

## Appendix 4E

### Preliminary final report

#### Listing Rule 4.3A

|            |                                   |
|------------|-----------------------------------|
| Company    | Platinum Asset Management Limited |
| ASX Code   | PTM                               |
| Year Ended | 30 June 2009                      |
| ABN        | 13 050 064 287                    |

#### **Results for announcement to the market for the Platinum Asset Management Limited Consolidated Group:-**

|                             |      | %       | \$A'000   |
|-----------------------------|------|---------|-----------|
| Total revenue               | down | (22.48) | 219,484   |
| Net profit after income tax | down | (22.11) | 126,145   |
| Diluted EPS                 |      |         | 21.62 cps |

#### ***Dividends***

|                         |                                  |
|-------------------------|----------------------------------|
| Final Dividend declared | 12 cents per share fully franked |
| Record date             | 31 August 2009                   |
| Payable date            | 22 September 2009                |

An interim dividend of 8 cents per share fully franked was paid on 13 March 2009.

- Refer to the attached audited financial statements.
- Refer to the attached for the Chairman's Report and Managing Director's Report.

M Halstead  
Secretary  
20 August 2009

**PLATINUM ASSET MANAGEMENT® LIMITED**  
**ABN 13 050 064 287**

**ANNUAL REPORT**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

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## **Chairman's Report 2009**

### **Performance**

The performance of your Company continues to be adversely impacted by the fall out from the financial crisis. Funds Under Management ("FUM") fell to \$13.5 billion in February 2009 before recovering to \$14.0 billion at 30 June 2009. FUM declined 6.7% (or \$1 billion) from the end of June 2008. The FUM decline was largely investors withdrawing monies (\$2 billion), income distributions to investors (\$1.1 billion) and somewhat offset by positive investment performance (\$2.2 billion). It is pleasing to note that whilst the funds provided liquidity to investors during the crisis, investment performance was both positive and not too impacted by these withdrawals.

It should be noted that the short and long-term performance of the Company's investment products has been and remains outstanding. The Managing Director's letter details the returns and movement in FUM.

The operating profit before tax earned by the consolidated entity for the year ended 30 June 2009 is \$181.4m (2008: \$238.7m), which represents a decline of 24%. Similarly, operating profit after tax for the year ended 30 June 2009 is \$126.1m (2008: \$162.0m) a decline of 22.2%. The reduction in operating profit is primarily because of:

- a decline in management fees of 21.4% from \$238.5m in 2008 to \$187.4m in 2009; and
- virtually no absolute performance fees being earned in 2009. Total performance fees declined from \$28.7m in 2008 to \$6.2m in 2009. It is worth noting that given the huge decline in global share markets over the last 12 months, earning any relative performance fees is a strong achievement.

Diluted earnings per share for the year ended 30 June 2009 is 21.62 cents per share.

### **Dividend**

The final dividend will be a fully franked final dividend of 12 cents per share, payable on 22 September 2009.

This is in addition to the fully franked interim dividend of 8 cents per share, paid on 13 March 2009. The total dividend payout ratio is in accordance with the Dividend Policy (of paying out 80-90% of net profit after tax) and consistent with our working capital needs.

The Directors are confident that future dividends will be fully franked.

I note that whilst the Company has a Dividend Reinvestment Plan in place, it is not activated and unlikely to be so in the near term.

### **The Board and its Committees**

Both the Remuneration and Audit Committees had a productive year.

During the year, the Remuneration Committee, chaired by Mr Coleman and in conjunction with the Deputy CIO, Mr Clifford implemented the Fund Appreciation Rights Plan (FARP) which is part of the medium-term incentive (MTI) remuneration programme which I foreshadowed in last years report. The MTI remuneration programme aligns the MTI remuneration with investment performance of the Platinum Trust Funds. The FARP commenced operation on 1 April 2009.

In addition, in June 2009, a grant of options to some staff occurred.

Both initiatives are designed to promote the retention of staff.

The Audit Committee, chaired by Mrs Towers and in conjunction with Platinum's Compliance and Risk team, has had a productive year continuing to monitor and manage risks and internal controls within the Company.

**Monitoring costs**

Expenses incurred by Platinum continue to be closely monitored. The Company continues with its programme of cost savings in a range of areas, other than in compensation, as noted above. However, the majority of costs are largely fixed in nature and so whilst we remain very efficient the cost control programme will not have a material impact on the bottom line.

**Environment**

Your Company remains carbon neutral, having purchased carbon credits to offset its carbon emissions. Your Company continues to strive toward further reductions.

**Conclusion**

It is difficult to forecast or predict what will happen to our fee base and profit over the course of the next 12 months, other than to say our relative performance when compared to the relevant MSCI index remains encouraging across all our investment vehicles and we are hopeful this will translate to higher net inflows and ultimately higher dividends for shareholders.

Michael Cole  
Chairman

## Managing Director's Letter to PTM Shareholders

### Fund Performance

Platinum Asset Management has had an unusually successful year in terms of managing money. As the table shows, virtually all of our Funds have trounced their respective benchmarks and given positive returns.

#### Platinum Trust Fund's Performance (compound pa, to 30 June 2009)

| Fund                                     | 1 year | 3 years | 5 years | 10 years |
|--|--------|---------|---------|----------|
| Platinum International Fund              | 18.2   | 1.7     | 5.6     | 12.5     |
| MSCI All Country World Net Index         | -16.1  | -9.6    | -1.9    | -2.2     |
| Platinum Unhedged Fund                   | 5.1    | 1.0     | -       | -        |
| MSCI All Country World Net Index         | -16.1  | -9.6    | -1.9    | -        |
| Platinum Asia Fund                       | 10.3   | 9.4     | 19.9    | -        |
| MSCI Asia ex Japan Net Index             | -2.7   | 1.0     | 9.0     | -        |
| Platinum European Fund                   | -5.8   | -5.4    | 2.0     | 12.9     |
| MSCI All Country Europe Index            | -23.7  | -11.2   | -0.7    | -0.7     |
| Platinum Japan Fund                      | 30.8   | -3.0    | 4.7     | 10.8     |
| MSCI Japan Index                         | -8.7   | -12.7   | -3.5    | -3.1     |
| Platinum International Brands Fund       | 11.0   | -1.2    | 8.2     | -        |
| MSCI All Country World Net Index         | -16.1  | -9.6    | -1.9    | -        |
| Platinum International Health Care Fund  | 3.0    | -4.2    | -0.8    | -        |
| MSCI All Country World Health Care Index | 1.7    | -6.9    | -2.7    | -        |
| Platinum International Technology Fund   | 23.4   | 1.9     | 3.3     | -        |
| MSCI All Country World IT Index          | -7.4   | -6.6    | -4.3    | -        |

Source: Platinum and MSCI

### The Business

One reads brokers' reports on the asset management business, some that conjure up highly convincing arguments for participant rationalisation or others that focus on the virtues of companies which are able to cover the entire gamut of financial services as a sort of *one-stop-shop* - an umbrella brand to accommodate one's own wrap platform, one's own financial planners as well as provide managed funds across all asset classes; shares, bonds, property and cash management services. This is a wonderful construct - being all things to all people - but carries a lethal flaw; the complexities of the model tend to result in an imperfect experience by the target of these machinations, namely you, the public.

However, if you are attracted to its virtues, you will struggle with Platinum's innumerable deficiencies in this context. We have one simple weapon; being well-above average at the one thing most people want - performance and wealth preservation! The very fact that we do not have a second or third string to our bow makes us all the more anxious to focus on that single objective. Whether this will counter shortcomings in the one-stop-shop model remains to be seen. The simplicity of our purpose will, however, have its attractions with end users and with those gatekeepers who share our understanding of investing to protect against loss.

### The Team

There is little distinction between analysts and fund managers at Platinum. The latter tend to be the more experienced analysts but not exclusively so. The reward structure has undergone further change (with valuable input from the remuneration committee) to effect closer attribution of the contribution of each individual as well as to lift the potential reward for truly outstanding performance. Outperformance of 20% pa over three years would lead to a substantial lift in the bonus payouts.

In addition to the cash bonus (which is smoothed for recurrent success), the firm has issued stock options to several members of staff, and not fund management staff alone, who are regarded as invaluable to securing the future potential of the company. (The source of these grants was the lapsing of options that had earlier been awarded to former staff members.)

Since the beginning of 2008, we have lost two founding shareholders, James Simpson and Toby Harrop. Both made an outstanding contribution to the organisation, not only as fund managers but also as tutors to others in the team and not just newcomers! We will miss them both, having worked together for more than 16 years. Their going has interesting implications for the dynamics within the team and thanks to steady recruitment, allows others to grow and expand their roles.

### Costs

The bonus structure mentioned above, which is predicated on both absolute and relative performance, should in theory generate more than sufficient additional funds under management (FUM) to be self-funding. Apart from this cost, virtually all other outgoings should be relatively stable with a small inflation creep. Salaries may rise a little faster than the rest of our costs because of rising seniority among our analysts and a gradual increase in the production team. The efficiency of the other departments is impressive and the complement adequate for higher levels of activity.

### Profits

There has been a change in the upside potential of our profits stemming from the loss of performance fee mandates. These typically carry a 1% base fee and a 20% performance success fee for gains above a benchmark. This segment of our FUM has shrunk disproportionately on account of redemptions which were accentuated by many other fund managers enforcing or imposing lock-up clauses in their business terms. As a consequence, funds like Platinum, which remained fully open to redemptions, suffered disproportionately as investors sought liquidity. Now, some may return and the performance of these Bermuda-based funds would warrant this, but even so, there is an averaging effect of FUM which for the moment is deleterious. There was also a loss of FUM in the locally sold funds amounting to \$235mn but encouragingly, this trend seems to have reversed since January 2009.

Funds Under Management (\$mn, to 30 June 2009)

| Fund                           | Opening Balance (30 June 2008) | Flows          | Distribution   | Investment Performance | Closing Balance (30 June 2009) |
|--------------------------------|--------------------------------|----------------|----------------|------------------------|--------------------------------|
| Platinum Trust Funds           | 10,894                         | (725)          | (1,129)        | 1,619                  | 10,659                         |
| MLC Platinum Global Fund       | 1,740                          | (361)          | -              | 143                    | 1,522                          |
| Management Fee Mandates        | 1,053                          | (30)           | -              | 198                    | 1,221                          |
| Performance Share Fee Mandates | 1,279                          | (928)          | -              | 213                    | 564                            |
| <b>TOTAL</b>                   | <b>14,966</b>                  | <b>(2,044)</b> | <b>(1,129)</b> | <b>2,173</b>           | <b>13,966</b>                  |

Source: Platinum

We are occasionally asked about pressure on fees. This harks back to the opening paragraph. If the product is sound and the user gets a fair deal, there is a general acceptance that quality comes at a higher price. Internally, we believe that we offer *unusual value-through-time* and contrary to the behaviour of some, see discounting to gather yet more funds, as being counter to the interests of the existing investors and therefore the firm. An extraordinary statistic may serve the point.

Should you have placed A\$100,000 in 1987 with myself and Andrew Clifford (Platinum's Deputy Chief Investment Officer) when we managed an international fund at our previous employer and then had you switched to the Platinum International Fund in 1995, and reinvested all the distributions over this 21 year period, your investment would have grown to approximately \$2.9 million. The same exercise of investing in the MSCI World Index would have seen your A\$100,000 rise to \$350,000!!

New Initiatives

We have been fortunate enough to have lured Andy Grimes to join us to communicate our message to professional investors. Andy has a broad experience in the real world, having worked as an asset consultant for Watson Wyatt in Australia, a client relationship manager and UK Equity Fund Manager for Schroders Investment Management in the UK, and various consulting roles for companies such as McKinsey and Co. He has now laid the ground work for Platinum's institutional profile by briefing potential professional investors about our approach to looking after money and offering reasons why they should consider us for this role.

In keeping with earlier comments regarding fund collection and the role of sales, please understand that the function in this new initiative is principally one of conveying an understanding of what we actually do with people's money rather than some propagated *wish list*.

Is there a policy contradiction you may ask with us actively broadening our market base? We do not believe so. Over the next few years we believe it is quite possible that the recent experience suffered by private investors may dull the delights of equity ownership. To that end we would not like to be funnelled into a narrowing stream.

Outlook

Should we continue to manage funds in our traditional way, though now enhanced with greater resources and complementary support, FUM should gradually rise. This can be so, notwithstanding the annual distribution of the taxable gains.

