations 2001*.

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

The Directors have been given the declaration by the Managing Director and Finance Director required by section 295A of the *Corporations Act 2001*.

Peter Clarke
Director

Malcolm Halstead
Director

Sydney
7 August 2009

Independent auditor's report to the members of Platinum Capital Limited

Report on the financial report

We have audited the accompanying financial statements of Platinum Capital Limited which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and statement of cash flow for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Platinum Capital Limited.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

**Independent auditor's report to the members of
Platinum Capital Limited (continued)**

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Platinum Capital Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 7 of the directors' report for the year ended 30 June 2009. 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.

Auditor's opinion

In our opinion, the Remuneration Report of Platinum Capital Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

A J Wilson

Partner

August 2009

DIRECTORY

Directors

Peter Clarke
Bruce Coleman
Richard Morath
Bruce Phillips
Kerr Neilson
Andrew Clifford
Malcolm Halstead

Secretary

Malcolm Halstead

Investment Manager

Platinum Investment Management Limited

Shareholder Liaison

Liz Norman

Registered Office

Level 8, 7 Macquarie Place
Sydney NSW 2000
Phone 1300 726 700 (Australia only)
Phone 0800 700 726 (New Zealand only)
Phone + 61 2 9255 7500
Fax + 61 2 9254 5555

Share Registrar

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000
Phone 1300 855 080 (Australia only)
Phone + 61 3 9415 4000
Fax + 61 3 9473 2500

Auditors and Taxation Advisors

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000

Securities Exchange Listing

Ordinary Shares listed on the Australian Securities Exchange
ASX Code: **PMC**

Website

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

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