We will be surprised if our long and sound track record does not find appeal among the professional funds. Further, we believe these potential users will, in aggregate, be prepared to pay performance fees, albeit with a change in the base fee. In selectively gathering funds from professional sources, we shall guard against it being to the detriment of our existing client base.

Kerr Neilson  
Managing Director

### Substantial Shareholders

The following parties have notified the Company that they have a substantial relevant interest in the ordinary shares of Platinum Asset Management Limited as at 18 August 2009:

|  | Number of<br>Shares | %     |
|--|---------------------|-------|
| J Neilson, K Neilson                     | 323,074,841         | 57.59 |
| J Clifford, Moya Pty Limited, A Clifford | 32,831,449          | 5.85  |

### Distribution of Securities

|   | Class of equity security<br>Ordinary |
|---|--------------------------------------|
| (i) Distribution schedule of holdings                   |                                      |
| 1-1000  | 5,779                                |
| 1,001 - 5,000   | 15,483                               |
| 5,001 - 10,000  | 3,066                                |
| 10,001-100,000  | 1,562                                |
| 100,001 and over  | 56                                   |
| Total number of holders                                 | <u>25,946</u>                        |
| (ii) Number of holders of less than a marketable parcel | <u>131</u>                           |
| (iii) Percentage held by the 20 largest holders         | <u>80.51%</u>                        |

### Twenty Largest Shareholders

The names of the 20 largest holders of each class of listed equity securities as at 18 August 2009 are listed below:

|  | Number of<br>Shares | %     |
|--|---------------------|-------|
| Platinum Investment Management Limited                     | 230,103,790         | 41.02 |
| J Neilson  | 136,250,000         | 24.29 |
| JP Morgan Nominees Australia Limited                       | 13,374,532          | 2.38  |
| Citicorp Nominees Pty Limited                              | 12,066,054          | 2.15  |
| Jilliby Pty Limited  | 11,040,000          | 1.97  |
| HSBC Custody Nominees (Australia) Limited                  | 10,348,946          | 1.84  |
| Charmfair Pty Limited                                      | 10,000,000          | 1.78  |
| National Nominees Limited                                  | 5,729,463           | 1.02  |
| J Clifford   | 5,000,000           | 0.89  |
| Xetrov Pty Limited   | 5,000,000           | 0.89  |
| ANZ Nominees Limited                                       | 4,285,751           | 0.76  |
| Citicorp Nominees Pty Limited                              | 2,074,084           | 0.37  |
| Queensland Investment Corporation                          | 1,522,239           | 0.27  |
| AMP Life Limited   | 982,579             | 0.18  |
| Cogent Nominees Pty Limited                                | 825,231             | 0.15  |
| UBS Wealth Management Australia Nominees Pty Limited       | 747,528             | 0.13  |
| RBC Dexia Investor Services Australia Nominees Pty Limited | 672,154             | 0.12  |
| RBC Dexia Investor Services Australia Nominees Pty Limited | 553,125             | 0.10  |
| Smallco Investment Manager Limited                         | 537,518             | 0.10  |
| Questor Financial Services Limited                         | 536,863             | 0.10  |

### 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

Platinum Asset Management remains carbon neutral, having purchased carbon credits to offset its carbon emissions. Your Company 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 at [invest@platinum.com.au](mailto:invest@platinum.com.au).

#### Questions for the AGM

If you would like to submit a question prior to the AGM for it to be addressed at the AGM, please e-mail your question to [invest@platinum.com.au](mailto:invest@platinum.com.au).

#### Financial Calendar

|  |                   |
|--|-------------------|
| Ordinary Shares trade ex-dividend            | 25 August 2009    |
| Record (books close) date for final dividend | 31 August 2009    |
| Final dividend paid                          | 22 September 2009 |
| Annual General Meeting                       | 6 November 2009   |

*These dates are indicative and may be changed*

## DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Platinum Asset Management Limited (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2009.

### Directors

The following persons were Directors of the Company at the end of the financial year and up to the date of this report:

|                  |  |
|------------------|--|
| Michael Cole     | Chairman and Non-Executive Director    |
| Bruce Coleman    | Non-Executive Director                 |
| Margaret Towers  | Non-Executive Director                 |
| Kerr Neilson     | Managing Director                      |
| Malcolm Halstead | Finance Director and Company Secretary |

### Principal Activity

The Company is the non-operating holding company of Platinum Investment Management Limited.

Platinum Investment Management Limited, trading as Platinum Asset Management, operates a funds management business.

### Trading Results

The profit after tax of the consolidated entity for the year was \$126,145,000 (2008:\$161,952,000) after income tax expense of \$55,267,000 (2008:\$76,749,000).

### Dividends

Since the end of the financial year, the Directors have declared the payment of a 12 cents per share (\$67,320,000) fully franked final dividend payable to shareholders on 22 September 2009.

A fully franked interim dividend of 8 cents per share (\$44,880,000) was paid on 13 March 2009.

A fully franked final dividend of 12 cents per share (\$67,320,000), for the year ended 30 June 2008, was paid on 22 September 2008.

### Review of Operations

The consolidated profit before tax was \$181,412,000 (2008:\$238,701,000).

### 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 affected 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 continues to pursue its business objectives, by continuing to be the holding company of the Platinum Asset Management funds management business. The methods of operating the consolidated entity are not expected to change in the foreseeable future.

### Rounding of Amounts

The consolidated entity 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 consolidated entity 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 continued

### Non-Audit Services

The Directors, in accordance with advice received from the Audit 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, as set out below, 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                           | 260,508          | 271,041          |
| Taxation services - compliance                       | 454,417          | 539,380          |
| Taxation services - advice                           | -                | 8,755            |
| Taxation services - foreign tax agent                | 69,527           | 13,755           |
| Other audit and assurance services                   | 5,958            | 58,100           |
| Advisory services - restructuring and related costs* | 354,285          | 944,559          |
| <b>Total</b>   | <b>1,144,695</b> | <b>1,835,590</b> |

\*For 2009, the advisory services provided by PricewaterhouseCoopers predominantly related to taxation and legal work associated with the payment of stamp duty, arising from the restructure of the Company, prior to the offer of shares to the public in the 2007 IPO.

### 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 7.

### Information on Directors

#### Michael Cole BEcon, MEcon, FFin

Independent Non-Executive Director, Chair and member of the Audit and Remuneration Committees since 10 April 2007. (Age 61)  
Mr Cole has over 31 years experience in the investment banking and funds management industry. He was an Executive Director/Executive Vice President at Bankers Trust Australia for over 10 years. Mr Cole is Chairman of Ironbark Capital Limited and IMB Limited. Mr Cole is a Director of State Super Financial Services Australia Limited and Challenger Listed Investments Limited.

#### Bruce Coleman BSc, BCom, CA, FFin

Independent Non-Executive Director, Chair of the Remuneration Committee and member of the Audit Committee since 10 April 2007. (Age 59)  
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 National Australia Banking groups.  
Mr Coleman is a Director of Platinum Capital Limited.

#### Margaret Towers CA, GAICD

Independent Non-Executive Director, Chair of Audit Committee and member of the Remuneration Committee since 10 April 2007. (Age 51)  
Ms Towers is a Chartered Accountant with over 26 years experience in the financial markets. She was formerly an Executive Vice President at Bankers Trust Australia. Ms Towers currently acts as an independent consultant to a number of Australian Financial Institutions. She was previously with Price Waterhouse.

#### Kerr Neilson BCom (UCT), ASIP

Managing Director since 12 July 1993. (Age 59)  
Mr Neilson was appointed as Managing Director upon incorporation. He is the Managing Director of Platinum Investment Management Limited and Platinum Capital Limited. Prior to Platinum, Mr Neilson was an Executive Vice President at Bankers Trust Australia.  
Previously he worked in both the UK and South Africa as an investment analyst and fund manager.

#### Malcolm Halstead CA

Finance Director and Company Secretary since 20 February 2007. (Age 51)  
Mr Halstead has been a Director of Platinum Investment Management Limited and Platinum Capital Limited since their formation in 1994.  
Prior to Platinum, Mr Halstead was a Vice President at Bankers Trust Australia. Previously he was with Price Waterhouse, Sydney and Jolliffe Cork, London.

### 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       | Board Meetings   |          | Audit Committee Meetings |          | Remuneration Committee Meetings |          |
|------------|------------------|----------|--------------------------|----------|---------------------------------|----------|
|            | Held             | Attended | Held                     | Attended | Held                            | Attended |
|            | while a Director |          | while a member           |          | while a member                  |          |
| M Cole     | 5                | 5        | 4                        | 4        | 4                               | 4        |
| B Coleman  | 5                | 5        | 4                        | 4        | 4                               | 4        |
| M Towers   | 5                | 5        | 4                        | 4        | 4                               | 4        |
| K Neilson  | 5                | 5        | -                        | -        | -                               | -        |
| M Halstead | 5                | 5        | -                        | -        | -                               | -        |

### 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 or consolidated entity.

#### Directors' fees

Non-Executive Directors' base remuneration is reviewed annually.

**DIRECTORS' REPORT continued****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 (other than those disclosed below) are paid to Directors.

**Details of remuneration***Non-Executive Directors*

All remuneration of the Non-Executive Directors is paid by Platinum Investment Management Limited. The Non-Executive Directors received the following amounts during the financial year.

| <i>Name</i>               | Short-term Benefits | Post-employment            | Total          |
|---------------------------|---------------------|----------------------------|----------------|
|                           | Salary              | Benefits<br>Superannuation |                |
|                           | \$                  | \$                         | \$             |
| M Cole                    | 200,000             | 13,745                     | 213,745        |
| B Coleman                 | 175,000             | 13,745                     | 188,745        |
| M Towers                  | 175,000             | 13,745                     | 188,745        |
| <i>Total remuneration</i> | <u>550,000</u>      | <u>41,235</u>              | <u>591,235</u> |

*Executive Directors*

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 Asset Management Limited.

Other than those disclosed below, there are no employees who hold an executive position within the Company.

**Key management personnel compensation**

The Executive Directors (K Neilson and M Halstead) are employed by Platinum Investment Management Limited and receive their remuneration from Platinum Investment Management Limited.

AASB 124 requires compensation provided by the Company or on behalf of the Company to be disclosed.

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) and M Halstead a salary of \$263,756 (2008:\$313,130), and superannuation of \$99,989 (2008:\$49,999). For the full financial year, A Clifford was a Director of the operating subsidiary, Platinum Investment Management Limited. A Clifford was paid a salary of \$313,747 (2008:\$313,130), superannuation of \$49,997 (2008:\$49,999) and share-based compensation as disclosed below.

Platinum Investment Management Limited provided for additional long service leave as follows: K Neilson \$12,753 (2008:\$3,854), M Halstead \$10,339 (2008:\$3,932) and A Clifford \$12,926 (2008:\$3,656) and provided for an increase/(decrease) in annual leave as follows: K Neilson (\$1,282) (2008:(\$18,642)), M Halstead (\$3,803) (2008:(\$8,266)) and A Clifford (\$17,213) (2008:\$2,462).

**Interests of Non-Executive and Executive Directors in shares**

The relevant interest in ordinary shares of the Company that each Director has at balance date is as follows:

| <i>Name</i> | Balance<br>1/7/08 | Acquisitions | Disposals | Balance<br>30/6/09 |
|-------------|-------------------|--------------|-----------|--------------------|
| M Cole      | 300,000           | -            | -         | 300,000            |
| B Coleman   | 200,000           | -            | -         | 200,000            |
| M Towers    | 20,000            | -            | -         | 20,000             |
| K Neilson   | 322,074,841       | -            | -         | 322,074,841        |
| M Halstead  | 22,834,931        | -            | -         | 22,834,931         |

**Share-based compensation**

No options or performance rights have been granted to any Non-Executive or Executive Directors of the Company.

A Clifford was granted 3,844,350 options on 17 June 2009. These options were granted at a strike price of \$4.50. The options vest after four years and have a further two year exercise period. The assessed fair value of options granted on 17 June 2009 was \$1.14 per option. The share-based payments expense relating to this grant to A Clifford was \$41,820 (2008: nil). The Executive Directors did not receive any other short-term or long-term incentives, other than what is disclosed above.

**DIRECTORS' REPORT continued**

**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.

*M Cole, Chairman and Non-Executive Director*

- Agreements have no termination date. Tenure is subject to approval by shareholders at every third AGM.
- Base annual salary, inclusive of superannuation is \$213,745.

*B Coleman, Non-Executive Director*

- Agreements have no termination date. Tenure is subject to approval by shareholders at every third AGM.
- Base annual salary, inclusive of superannuation is \$188,745.

*M Towers, Non-Executive Director*

- Agreements have no termination date. Tenure is subject to approval by shareholders at every third AGM.
- Base annual salary, inclusive of superannuation is \$188,745.

**Directors' Interests in Contracts**

The Directors receive remuneration and dividends which are ultimately derived from the net income arising from Platinum Investment Management Limited's investment management contracts.

**Directors' Insurance**

During the year, Platinum Investment Management Limited incurred a premium in respect of a contract for indemnity insurance for the Directors and Officers of the Company named in this report.

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

**Michael Cole**  
Chairman

**Kerr Neilson**  
Director

Sydney  
20 August 2009

## Auditor's Independence Declaration

As lead auditor for the audit of Platinum Asset Management and its controlled entities 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 Asset Management Limited and its controlled entities during the period.

A J Loveridge  
Partner  
PricewaterhouseCoopers

Sydney  
August 2009

## CORPORATE GOVERNANCE STATEMENT

The Board of Platinum Asset Management Limited ABN 13 050 064 287 (the "Company") is committed to achieving and demonstrating high standards of corporate governance. To this end, the Board looks to the *Corporate Governance Principles and Recommendations* ("Governance Principles") set by the Corporate Governance Council of the Australian Securities Exchange ("ASX").

A description of the Company's main corporate governance practices is set out below.

The Company and its controlled entities together are referred to as "the Group" in this Statement.

Company policies, Charters and codes referred to in this Statement are provided in the 'Shareholder Corporate Governance' section of the Company's website at [www.platinum.com.au](http://www.platinum.com.au) ("Company's website").

### 1. The Board of Directors

M Cole (Chair)

B Coleman

M Towers

K Neilson

M Halstead

The Board operates in accordance with its Charter – a copy is available from the Company's website. The Charter details the functions and responsibilities of the Board.

#### 1.1 Role of the Board

The role of the Board is to oversee the activities of the Executive Directors, ensuring 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:

- . considering and approving the strategy of the Company;
- . monitoring the performance and financial position of the Company;
- . assessing both the performance of management and itself;
- . overseeing the integrity of financial accounts and reporting;
- . reviewing the operations and findings of the Company's risk management, compliance and control frameworks; and
- . monitoring the Company's compliance with regulatory, legal and ethical standards.

#### 1.3 Composition of the Board

The Board comprises two Executive Directors (K Neilson and M Halstead) and three Non-Executive Directors (M Cole, B Coleman and M Towers). The qualifications, experience and term of office of the Directors are provided in the Directors' Report on page 4.

The Board has determined (according to the criteria summarised below) that M Cole (the 'Chair' of the Board), B Coleman and M Towers are 'independent' Non-Executive Directors.

#### Director Independence

In consideration of the Governance Principles, the Board defines an 'independent director' to be a person who:

- . is not a substantial Shareholder of the Company or an officer of, or otherwise associated directly with, a substantial Shareholder of the Company;
- . has not, within the last three years, been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- . has not, within the last three years, been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- . is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with, a material supplier or customer;
- . has no material contractual relationship with the Company or another group member, other than as a Director of the Company;
- . has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- . is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Board determines 'materiality' on both a quantitative and qualitative basis. An item that affects the Company's net assets by approximately 5% or affects the Company's distributable income in a forecast period by more than approximately 5% of the Company's net profit before tax is likely to be material.

However, these quantitative measures are supplemented with a qualitative examination, as the facts and the context in which the item arises will influence the determination of materiality.

#### (CEO)

The roles of Chair and Managing Director are separate roles to be undertaken by different people.

The Chair is responsible for leading the Board, ensuring that the Board's activities are organised and efficiently conducted and for ensuring Directors are properly briefed for meetings.

The Managing Director is responsible for the management and operation of the Company. Those powers not specifically reserved to the Board under its Charter and which are required for the management and operation of the Company, are conferred on the Managing Director.

#### 1.5 Recommendation 2.4 - Establishment of a Nomination Committee

Recommendation 2.4 of the Governance Principles provides that 'the board should establish a nomination committee'. Such a committee is mandated with reviewing, assessing and recommending changes to the company's process for evaluating, selecting and appointing directors.

Given the size of the Company and the Board, the Board considers a nomination committee is not warranted.

The entire Board undertakes the role.

The Board considers the following when evaluating, selecting and appointing Directors:

- . 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 experience and knowledge of the Group and Directors with an external or fresh perspective; and
- . the size of the Board is conducive to effective discussion and efficient decision-making.

## CORPORATE GOVERNANCE STATEMENT continued

### 1.6 Director Term of Office

The Company's Constitution provides:

- . an election of Directors must be held at each AGM and at least one Director (but not the Managing Director) must retire from office; and
- . each Director (but not the Managing Director) must retire from office at the third AGM following their last election.

Where eligible, a Director may stand for re-election.

### 1.7 Independent Professional Advice

The Board of Directors' Charter provides that the Directors may (in connection with their duties and responsibilities) 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.

### 1.8 Performance Assessment

The Board of Directors' Charter requires:

- . the Board to review its performance (at least annually) against previously agreed measurable and qualitative indicators;
- . the Chair of the Board to review each Director's performance;
- . a nominated Director to review the Chair's performance; and
- . the Board to undertake a formal annual review of its overall effectiveness, including its Committees.

These assessments were undertaken during June 2009.

The Board continues to review the effectiveness of the Corporate Governance structure.

## 2. Board Committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues.

Current committees of the Board are the Audit and Remuneration Committees. Each is comprised entirely of Non-Executive Directors. The committee structure and membership are reviewed on an annual basis.

Each Committee has its own written Charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. All matters determined by Committees 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 Committees to the Board are addressed in the Charter of the individual Committees.

### 2.1 Audit Committee

The Audit Committee consists of three Non-Executive and 'independent' Directors:

M Towers (Chair of the Committee), M Cole, and B Coleman.

Each member of the Committee has the appropriate financial expertise and industry understanding to perform their role. M Towers and B Coleman are Chartered Accountants and M Cole is a finance professional. A summary of the Directors' qualifications and attendance at Audit Committee meetings is provided in the Directors' Report.

The Audit Committee operates according to its Charter, which is available on the Company's website.

The principal role 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 the financial information presented by management;
- . consider the adequacy and effectiveness of the Company's administrative, operating and accounting controls as a means of ensuring the Company's affairs are being conducted by management in compliance with legal, regulatory and policy requirements;
- . review any significant compliance issues affecting the Company and monitor actions taken by management;
- . review recommendations from the Finance Director and/or external Auditor on key financial and accounting principles to be adopted by the Company; and
- . recommend to the Board the appointment of external auditors and monitor the conduct of audits.

The Audit Committee has authority (within the scope of its responsibilities) to seek any information it requires from any Group employee or external party.

Members may also meet with Auditors (internal and/or external) without management present, and consult independent experts where the Committee considers it necessary to carry out its duties.

### 2.2 Remuneration Committee

The Remuneration Committee consists of three Non-Executive and 'independent'

Directors: B Coleman (Chair of the Committee), M Cole, and M Towers.

Attendance at Remuneration Committee meetings is provided in the Directors' Report.

The Remuneration Committee operates according to its Charter, which is available on the Company's website.

The Committee advises the Board on remuneration and incentive policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors.

Members of the Remuneration Committee have access to the Company's officers and advisers, and may consult independent experts where the Committee considers it necessary to carry out its duties.

#### **Remuneration Policies**

Remuneration for the Executive Directors consists of salary, bonuses or other elements. Any equity based remuneration for Executive Directors will be subject to Shareholder approval where required by ASX Listing Rules.

Remuneration for Non-Executive Directors must not exceed in aggregate a maximum sum which shareholders fix in general meeting. The current maximum aggregate amount fixed by shareholders is \$2 million per annum (including superannuation contributions). This amount was fixed by Shareholders at the 10 April 2007 general meeting.

Executive and Non-Executive Directors may also be reimbursed for their expenses properly incurred as Directors.

Further information is provided in the Remuneration Report.

#### **Remuneration Paid**

Remuneration paid to the Executive and Non-Executive Directors for the 2008/2009 reporting year is set out on page 5 of the Directors' Report.

## 3. External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate competence and independence. The performance of the external 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.

On 22 February 2007, PricewaterhouseCoopers was appointed as external Auditor to the Company. It is PricewaterhouseCoopers policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external 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 Committee.

The external Auditor will attend the Company's AGM and be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the Audit Report.

## CORPORATE GOVERNANCE STATEMENT continued

### 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. A copy of the Directors' Code of Conduct is available on the Company's website.

#### 4.2 Trading in Company Securities

All Directors and staff of the Group must comply with the Company's Share Trading Policy. In summary, the policy prohibits trading in the Company securities:

- . when aware of unpublished price-sensitive information;
- . from the first day of the month until announcement of the Company's monthly funds under management figure to the ASX;
- . from 31 December (each year) until announcement of the Company's half-yearly financial results to the ASX;
- . from 30 June (each year) until announcement of the Company's annual financial results to the ASX; and
- . during any other black-out period (as notified).

Directors and staff are prohibited from entering into transactions in associated products which operate to limit the economic risk of holding PTM shares over unvested entitlements.

A copy of this policy is available on the Company's website.

#### 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 the Group 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 the Company's 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; 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.

A copy of the Continuous Disclosure Policy is available on the Company's website.

#### 4.5 Shareholder Communication

The Board has adopted a Communications Plan which describes the Board's policy for ensuring that 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 Financial 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. A copy of the Communications Plan is available on the Company's website.

#### 4.6 Risk Management and Compliance

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

- . there are effective systems in place to identify, assess, monitor and manage the risks of the Company; and
- . internal controls and arrangements are adequate for monitoring compliance with laws and regulations applicable to the Company.

The Group 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 Group'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 laws (applicable to the Company) and the Group's policies (including business rules of conduct) is communicated and demonstrated.

Management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

A summary of the Risk Management Policy is available on the Company's website.

#### 4.7 Business Rules of Conduct

Platinum's Business Rules of Conduct ("BROC") applies to all staff of the Group. A redacted copy is available on the Company's website. 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 required to sign an annual declaration confirming their compliance with the BROC and the Group's policies.

**Income Statement**

For the Year ended 30 June 2009

|   | Notes | Consolidated<br>2009<br>\$'000 | Consolidated<br>2008<br>\$'000 | Parent entity<br>2009<br>\$'000 | Parent entity<br>2008<br>\$'000 |
|---|-------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| <b>Income</b>   |       |                                |                                |                                 |                                 |
| Management fees   |       | 187,447                        | 238,497                        | -                               | -                               |
| Performance fees  |       | 6,171                          | 28,665                         | -                               | -                               |
| Administration fees   |       | 9,431                          | 11,165                         | -                               | -                               |
| Interest  |       | 9,712                          | 8,890                          | -                               | -                               |
| Net gains/(losses) on financial assets at fair value through profit or loss |       | 240                            | (1,206)                        | -                               | -                               |
| Net gains/(losses) on foreign currency contracts                            |       | (1,125)                        | 25                             | -                               | -                               |
| Net gains/(losses) on foreign currency bank accounts                        |       | 7,442                          | (2,962)                        | -                               | -                               |
| Dividends   |       | -                              | -                              | 112,200                         | 67,320                          |
| Other investment  |       | 166                            | 57                             | -                               | -                               |
| <b>Total income</b>   |       | <b>219,484</b>                 | <b>283,131</b>                 | <b>112,200</b>                  | <b>67,320</b>                   |
| <b>Expenses</b>   |       |                                |                                |                                 |                                 |
| Staff   |       | 15,428                         | 16,268                         | -                               | -                               |
| Custody and unit registry   |       | 9,195                          | 10,697                         | -                               | -                               |
| Business development  |       | 3,397                          | 3,263                          | -                               | -                               |
| Share-based payments  | 7     | 2,575                          | 5,176                          | -                               | -                               |
| Research  |       | 1,368                          | 1,480                          | -                               | -                               |
| Rent  |       | 1,272                          | 1,179                          | -                               | -                               |
| Technology  |       | 837                            | 946                            | -                               | -                               |
| Other professional  |       | 780                            | 853                            | -                               | -                               |
| Legal and compliance  |       | 544                            | 578                            | -                               | -                               |
| Restructuring and related costs   |       | 505                            | 1,187                          | -                               | -                               |
| Miscellaneous   |       | 458                            | 570                            | -                               | 3                               |
| Depreciation  |       | 430                            | 500                            | -                               | -                               |
| Share registry  |       | 362                            | 762                            | -                               | -                               |
| Mail house  |       | 299                            | 359                            | -                               | -                               |
| Auditor's remuneration  |       | 261                            | 271                            | -                               | -                               |
| Periodic reporting  |       | 235                            | 211                            | -                               | -                               |
| Other occupancy   |       | 126                            | 130                            | -                               | -                               |
| <b>Total expenses</b>   |       | <b>38,072</b>                  | <b>44,430</b>                  | <b>-</b>                        | <b>3</b>                        |
| <b>Profit before income tax expense/(benefit)</b>                           |       | <b>181,412</b>                 | <b>238,701</b>                 | <b>112,200</b>                  | <b>67,317</b>                   |
| Income tax expense/(benefit)  | 2(a)  | 55,267                         | 76,749                         | -                               | (1)                             |
| <b>Profit after income tax expense/(benefit)</b>                            |       | <b>126,145</b>                 | <b>161,952</b>                 | <b>112,200</b>                  | <b>67,318</b>                   |
| <b>Basic earnings per share</b> (cents per share)                           | 9     | <b>22.49</b>                   | <b>28.87</b>                   | <b>-</b>                        | <b>-</b>                        |
| <b>Diluted earnings per share</b> (cents per share)                         | 9     | <b>21.62</b>                   | <b>27.62</b>                   | <b>-</b>                        | <b>-</b>                        |

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

**Balance Sheet**  
As at 30 June 2009

|   | Notes | Consolidated<br>2009<br>\$'000 | Consolidated<br>2008<br>\$'000 | Parent entity<br>2009<br>\$'000 | Parent entity<br>2008<br>\$'000 |
|---|-------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| <b>Current assets</b>                                 |       |                                |                                |                                 |                                 |
| Cash and cash equivalents                             | 12(a) | 14,269                         | 171,160                        | 142                             | 136                             |
| Financial assets at fair value through profit or loss |       | 59                             | 1,027                          | -                               | -                               |
| Bank certificates on deposit                          |       | 165,332                        | -                              | -                               | -                               |
| Trade receivables                                     |       | 24,295                         | 18,599                         | -                               | -                               |
| Related party account                                 |       | -                              | -                              | 10,417                          | 12,432                          |
| Interest receivable                                   |       | 3,835                          | 76                             | -                               | -                               |
| Prepayments   |       | 1,027                          | 1,052                          | -                               | -                               |
| <b>Total current assets</b>                           |       | <b>208,817</b>                 | <b>191,914</b>                 | <b>10,559</b>                   | <b>12,568</b>                   |
| <b>Non-current assets</b>                             |       |                                |                                |                                 |                                 |
| Deferred tax assets                                   | 2(b)  | 3,078                          | 4,483                          | -                               | -                               |
| Investments   | 19    | -                              | -                              | 638,766                         | 636,320                         |
| Fixed assets  | 3     | 2,660                          | 2,742                          | -                               | -                               |
| <b>Total non-current assets</b>                       |       | <b>5,738</b>                   | <b>7,225</b>                   | <b>638,766</b>                  | <b>636,320</b>                  |
| <b>Total assets</b>                                   |       | <b>214,555</b>                 | <b>199,139</b>                 | <b>649,325</b>                  | <b>648,888</b>                  |
| <b>Current liabilities</b>                            |       |                                |                                |                                 |                                 |
| Payables  | 4     | 7,048                          | 7,686                          | 141                             | 135                             |
| Current tax payable                                   |       | 10,418                         | 12,433                         | 10,418                          | 12,433                          |
| Provisions  | 5     | 1,802                          | 1,405                          | -                               | -                               |
| <b>Total current liabilities</b>                      |       | <b>19,268</b>                  | <b>21,524</b>                  | <b>10,559</b>                   | <b>12,568</b>                   |
| <b>Non-current liabilities</b>                        |       |                                |                                |                                 |                                 |
| Deferred tax liabilities                              | 2(c)  | 1,145                          | -                              | -                               | -                               |
| Provisions  | 5     | 7                              | -                              | -                               | -                               |
| <b>Total non-current liabilities</b>                  |       | <b>1,152</b>                   | <b>-</b>                       | <b>-</b>                        | <b>-</b>                        |
| <b>Total liabilities</b>                              |       | <b>20,420</b>                  | <b>21,524</b>                  | <b>10,559</b>                   | <b>12,568</b>                   |
| <b>Net assets</b>                                     |       | <b>194,135</b>                 | <b>177,615</b>                 | <b>638,766</b>                  | <b>636,320</b>                  |
| <b>Equity</b>   |       |                                |                                |                                 |                                 |
| Contributed equity                                    | 8(a)  | 629,091                        | 629,091                        | 629,091                         | 629,091                         |
| Reserves  | 8(b)  | (579,737)                      | (582,312)                      | 8,261                           | 5,815                           |
|   |       | 49,354                         | 46,779                         | 637,352                         | 634,906                         |
| Retained profits                                      | 10    | 144,781                        | 130,836                        | 1,414                           | 1,414                           |
| <b>Total equity</b>                                   |       | <b>194,135</b>                 | <b>177,615</b>                 | <b>638,766</b>                  | <b>636,320</b>                  |

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

**Statement of Changes in Equity**  
For the Year ended 30 June 2009

|   | <b>Consolidated<br/>2009<br/>\$'000</b> | <b>Consolidated<br/>2008<br/>\$'000</b> | <b>Parent entity<br/>2009<br/>\$'000</b> | <b>Parent entity<br/>2008<br/>\$'000</b> |
|---|---|---|--|--|
| <b>Total equity at the beginning of the financial year</b>            | 177,615                                 | 77,825                                  | 636,320                                  | 631,164                                  |
| Profit for the year   | 126,145                                 | 161,952                                 | 112,200                                  | 67,318                                   |
| <b>Total recognised income and expense for the financial year</b>     | 126,145                                 | 161,952                                 | 112,200                                  | 67,318                                   |
| Transactions with equity holders in their capacity as equity holders: |   |   |  |  |
| Share-based payments and other reserves                               | 2,575                                   | 5,158                                   | 2,446                                    | 5,158                                    |
| Dividends paid  | (112,200)                               | (67,320)                                | (112,200)                                | (67,320)                                 |
|   | (109,625)                               | (62,162)                                | (109,754)                                | (62,162)                                 |
| <b>Total equity at the end of the financial year</b>                  | 194,135                                 | 177,615                                 | 638,766                                  | 636,320                                  |

*The above 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 | Consolidated<br>2009<br>\$'000 | Consolidated<br>2008<br>\$'000 | Parent entity<br>2009<br>\$'000 | Parent entity<br>2008<br>\$'000 |
|--|-------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| <b>Cash flow from operating activities</b>                             |       |                                |                                |                                 |                                 |
| Interest received  |       | 5,953                          | 9,021                          | -                               | -                               |
| Dividends received   |       | -                              | -                              | 112,200                         | 67,320                          |
| Receipts from operating activities                                     |       | 197,473                        | 283,899                        | -                               | -                               |
| Payments for operating activities                                      |       | (34,270)                       | (41,228)                       | -                               | (3)                             |
| Income taxes paid  |       | (54,732)                       | (80,665)                       | (54,732)                        | (90,459)                        |
| Payments from related parties to pay income tax                        |       | -                              | -                              | 54,732                          | 90,463                          |
| <b>Cash flow from operating activities</b>                             | 12(b) | <b>114,424</b>                 | <b>171,027</b>                 | <b>112,200</b>                  | <b>67,321</b>                   |
| <b>Cash flow from investing activities</b>                             |       |                                |                                |                                 |                                 |
| Receipts from sale of investments                                      |       | 21,129                         | 14,160                         | -                               | -                               |
| Payments for purchases of investments                                  |       | (13,982)                       | (16,578)                       | -                               | -                               |
| Purchase of fixed assets   |       | (348)                          | (539)                          | -                               | -                               |
| Purchase of bank certificates of deposit                               |       | (165,332)                      | -                              | -                               | -                               |
| <b>Cash flow from investing activities</b>                             |       | <b>(158,533)</b>               | <b>(2,957)</b>                 | <b>-</b>                        | <b>-</b>                        |
| <b>Cash flow from financing activities</b>                             |       |                                |                                |                                 |                                 |
| Dividends paid   |       | (112,194)                      | (67,185)                       | (112,194)                       | (67,185)                        |
| <b>Cash flow from financing activities</b>                             |       | <b>(112,194)</b>               | <b>(67,185)</b>                | <b>(112,194)</b>                | <b>(67,185)</b>                 |
| <b>Net increase/(decrease) in cash and cash equivalents</b>            |       | <b>(156,303)</b>               | <b>100,885</b>                 | <b>6</b>                        | <b>136</b>                      |
| Cash and cash equivalents held at the beginning of the financial year  |       | 171,160                        | 73,072                         | 136                             | -                               |
| Effects of exchange rate changes on cash and cash equivalents          |       | (588)                          | (2,797)                        | -                               | -                               |
| <b>Cash and cash equivalents held at the end of the financial year</b> |       | <b>14,269</b>                  | <b>171,160</b>                 | <b>142</b>                      | <b>136</b>                      |

The above 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 includes separate financial statements for Platinum Asset Management Limited as an individual entity and the consolidated entity consisting of Platinum Asset Management Limited and its subsidiaries.

The financial report was authorised for issue by the Directors of the Company on 20 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 consolidated financial statements, and notes thereto, comply 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 at fair value through profit or loss".

##### *Critical Accounting Estimates*

The preparation of the financial statements in conformity with AIFRS requires the use of certain critical accounting estimates and judgments, of which other than what is included in the accounting policies below, there are none.

#### (b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by Platinum Asset Management Limited (the "Company" or "Parent Entity") as at 30 June 2009 and the results of all controlled entities for the year then ended. Platinum Asset Management Limited and its subsidiaries together are referred to in this financial report as "the consolidated entity" or "Group".

Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of voting rights. The existence or effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Where control of an entity is obtained during the financial year, its results are included in the consolidated Balance Sheet from the date control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

The effects of all transactions between entities in the consolidated entity are eliminated in full. Accounting policies of various companies within the consolidated entity have been changed to ensure consistency with those policies adopted by the consolidated entity.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated Income Statement and Balance Sheet. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The Group's policy is to treat transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests the difference between any consideration paid and the relevant share acquired of the carrying net assets of the subsidiary is deducted from equity.

#### (c) 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.

#### Tax Consolidation Legislation

In accordance with the (Australian) *Income Tax Assessment Act (1997)*, Platinum Asset Management Limited is the head entity of the tax consolidated group which includes Platinum Asset Management Limited, Platinum Asset Pty Limited, Platinum Investment Management Limited and McRae Pty Limited.

Any current tax liabilities/receivables of the consolidated group are accounted for by Platinum Asset Management Limited. Current tax expense and deferred tax assets and liabilities are determined on a consolidated basis and recognised by the consolidated entity.

#### (d) Financial Assets at Fair Value through Profit or Loss

Under AASB 139: *Financial Instruments: Recognition and Measurement*, investments are classified in the Balance Sheet as "financial assets at fair value through profit or loss". These financial assets are initially recognised at fair value, excluding transaction costs, which are expensed as incurred.

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.

#### (e) 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.

**NOTES TO THE FINANCIAL STATEMENTS continued**

30 June 2009

**(f) 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 exchange rates prevailing at balance date. Resulting exchange differences are brought to account in determining profit and loss for the year.

**(g) Revenue Recognition****Management, Administration and Performance Fees**

Management, Administration and Performance fees are included as part of operating income and are recognised as they are earned.

The majority of management fees are derived from the Platinum Trust Funds. This fee is calculated at 1.44% per annum (GST inclusive) of each Fund's Net Asset Value and is payable monthly.

**Interest Income**

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

**Dividend Income**

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

**(h) 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.

**(i) Cash and Cash Equivalents**

For the purposes of the Cash Flow Statement, cash includes deposits at call and cash at bank which are used in the daily management of the Company's cash requirement. 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.

Receipts from operating activities include Management, Administration and Performance fees receipts. Payments for operating activities include payments to suppliers and employees.

**(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) Employee Entitlements**

Liabilities for employees' entitlements to salaries, annual leave, sick leave are accrued at nominal amounts calculated on the basis of current salary rates. Liabilities for long service leave which are not to be paid or settled within 12 months of balance date, are accrued in respect of all employees at the present values of future amounts. Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

**(m) Share-Based Payments**

The Group operates share-based remuneration plans, which include the granting of options and performance rights. The Group also operates a Fund Appreciation Rights Plan (FARP) whereby it purchases shares in Platinum Asset Management Limited on behalf of employees, if the employee satisfies, principally a time-based vesting condition. The value of shares purchased will be equivalent to a notional value in the Platinum Trust Funds, notionally allocated to employees and adjusted for the accumulated performance of the Funds over the vesting period.

Share-based payments are granted to some employees of the Company's operating subsidiary, Platinum Investment Management Limited.

Details relating to Share-based payments are set out in Note 7.

AASB Interpretation 11 AASB 2: *Group and Treasury Share Sale Transactions* addresses whether certain types of share-based payment transactions should be accounted for as equity-settled or as cash-settled transactions and specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent. The Group applies this Standard with the impact being that the expense related to grants made during the year is recognised in the employing entity.

The fair value of share-based payments granted is recognised in the consolidated accounts as an expense with a corresponding increase in equity. The fair value is measured at grant date and amortised over the period during which the employees become unconditionally entitled to the share.

For options and performance rights, the fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option or right, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options or performance rights.

For shares to be purchased on behalf of employees, the fair value is measured based on the notional investment in the Platinum Trust Funds. The fair value is subsequently amortised on a straight-line basis over the applicable vesting period and adjusted at each balance date for accumulated investment performance.

At each balance date, the Group revises its estimates of the number of options and performance rights exercisable and shares to be purchased on behalf of employees. The share-based payments expense recognised each period takes into account the most recent estimate. The impact of any revision to the original estimate (eg, forfeitures) will be recognised in the Income Statement with the corresponding adjustment to equity.

## NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

### (n) Contributed Equity

Ordinary shares are classified as equity.

### (o) Earnings per Share

#### (i) Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders by the weighted average number of shares outstanding during the financial year.

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figure used to determine basic earnings per share to take into account the options and performance rights issued under the Options and Performance Rights Plan (OPRP) (see Note 9).

### (p) Depreciation

Fixed assets are stated at historical cost less depreciation. Fixed assets (other than in-house software) are depreciated over their estimated useful lives using the diminishing balance method.

The expected useful lives are as follows:

|                                |                  |
|--------------------------------|------------------|
| Computer Equipment             | 4 years          |
| Software                       | 2.5 years        |
| In-house Software              | 4 years          |
| Communications Equipment       | 4 - 20 years     |
| Office Fitout                  | 5 - 13 1/3 years |
| Office Furniture and Equipment | 5 - 13 1/3 years |

Gains and losses on disposals are included in the Income Statement.

### (q) Rental Expense

Platinum Investment Management Limited has entered into a lease agreement for the premises it occupies and pays rent on a monthly basis. Details of the financial commitments relating to the lease are included in Note 16.

### (r) Rounding of Amounts

The consolidated entity 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 to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

### (s) 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.

Cash flows are presented on a gross basis.

### (t) 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. The Company's and consolidated entity's assessment of the impact of these new standards and interpretations is set out below:

#### (i) 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's and consolidated entity's segment disclosures. However, the amendment will not affect any of the amounts recognised in the Company's or consolidated entity's financial statements. The Company and consolidated entity have not adopted this standard early.

#### (ii) AASB 2008-1: *Amendments to Australian Accounting Standards – Share-based Payments: Vesting Conditions and Cancellations* (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of share-based payments are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Company and the consolidated entity have not adopted the standard early. The revised standard is not expected to affect the accounting for the Company's and consolidated entity's share-based payments.

#### (iii) Revised AASB 3: *Business Combinations* and AASB 127: *Consolidated and Separate Financial Statements* and AASB 2008-3: *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective from 1 July 2009)

These standards amend the accounting rules or certain aspects of business combinations and changes to ownership interests in controlled entities. This includes an amendment to accounting rules in relation to instances where the parent entity changes its ownership interest in a subsidiary that does not result in a change of control. The gains are recognised directly in equity. Any amounts paid in excess of the carrying value of minority interests is recorded as a deduction from the parent entity's equity. The Company and consolidated entity have applied this standard early.

#### (iv) Revised AASB 101: *Presentation of Financial Statements* and AASB 2007-8: *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable to 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 Changes in Equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or re-classifies items in the financial statements, the entity will need to disclose a third Balance Sheet (Statement of Financial Position), this one being at the beginning of the comparative period. The Company and consolidated entity have not adopted this standard early.

**NOTES TO THE FINANCIAL STATEMENTS continued**  
30 June 2009

**(t) New Accounting Standards and Interpretations continued**

(v) AASB 2008-5: *Amendments to Australian Accounting Standards arising from the Annual Improvement Project* (mandatorily applicable from 1 January 2009) and AASB 2008-6: *Further Amendments to Australian Accounting Standards arising from the Annual Improvement Project* (mandatorily applicable 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 and consolidated entity have not adopted this standard early.

(vi) 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's disclosures. However, the amendment will not affect any of the amounts recognised in the Company's financial statements. The Company and consolidated entity have not adopted this standard early.

**2. INCOME TAX**

|  | <b>Consolidated<br/>2009<br/>\$'000</b> | <b>Consolidated<br/>2008<br/>\$'000</b> | <b>Parent entity<br/>2009<br/>\$'000</b> | <b>Parent entity<br/>2008<br/>\$'000</b> |
|--|---|---|--|--|
| (a) The income tax expense/(benefit) attributable to profit comprises: |   |   |  |  |
| Current income tax provision   | 52,705                                  | 73,637                                  | -  | (1)                                      |
| Deferred tax assets  | 1,405                                   | (143)                                   | -  | -  |
| Deferred tax liabilities   | 1,145                                   | -                                       | -  | -  |
| Under provision of prior period tax                                    | 12                                      | 3,255                                   | -  | -  |
| <b>Income tax expense/(benefit)</b>                                    | <b>55,267</b>                           | <b>76,749</b>                           | <b>-</b>                                 | <b>(1)</b>                               |

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

|   |               |               |          |            |
|---|---------------|---------------|----------|------------|
| Profit before income tax expense                | 181,412       | 238,701       | 112,200  | 67,317     |
| Prima facie income tax on profit at 30%         | 54,424        | 71,610        | 33,660   | 20,195     |
| Tax effect on amounts which:                    |               |               |          |            |
| Reduce tax payable:                             |               |               |          |            |
| - Allowable credits                             | (3)           | (1)           | -        | -          |
| - Non-assessable income                         | -             | (1)           | (33,660) | (20,196)   |
| Tax-effect of amounts which are non-deductible/ |               |               |          |            |
| Increase tax payable:                           |               |               |          |            |
| - Share-Based Payments                          | 772           | 1,553         | -        | -          |
| - Depreciation                                  | 59            | 124           | -        | -          |
| - Other non-deductible expenses                 | 3             | 3             | -        | -          |
| Under provision of prior period tax             | 12            | 3,255         | -        | -          |
| Adjustment for prior period deferred tax asset  | -             | 206           | -        | -          |
| <b>Income tax expense/(benefit)</b>             | <b>55,267</b> | <b>76,749</b> | <b>-</b> | <b>(1)</b> |

(b) Deferred tax assets

The balance comprises temporary differences attributable to:

|  |              |              |          |          |
|--|--------------|--------------|----------|----------|
| Capital expenditure not immediately deductible | 2,027        | 2,834        | -        | -        |
| Employee entitlements:                         |              |              |          |          |
| - Long service leave                           | 305          | 168          | -        | -        |
| - Annual leave                                 | 236          | 253          | -        | -        |
| Unrealised foreign exchange losses             | 176          | 839          | -        | -        |
| Legal fees                                     | 105          | 105          | -        | -        |
| Tax fees                                       | 87           | 106          | -        | -        |
| Periodic reporting                             | 58           | 66           | -        | -        |
| Audit fees                                     | 44           | 75           | -        | -        |
| Printing and mail house                        | 27           | 29           | -        | -        |
| Fringe benefits tax                            | 4            | 4            | -        | -        |
| Unrealised capital losses                      | 4            | 4            | -        | -        |
| Shareholder relations                          | 3            | -            | -        | -        |
| Payroll tax                                    | 2            | -            | -        | -        |
| <b>Deferred tax assets</b>                     | <b>3,078</b> | <b>4,483</b> | <b>-</b> | <b>-</b> |

**NOTES TO THE FINANCIAL STATEMENTS continued**

30 June 2009

**2. INCOME TAX (cont'd)**

(c) Deferred tax liabilities

The balance comprises temporary differences attributable to:

Interest receivable on bank certificates of deposit

**Deferred tax liabilities**

| <b>Consolidated<br/>2009<br/>\$'000</b> | <b>Consolidated<br/>2008<br/>\$'000</b> | <b>Parent entity<br/>2009<br/>\$'000</b> | <b>Parent entity<br/>2008<br/>\$'000</b> |
|---|---|--|--|
|---|---|--|--|

|              |          |          |          |
|--------------|----------|----------|----------|
| 1,145        | -        | -        | -        |
| <b>1,145</b> | <b>-</b> | <b>-</b> | <b>-</b> |

**3. FIXED ASSETS**

Computer equipment (at cost)  
Less: Accumulated depreciation

| <b>Consolidated<br/>2009<br/>\$'000</b> | <b>Consolidated<br/>2008<br/>\$'000</b> | <b>Parent entity<br/>2009<br/>\$'000</b> | <b>Parent entity<br/>2008<br/>\$'000</b> |
|---|---|--|--|
| 632                                     | 601                                     | -  | -  |
| (547)                                   | (487)                                   | -  | -  |
| <b>85</b>                               | <b>114</b>                              | <b>-</b>                                 | <b>-</b>                                 |

Purchased and capitalised software (at cost)  
Less: Accumulated depreciation

|            |            |          |          |
|------------|------------|----------|----------|
| 2,270      | 1,978      | -        | -        |
| (1,482)    | (1,250)    | -        | -        |
| <b>788</b> | <b>728</b> | <b>-</b> | <b>-</b> |

Communication equipment (at cost)  
Less: Accumulated depreciation

|           |           |          |          |
|-----------|-----------|----------|----------|
| 132       | 132       | -        | -        |
| (106)     | (93)      | -        | -        |
| <b>26</b> | <b>39</b> | <b>-</b> | <b>-</b> |

Office premises fit out (at cost)  
Less: Accumulated depreciation

|              |              |          |          |
|--------------|--------------|----------|----------|
| 1,696        | 1,696        | -        | -        |
| (210)        | (146)        | -        | -        |
| <b>1,486</b> | <b>1,550</b> | <b>-</b> | <b>-</b> |

Office furniture and equipment (at cost)  
Less: Accumulated depreciation

|              |              |          |          |
|--------------|--------------|----------|----------|
| 473          | 469          | -        | -        |
| (198)        | (158)        | -        | -        |
| <b>275</b>   | <b>311</b>   | <b>-</b> | <b>-</b> |
| <b>2,660</b> | <b>2,742</b> | <b>-</b> | <b>-</b> |

**Asset Movements during the year**

Opening  
Additions  
Disposals  
Depreciation expense

|  | <b>Consolidated<br/>Computer<br/>equipment<br/>2009<br/>\$'000</b> | <b>Consolidated<br/>Computer<br/>equipment<br/>2008<br/>\$'000</b> | <b>Consolidated<br/>Purchased and<br/>capitalised software<br/>2009<br/>\$'000</b> | <b>Consolidated<br/>Purchased and<br/>capitalised software<br/>2008<br/>\$'000</b> |
|--|--|--|--|--|
|--|--|--|--|--|

|      |       |       |       |
|------|-------|-------|-------|
| 114  | 203   | 728   | 507   |
| 43   | 38    | 298   | 465   |
| -    | (4)   | -     | (1)   |
| (72) | (123) | (238) | (243) |

**Closing balance**

|           |            |            |            |
|-----------|------------|------------|------------|
| <b>85</b> | <b>114</b> | <b>788</b> | <b>728</b> |
|-----------|------------|------------|------------|

Opening  
Additions  
Disposals  
Depreciation expense

|  | <b>Communications<br/>equipment<br/>2009<br/>\$'000</b> | <b>Communications<br/>equipment<br/>2008<br/>\$'000</b> | <b>Office premises<br/>fit out<br/>2009<br/>\$'000</b> | <b>Office premises<br/>fit out<br/>2008<br/>\$'000</b> |
|--|---|---|--|--|
|--|---|---|--|--|

|      |      |       |       |
|------|------|-------|-------|
| 39   | 50   | 1,550 | 1,598 |
| 2    | 5    | -     | 29    |
| -    | -    | -     | (3)   |
| (15) | (16) | (64)  | (74)  |

**Closing balance**

|           |           |              |              |
|-----------|-----------|--------------|--------------|
| <b>26</b> | <b>39</b> | <b>1,486</b> | <b>1,550</b> |
|-----------|-----------|--------------|--------------|

**NOTES TO THE FINANCIAL STATEMENTS continued**

30 June 2009

**3. FIXED ASSETS (cont'd)**

|                        | Consolidated<br>Office furniture<br>and equipment<br>2009<br>\$'000 | Consolidated<br>Office furniture<br>and equipment<br>2008<br>\$'000 |
|------------------------|---|---|
| Opening                | 311   | 353   |
| Additions              | 5   | 2   |
| Disposals              | -   | -   |
| Depreciation expense   | (41)  | (44)  |
| <b>Closing balance</b> | <b>275</b>  | <b>311</b>  |

The closing balance of purchased and capitalised software disclosed above includes amounts recognised in relation to software in the course of construction and development of \$132,000 at 30 June 2009 (2008:\$153,000).

**4. PAYABLES**

|   | Consolidated<br>2009<br>\$'000 | Consolidated<br>2008<br>\$'000 | Parent entity<br>2009<br>\$'000 | Parent entity<br>2008<br>\$'000 |
|---|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| <b>Current</b>                              |                                |                                |                                 |                                 |
| Trade creditors                             | 5,595                          | 6,052                          | -                               | -                               |
| Goods and Services Tax (GST)                | 1,312                          | 1,499                          | -                               | -                               |
| Unclaimed dividends payable to shareholders | 141                            | 135                            | 141                             | 135                             |
|   | <b>7,048</b>                   | <b>7,686</b>                   | <b>141</b>                      | <b>135</b>                      |

Trade creditors are unsecured and payable between seven and 30 days after the consolidated entity becomes liable. Information relating to the consolidated entity's exposure of payables to liquidity risk is shown in Note 18.

**5. PROVISIONS**

|                    | Consolidated<br>2009<br>\$'000 | Consolidated<br>2008<br>\$'000 | Parent entity<br>2009<br>\$'000 | Parent entity<br>2008<br>\$'000 |
|--------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| <b>Current</b>     |                                |                                |                                 |                                 |
| Long service leave | 1,015                          | 561                            | -                               | -                               |
| Annual leave       | 787                            | 844                            | -                               | -                               |
|                    | <b>1,802</b>                   | <b>1,405</b>                   | <b>-</b>                        | <b>-</b>                        |
| <b>Non-Current</b> |                                |                                |                                 |                                 |
| Payroll tax        | 7                              | -                              | -                               | -                               |
|                    | <b>7</b>                       | <b>-</b>                       | <b>-</b>                        | <b>-</b>                        |

**6. FRANKING ACCOUNT**

|  | Consolidated<br>2009<br>\$'000 | Consolidated<br>2008<br>\$'000 | Parent entity<br>2009<br>\$'000 | Parent entity<br>2008<br>\$'000 |
|--|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| Opening balance based on tax paid and franking credits attached to dividends paid - converted at 30% | 93,627                         | 35,873                         | 93,627                          | 35,873                          |
| Dividends paid - franked at 30%  | (48,086)                       | (28,851)                       | (48,086)                        | (28,851)                        |
| Tax paid or payable  | 52,735                         | 86,605                         | 52,735                          | 86,605                          |
| <b>Estimated franking credits available</b>  | <b>98,276</b>                  | <b>93,627</b>                  | <b>98,276</b>                   | <b>93,627</b>                   |

**NOTES TO THE FINANCIAL STATEMENTS continued**

30 June 2009

**7. SHARE-BASED PAYMENTS****(a) Options and Performance Rights Plan (OPRP)**

On 22 May 2007, the Group established an OPRP to assist with the retention and motivation of employees. Options were granted under this plan on 17 June 2009.

**Options**

On 22 May 2007, some employees were initially granted 27,010,467 options under the OPRP, to take up shares in Platinum Asset Management Limited at a strike price of \$5.00. The options vest after four years and have a further two year exercise period.

On 17 June 2009, some employees were granted 8,783,205 options under the OPRP to take up shares in Platinum Asset Management Limited at a strike price of \$4.50. The options vest after four years and have a further two year exercise period.

**Performance Rights**

On 22 May 2007, some employees who did not receive an invitation to apply for options under the OPRP, were granted performance rights to take up Platinum Asset Management Limited shares at a strike price of \$0.00. These performance rights vest after three years and have a further two year exercise period. Employees were initially granted 372,703 performance rights. No further performance rights have been granted since 2007.

Options and performance rights on issue are as follows:

|   | 30 June 2009<br>Quantity | 30 June 2008<br>Quantity |
|---|--------------------------|--------------------------|
| <i>Options Granted on 22 May 2007</i>                             |                          |                          |
| Opening balance   | 23,139,567               | 26,786,067               |
| Forfeitures - 13 August 2007                                      | -                        | (561,000)                |
| Forfeitures - 25 January 2008                                     | -                        | (3,085,500)              |
| Forfeitures - 24 October 2008                                     | (981,750)                | -                        |
| Forfeitures - 8 May 2009  | (5,610,000)              | -                        |
| Closing balance   | <u>16,547,817</u>        | <u>23,139,567</u>        |
| <i>Options Granted on 17 June 2009</i>                            |                          |                          |
| Opening balance   | -                        | -                        |
| Grant - 17 June 2009  | <u>8,783,205</u>         | -                        |
| Closing balance   | <u>8,783,205</u>         | -                        |
| <i>Performance Rights Granted on 22 May 2007</i>                  |                          |                          |
| Opening balance   | 377,803                  | 372,703                  |
| Grant - 1 July 2007   | -                        | 12,000                   |
| Forfeitures - 10 October 2007                                     | -                        | (4,650)                  |
| Forfeitures - 30 November 2007                                    | -                        | (2,250)                  |
| Forfeitures - 11 July 2008  | (5,400)                  | -                        |
| Forfeitures - 1 August 2008                                       | (5,400)                  | -                        |
| Forfeitures - 3 October 2008                                      | (10,500)                 | -                        |
| Closing balance   | <u>356,503</u>           | <u>377,803</u>           |
| <b>Closing balance of options and performance rights on issue</b> | <u>25,687,525</u>        | <u>23,517,370</u>        |

Model inputs for options and performance rights granted included:

|   | Options<br>22-May-07 | Options<br>17-Jun-09 | Performance<br>Rights |
|---|----------------------|----------------------|-----------------------|
| (a) Exercise price:                             | \$5.00               | \$4.50               | \$0.00                |
| (b) Grant date:                                 | 22 May 2007          | 17 June 2009         | 22 May 2007           |
| (c) Expiry date:                                | 22 May 2013          | 17 May 2015          | 22 May 2012           |
| (d) Days to expiry (mid-point) at grant date:   | 1,825 days           | 1,825 days           | 1,095 days            |
| (e) Share price at grant date:                  | \$5.00               | \$4.10               | \$5.00                |
| (f) Assumed volatility of the Company's shares: | 22.50%               | 42.00%               | 22.50%                |
| (g) Assumed dividend yield:                     | 5.35%                | 4.30%                | 5.35%                 |
| (h) Risk-free interest rate:                    | 6.11%                | 5.01%                | 6.17%                 |

In relation to the options and performance rights granted in May 2007, there was no historical basis to work out the assumed price volatility of the Company's shares. Therefore, the volatility was based on an analysis of comparable listed funds management companies.

For options granted on 17 June 2009, the volatility was based on the Company's share price movement since December 2008.

**Fair Value of Options and Performance Rights**

The assessed fair value of options and performance rights granted on 22 May 2007 was \$0.82 per option and \$4.26 per performance right.

The assessed fair value of options granted on 17 June 2009 was \$1.14 per option.

**NOTES TO THE FINANCIAL STATEMENTS continued**

30 June 2009

**7. SHARE-BASED PAYMENTS (cont'd)**

**(b) Fund Appreciation Rights Plan (FARP)**

On 1 April 2009, the Group established the FARP to assist with the retention and motivation of the Group's investment analysts.

Under the FARP, shares in Platinum Asset Management Limited will be purchased by the Group on behalf of employees, if they satisfy a time-based vesting period requirement of three years continuous employment with the Group..

The total number of shares to be purchased by the Group will be equivalent to the notional investment in the Platinum Trust Funds, notionally allocated to employees, adjusted for the accumulated performance of the Funds over the vesting period. This interest is "notional" only, meaning employees have no entitlement to units in the Platinum Trust Funds.

*Fair Value of the Fund Appreciation Rights (FARs) Granted*

The assessed fair value of FARs at 30 June 2009 is equivalent to the notional market value of the investment in the Platinum Trust Funds at 1 April 2009 adjusted for the appreciation in notional value of units between 1 April 2009 and 30 June 2009. The fair value at 1 April 2009, of FARs to be amortised over the three year vesting period was \$550,000 and the appreciation in the notional value of units between 1 April 2009 and 30 June 2009 was \$83,025.

**Expenses Arising from Share-Based Payment Transactions**

|  | <b>Consolidated<br/>2009<br/>\$'000</b> | <b>Consolidated<br/>2008<br/>\$'000</b> | <b>Parent entity<br/>2009<br/>\$'000</b> | <b>Parent entity<br/>2008<br/>\$'000</b> |
|--|---|---|--|--|
| Total expenses arising from share-based payment transactions were as follows:  |   |   |  |  |
| Options granted on 22 May 2007   | 1,888                                   | 4,649                                   | -  | -  |
| Options granted on 17 June 2009  | 96                                      | -                                       | -  | -  |
| Performance rights granted on 22 May 2007                                      | 462                                     | 527                                     | -  | -  |
| Fund appreciation rights granted on 1 April 2009                               | 129                                     | -                                       | -  | -  |
| <b>Total share-based payments expense</b>                                      | <b>2,575</b>                            | <b>5,176</b>                            | <b>-</b>                                 | <b>-</b>                                 |
| Associated payroll tax expense/(write-back) on options and performance rights* | 6                                       | (126)                                   | -  | -  |
| Associated payroll tax expense on fund appreciation rights*                    | 7                                       | -                                       | -  | -  |
| <b>Total</b>   | <b>2,588</b>                            | <b>5,050</b>                            | <b>-</b>                                 | <b>-</b>                                 |

\* Amounts are included in staff expense in the Income Statement

At 30 June 2009, the fair value remaining to be amortised over the remainder of the vesting period is \$6,396,930 (options granted on 22 May 2007), \$441,449 (performance rights granted on 22 May 2007), \$9,882,175 (options granted on 17 June 2009) and \$504,334 for the FARs.

In order to retain and motivate employees, additional options, performance rights or FARs may be issued under the OPRP or FARP, over time, in compliance with the *Corporations Act 2001* and relevant ASIC relief.

**8. CONTRIBUTED EQUITY AND RESERVES**

**(a) Movement in share capital**

|                          | <b>Consolidated and<br/>Parent entity<br/>2009<br/>Quantity</b> | <b>Consolidated and<br/>Parent entity<br/>2009<br/>\$'000</b> | <b>Consolidated and<br/>Parent entity<br/>2008<br/>Quantity</b> | <b>Consolidated and<br/>Parent entity<br/>2008<br/>\$'000</b> |
|--------------------------|---|---|---|---|
| Ordinary Shares          | 561,000,000   | 629,091   | 561,000,000   | 629,091   |
| Total Contributed equity | <b>561,000,000</b>  | <b>629,091</b>  | <b>561,000,000</b>  | <b>629,091</b>  |

**Ordinary 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.

**8(b) Movement in reserves**

|   | <b>Consolidated<br/>2009<br/>\$'000</b> | <b>Consolidated<br/>2008<br/>\$'000</b> | <b>Parent entity<br/>2009<br/>\$'000</b> | <b>Parent entity<br/>2008<br/>\$'000</b> |
|---|---|---|--|--|
| Opening balance - Brought forward capital reserve                   | (582,312)                               | (588,127)                               | 5,815                                    | -  |
| Opening balance - Brought forward 2007 Share-based payments reserve | -                                       | 657                                     | -  | 657                                      |
| Unvested shares - Options (granted on 22 May 2007)                  | 1,888                                   | 4,649                                   | 1,888                                    | 4,649                                    |
| Unvested shares - Options (granted on 17 June 2009)                 | 96                                      | -                                       | 96                                       | -  |
| Unvested shares - Performance rights                                | 462                                     | 527                                     | 462                                      | 527                                      |
| Unvested shares - Fund appreciation rights                          | 129                                     | -                                       | -  | -  |
| Other reserves  | 0                                       | (18)                                    | -  | (18)                                     |
| <b>Closing Balance</b>  | <b>(579,737)</b>                        | <b>(582,312)</b>                        | <b>8,261</b>                             | <b>5,815</b>                             |

In 2007, in preparation for listing, a restructure was undertaken, in which the Company sold or transferred all of its assets, other than its beneficial interest in shares in Platinum Asset Management Limited and sufficient cash to meet its year to date income tax liability.

The Company then split its issued share capital of 100 shares into 435,181,783 ordinary shares. It then took its beneficial interests in Platinum Investment Management Limited to 100%, through scrip for scrip offers, in consideration for the issue of 125,818,217 ordinary shares in the Company.

As a result of the share split and takeover offers, the Company had 561,000,000 ordinary shares on issue and beneficially held 100% of the issued share capital of Platinum Investment Management Limited. Subsequently, 140,250,000 shares on issue representing 25% of the issued shares of the Company were sold to the public by existing shareholders.

The opening brought forward capital reserve for 2008 represents the difference between consideration paid for the purchase of the minority interests and the share of net assets acquired in the minority interests. This was deducted from equity.

**NOTES TO THE FINANCIAL STATEMENTS continued**  
30 June 2009

**9. EARNINGS PER SHARE**

|  | <b>Consolidated<br/>2009</b> | <b>Consolidated<br/>2008</b> |
|--|------------------------------|------------------------------|
| Basic earnings per share - cents per share   | 22.49                        | 28.87                        |
| Diluted earnings per share - cents per share | <u>21.62</u>                 | <u>27.62</u>                 |

Weighted average number of Ordinary Shares on issue used in the calculation of basic earnings per share

Weighted average number of Ordinary Shares on issue used in the calculation of diluted earnings per share

|  | <b>Consolidated<br/>2009</b> | <b>Consolidated<br/>2008</b> |
|--|------------------------------|------------------------------|
|  | <u>561,000,000</u>           | <u>561,000,000</u>           |
|  | <u>583,333,867</u>           | <u>586,327,522</u>           |

Earnings used in the calculation of basic and diluted earnings per share

|  | <b>Consolidated<br/>2009<br/>\$'000</b> | <b>Consolidated<br/>2008<br/>\$'000</b> |
|--|---|---|
|  | <u>126,145</u>                          | <u>161,952</u>                          |

**10. RETAINED PROFITS**

|   | <b>Consolidated<br/>2009<br/>\$'000</b> | <b>Consolidated<br/>2008<br/>\$'000</b> | <b>Parent entity<br/>2009<br/>\$'000</b> | <b>Parent entity<br/>2008<br/>\$'000</b> |
|---|---|---|--|--|
| Retained earnings at the beginning of the financial year  | 130,836                                 | 36,204                                  | 1,414                                    | 1,416                                    |
| Net profit  | 126,145                                 | 161,952                                 | 112,200                                  | 67,318                                   |
| Dividends paid  | (112,200)                               | (67,320)                                | (112,200)                                | (67,320)                                 |
| <b>Retained earnings at the end of the financial year</b> | <u>144,781</u>                          | <u>130,836</u>                          | <u>1,414</u>                             | <u>1,414</u>                             |

**11. DIVIDENDS (Fully Franked)**

|                     | <b>Parent entity<br/>2009<br/>cents per share</b> | <b>Parent entity<br/>2009<br/>\$'000</b> | <b>Parent entity<br/>2008<br/>cents per share</b> | <b>Parent entity<br/>2008<br/>\$'000</b> |
|---------------------|---|--|---|--|
| Paid - Interim 2008 | -   | -  | 12.00   | 67,320                                   |
| Paid - Final 2008   | 12.00   | 67,320                                   | -   | -  |
| Paid - Interim 2009 | 8.00  | 44,880                                   | -   | -  |
|                     |   | <u>112,200</u>                           |   | <u>67,320</u>                            |

**Dividends not recognised at year-end**

In addition to the above dividends paid, since year-end the Directors have declared the payment of a final dividend of 12 cents per fully paid Ordinary Share, fully franked based on tax paid at 30%. The aggregate amount of the dividend expected to be paid on 22 September 2009 but not recognised as a liability at year-end is \$67,320,000.

**NOTES TO THE FINANCIAL STATEMENTS continued**

30 June 2009

**12. NOTES TO THE CASH FLOW STATEMENT****(a) Reconciliation of Cash**

|                 | Consolidated<br>2009<br>\$'000 | Consolidated<br>2008<br>\$'000 | Parent entity<br>2009<br>\$'000 | Parent entity<br>2008<br>\$'000 |
|-----------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| Cash at bank    | 143                            | 4                              | 1                               | 1                               |
| Cash on deposit | 14,126                         | 171,156                        | 141                             | 135                             |
|                 | <u>14,269</u>                  | <u>171,160</u>                 | <u>142</u>                      | <u>136</u>                      |

Cash on deposit at 30 June 2009 is at call. Information in relation to the consolidated entity's exposure to interest rate risk is provided in Note 18.

**(b) Reconciliation of Net Cash from****Operating Activities to Profit After Income Tax**

|  |                |                |                |               |
|--|----------------|----------------|----------------|---------------|
| Profit after income tax  | 126,145        | 161,952        | 112,200        | 67,318        |
| Depreciation expense   | 430            | 500            | -              | -             |
| Fixed assets scrapped  | 0              | 8              | -              | -             |
| Share-based payments   | 2,575          | 5,176          | -              | -             |
| Fair value loss on financial assets at fair value through profit or loss           | 0              | 57             | -              | -             |
| Write-off of sundry receivables  | 0              | (19)           | -              | -             |
| (Gain)/loss on investments   | (6,179)        | 1,334          | -              | -             |
| Decrease/(Increase) in cash due to exchange rate movements                         | 588            | 2,797          | -              | -             |
| Decrease/(Increase) in trade receivables   | (5,696)        | 5,473          | -              | -             |
| Decrease/(Increase) in interest receivable   | (3,759)        | 131            | -              | -             |
| Decrease/(Increase) in prepayments   | 25             | (210)          | -              | -             |
| Decrease/(Increase) in deferred tax assets   | 1,405          | (143)          | -              | -             |
| Decrease/(Increase) in related party account                                       | 0              | 0              | 2,015          | 13,720        |
| (Decrease)/Increase in trade creditors and GST                                     | (644)          | (2,266)        | -              | -             |
| (Decrease)/Increase in annual leave, long service leave and payroll tax provisions | 404            | 9              | -              | -             |
| (Decrease)/Increase in income tax payable  | (2,015)        | (3,772)        | (2,015)        | (13,717)      |
| (Decrease)/Increase in deferred tax liabilities                                    | 1,145          | 0              | -              | -             |
|  | <u>114,424</u> | <u>171,027</u> | <u>112,200</u> | <u>67,321</u> |

**13. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS TO CAPITAL EXPENDITURE**

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

The consolidated entity has no commitments for significant capital expenditure.

**14. SUBSEQUENT EVENTS**

No significant events have occurred since the balance date which would impact on the financial position of the consolidated entity as at 30 June 2009 and on the results for the year ended on that date.

**NOTES TO THE FINANCIAL STATEMENTS continued**

30 June 2009

**15. SEGMENT INFORMATION**

The consolidated entity operates its funds management business solely in Australia. However, it generates a portion of its management and performance share fees from US-based Investment Mandates, as follows:

| 2009          | Segment Revenue<br>\$'000 | Segment Results<br>\$'000 | Segment Assets<br>\$'000 | Segment Liabilities<br>\$'000 |
|---------------|---------------------------|---------------------------|--------------------------|-------------------------------|
| Australia     | 207,178                   | 169,106                   | 210,685                  | 20,420                        |
| North America | 12,311                    | 12,311                    | 3,870                    | -                             |
| Unallocated   | (5)                       | (5)                       | -                        | -                             |
|               | <u>219,484</u>            | <u>181,412</u>            | <u>214,555</u>           | <u>20,420</u>                 |

| 2008          | Segment Revenue<br>\$'000 | Segment Results<br>\$'000 | Segment Assets<br>\$'000 | Segment Liabilities<br>\$'000 |
|---------------|---------------------------|---------------------------|--------------------------|-------------------------------|
| Australia     | 243,906                   | 199,476                   | 160,021                  | 21,524                        |
| North America | 39,225                    | 39,225                    | 39,118                   | -                             |
|               | <u>283,131</u>            | <u>238,701</u>            | <u>199,139</u>           | <u>21,524</u>                 |

**16. LEASE COMMITMENTS**

Total lease expenditure contracted for at balance date but not provided for in the accounts is as follows:

**Operating leases**

|   | Consolidated<br>2009<br>\$'000 | Consolidated<br>2008<br>\$'000 | Parent entity<br>2009<br>\$'000 | Parent entity<br>2008<br>\$'000 |
|---|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| Payable not later than one year                   | 1,304                          | 1,254                          | -                               | -                               |
| Payable later than one, not later than five years | 5,875                          | 5,651                          | -                               | -                               |
| Payable later than five years                     | 957                            | 2,550                          | -                               | -                               |
|   | <u>8,136</u>                   | <u>9,455</u>                   | <u>-</u>                        | <u>-</u>                        |

**17. AUDITOR'S REMUNERATION**

During the year the following fees were paid or payable for services provided by the Auditor to the consolidated entity. The fees were paid by Platinum Investment Management Limited on behalf of the consolidated entity.

|   | 2009<br>\$'000 | 2008<br>\$'000 |
|---|----------------|----------------|
| Audit services - statutory                          | 261            | 271            |
| Taxation services - compliance                      | 454            | 539            |
| Taxation services - advice                          | -              | 9              |
| Taxation services - foreign tax agent               | 70             | 14             |
| Other audit and assurance services                  | 6              | 58             |
|   | <u>791</u>     | <u>891</u>     |
| Advisory services - restructuring and related costs | 354            | 945            |
|   | <u>1,145</u>   | <u>1,836</u>   |

**18. FINANCIAL RISK MANAGEMENT**

The consolidated entity's activities expose it to both direct and indirect financial risk, including market risk, credit risk and liquidity risk. Direct exposure to financial risk occurs through the impact on profit of movements in funds under management ("FUM"), and indirect exposure occurs because Platinum's operating subsidiary is the Investment Manager for various Platinum investment vehicles (which includes investment mandates, various unit trusts, known as the Platinum Trusts and its ASX listed investment vehicle, Platinum Capital Limited). This note discusses the direct exposure to risk of the Company and consolidated entity.

The Investment Manager's risk management procedures focus on managing the potential adverse effects on financial performance, caused by volatility of financial markets.

The direct risks and mitigation strategies are outlined below:

## NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

### 18. Risk management (cont'd)

#### (a) Market Risk

The key direct risks associated with the consolidated entity are those which are driven by investment and market volatility and the resulting impact on FUM, or a reduction in the growth of FUM. Reduced FUM will directly impact on management fee income and profit, because management fee income is calculated as a percentage of FUM. FUM can be directly impacted by a range of factors including:

- a) poor investment performance: absolute negative investment performance will reduce FUM and relative under performance to appropriate market benchmarks could reduce the attractiveness of Platinum's investment products to investors, which would impact on the growth of the business. Poor investment performance could also trigger the termination of Investment Mandate arrangements;
- b) market volatility: Platinum invests in global markets. It follows that a decline in overseas markets, adverse exchange rate or interest rate movements will all impact on FUM;
- c) a reduction in the ability to retain and attract investors: which could be caused by a decline in investment performance, but also a range of other factors, such as the high level of competition in the funds management industry;
- d) a loss of key personnel; and
- e) investor allocation decisions: investors constantly re-assess and re-allocate their investments on the basis of their own preferences. Investor allocation decisions could operate independently from investment performance, such that funds outflows occur despite positive investment performance.

A decline in investment performance will also directly impact on performance share fees and performance fees earned by the consolidated entity. Historically, the amount of performance share fees earned by the consolidated entity have fluctuated significantly from year to year and can be a material source of fee revenue.

Performance share fees are based on a proportion of each Investment Mandate's investment performance. It is calculated at the end of each calendar year and is based upon the actual performance of each Investment Mandate for the year.

Performance fees may be earned by the consolidated entity, if the investment return of a Platinum Trust Fund (or Platinum Capital Limited) exceeds a specified benchmark. Should the actual performance of a Platinum Trust Fund/Platinum Capital Limited be higher than the applicable benchmark, a performance fee would be receivable for the financial year. As at 30 June 2009, Platinum Capital Limited exceeded the relevant benchmark and performance fee of \$5,146,911 was receivable (2008:\$nil).

If global equity markets fell 10% over the course of the year and consequently the consolidated entity's FUM fell in line with global equity markets, it follows that management fees would fall by 10%. If there was a 10% decrease in performance of Investment Mandates over the course of the calendar year, which resulted in an actual negative performance for the Investment Mandate for the year, then no performance fee would be earned.

The above analysis assumes a uniform 10% fall across all global equity markets. This is extremely unlikely as there is a large degree of variation in volatility across markets. For example, it is quite feasible for the Japanese market to fall whilst other Asian markets exhibit strong growth.

To mitigate the impact of adverse investment performance on FUM, the Investment Manager may employ hedging strategies to manage the impact of adverse market and exchange rate movements on the funds it manages. Market risk may be managed through derivative contracts, including futures, options and swaps. Currency risk may be managed through the use of foreign currency contracts.

The section below discusses the direct impact of foreign exchange risk, interest rate risk and price risk on the consolidated entity's financial instruments held at 30 June 2009.

#### (i) Foreign Exchange Risk

The consolidated entity has US dollar Investment Mandates and derives fees in US dollars from these. In addition, the consolidated entity held US\$2,852,265 in cash at 30 June 2009 (2008:US\$36,596,652). Therefore, the consolidated entity is directly exposed to foreign exchange risk arising from movements in exchange rates.

If the Australian Dollar had been 10% lower/higher against the US Dollar, than the prevailing exchange rate used to convert the Mandate fees and foreign currency holdings, with all other variables held constant, then net profit after tax would have been A\$727,036 higher/A\$594,930 lower (2008:A\$6,208,714 higher/A\$5,079,621 lower).

At 30 June 2009, the parent entity does not have direct exposure to foreign exchange risk.

#### (ii) Interest Rate Risk

At 30 June 2009, bank certificates of deposit are the only significant asset with potential exposure to interest rate risk, held by the consolidated entity.

An interest rate movement of +/-1% occurring on 30 June 2009 will have no impact on profit, as the interest rate on bank certificates of deposit are determined on purchase date.

At 30 June 2009, the parent entity does not have a significant direct exposure to interest rate risk.

#### (iii) Price Risk

At 30 June 2009, financial assets at fair value through profit or loss represent an immaterial amount of the consolidated entity's total assets and net profit.

Bank certificates of deposit are valued based on the consideration paid (plus interest receivable). Accordingly, the consolidated entity does not have a significant direct exposure to price risk.

At 30 June 2009, the parent entity does not have a significant direct exposure to price risk.

## NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2009

### 18. Risk management (cont'd)

#### (b) 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). Credit risk arises from the financial assets of the consolidated entity which includes cash, receivables and bank certificates of deposit. All bank certificates of deposit are held with licensed Australian banks.

The maximum exposure to direct credit risk at balance date is the carrying amount of financial assets recognised in the Balance Sheet. The consolidated entity may hold some collateral as security (eg, margin accounts) and the credit quality of all financial assets is consistently monitored by the consolidated entity. No financial assets are past due or impaired.

Any default in the value of a financial instrument held within any of the Platinum Trusts, Platinum Capital or the Investment Mandates, will result in reduced investment performance. There is no direct loss for the consolidated entity other than through the ensuing reduction in FUM, as noted above in market risk. The Investment Manager employs standard market practices for managing its credit risk exposure.

The parent entity does not have a significant direct exposure to credit risk.

#### (c) Liquidity Risk

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting obligations associated with financial liabilities. The consolidated entity manages liquidity risk by maintaining sufficient cash reserves to cover its liabilities and receiving management fees to meet operating expenses on a regular basis. Management monitors its cash position on a daily basis and prepares cash forecasts on a weekly basis.

#### *Contractual maturity analysis*

At 30 June 2009, the consolidated entity has an obligation to settle trade creditors of \$5,594,964 (2008:\$6,051,928) between seven and 30 days after becoming legally liable, Goods and Services Tax liability of \$1,311,779 (2008:\$1,499,345) within 21 days and estimated income tax payable of \$10,417,848 (2008: \$12,433,330) within approximately five months and unclaimed dividends payable to shareholders of \$141,060 (2008:\$135,132), long service leave of \$1,015,547 (2008:\$561,000) and annual leave of \$786,752 (2008:\$843,608) all payable at call. In addition, a payroll tax amount of \$7,400 (2008:\$nil) has been provided for and is payable on vesting date (of shares under the FARP) in March 2012.

At 30 June 2009, the consolidated entity has sufficient cash reserves of \$14,128,132 (2008:\$171,025,318) and a further \$28,129,331 (\$2008:\$18,673,953) of receivables to cover these liabilities. The consolidated entity may also convert its bank certificates of deposit to cash to settle any liabilities. At 30 June 2009, bank certificates of deposit totalled \$165,332,030 (2008:nil). All bank certificates of deposit have maturities of less than 12 months. The portfolio takes into account all projected cash outflows. Accordingly, the consolidated entity does not have a significant direct exposure to liquidity risk.

At 30 June 2009, the parent entity had an estimated obligation to pay Australian taxation authorities \$10,417,848 (2008:\$12,433,330) within approximately five months of balance date. As noted above, the consolidated entity has sufficient liquid assets which are available to the parent entity to settle any taxation liabilities. Accordingly, the parent entity does not have a significant direct exposure to liquidity risk.

#### (d) Fair Value Estimation

Please refer to Note 1(d).

#### (e) Capital Risk Management

##### *(i) Capital requirements*

The Company has limited capital requirements and its need for retained profits is slight. Owing to the volatility caused by the performance share fee component of revenue, the Directors smooth dividend payments and have a policy of paying out 80% to 90% of net profit after tax. This is a policy, not a guarantee.

##### *(ii) External requirements*

In connection with operating a funds management business in Australia, the operating subsidiary of the Company (which conducts the funds management business) is required to hold an Australian Financial Services License (AFSL). As a holder of an AFSL, the Australian Securities and Investment Commission (ASIC), requires the subsidiary to:

- hold at least \$5 million Net Tangible Assets in respect of its managed investments and custody services;
- have Adjusted Surplus Liquid Funds ("ASLF") of:
  - \$50,000; plus
  - 5% of adjusted liabilities between \$1 million and \$100 million; plus
  - 0.5% of adjusted liabilities for any amount of adjusted liabilities exceeding \$100 million, up to a maximum ASLF of \$100 million.
- have at least \$50,000 in Surplus Liquid Funds ("SLF") (i.e. its own funds in liquid form).

The operating subsidiary has complied with all externally imposed requirements to hold an AFSL during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS continued**

30 June 2009

**19. INVESTMENTS**

The Company held the following investments.

|   | Consolidated<br>2009<br>\$'000 | Consolidated<br>2008<br>\$'000 | Parent entity<br>2009<br>\$'000 | Parent entity<br>2008<br>\$'000 |
|---|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| Shares in Platinum Asset Pty Limited                    | -                              | -                              | 436,518                         | 436,518                         |
| Shares in McRae Pty Limited                             | -                              | -                              | 193,969                         | 193,969                         |
| Shares in Platinum Investment Management Limited - OPRP | -                              | -                              | 8,279                           | 5,833                           |
| Shares in Platinum Asset Management Pte Limited         | -                              | -                              | -                               | -                               |
|   | -                              | -                              | 638,766                         | 636,320                         |

**20. THE COMPANY**

Platinum Asset Management Limited ("the Company") is a company limited by shares, incorporated and domiciled in New South Wales. Its registered office and principal place of business is Level 8, 7 Macquarie Place, Sydney, NSW 2000. The Company is the ultimate holding company for the entities listed in Note 21.

**21. THE SUBSIDIARIES**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

- (a) McRae Pty Limited (incorporated in Australia) - (100% owned by the Company).
- (b) Platinum Asset Pty Limited (incorporated in Australia) - (100% owned by the Company).
- (c) Platinum Investment Management Limited (incorporated in Australia) - (indirectly 100% owned by the Company).
- (d) Platinum Asset Management Pte Ltd (incorporated in Singapore) - (indirectly 100% owned by the Company).

**22. RELATED PARTY DEALINGS****(a) Directors' remuneration**

Details of all remuneration paid to Directors is disclosed in the Directors' Report and Note 23.

**(b) Subsidiaries**

Interests in subsidiaries are set out in Note 21.

**(c) Transactions with related parties**

Platinum Investment Management Limited provides investment management services to related party unit trusts - the Platinum Trust Funds and to the ASX-listed investment company, Platinum Capital Limited. Platinum Investment Management is entitled to receive a monthly management fee from Platinum Capital Limited and the Platinum Trust Funds, a monthly administration fee from the Platinum Trust Funds and in some instances a performance fee (which is calculated annually) based upon the relevant Funds and Platinum Capital Limited's investment return over and above a specified benchmark.

The total related party fees received and receivable by Platinum Investment Management Limited for the year ended 30 June 2009 was \$170,596,253 (2008: \$202,899,907).

**(d) Tax consolidation and dividend transactions**

Any tax payments and dividends are sourced from the operating subsidiary, Platinum Investment Management Limited and paid out by the Company. Platinum Asset Management Limited is the head entity of the consolidated tax group and is the entity that ultimately pays out dividends to shareholders.

**23. KEY MANAGEMENT PERSONNEL DISCLOSURES****(a) Details of remuneration**

The consolidated entity paid Executive and Non-Executive Directors total salaries of \$1,441,259 (2008:\$1,489,392) and superannuation of \$291,210 (2008:\$239,382). Also provided for the Executive Directors of the Company was additional long service leave of \$36,018 (2008:\$11,442) and a decrease in annual leave of \$22,298 (2008:\$24,446).

The above includes remuneration paid and provided to A Clifford, who is a Director of the operating subsidiary, Platinum Investment Management Limited. A Clifford also received share-based compensation which is disclosed below.

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

The relevant interest in ordinary shares of the Company that each Director has at balance date is M Cole 300,000 (2008:300,000), B Coleman 200,000 (2008:200,000), M Towers 20,000 (2008:20,000), K Neilson 322,074,841 (2008:322,074,841) and M Halstead 22,834,931 (2008:22,834,931). No shares were acquired or disposed of by any of the Directors during the year.

**(c) Share-based compensation**

No options or performance rights have been granted to any Non-Executive or Executive Directors of the Company.

A Clifford, a Director of Platinum Investment Management Limited, was granted 3,844,350 options on 17 June 2009.

These options were granted at a strike price of \$4.50. The options vest after four years and have a further two year exercise period. The assessed fair value of options granted on 17 June 2009 was \$1.14 per option. The 2009 share-based payments expense relating to this grant to A Clifford was \$41,820 (2008: nil).

## **DIRECTORS' DECLARATION**

In the Directors' opinion,

- (a) the financial statements and notes set out on pages 11 to 28 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 consolidated entity'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 Asset Management 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 4 to 6 of the Directors Report comply with AASB 124: *Related Party Disclosures* and the *Corporations Regulations 2001*.

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

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

**Michael Cole**  
Director

**Kerr Neilson**  
Director

Sydney  
20 August 2009

Independent auditor's report to the members of  
Platinum Asset Management Limited

**Report on the financial report**

We have audited the accompanying financial report of Platinum Asset Management Limited (the Company), which comprises the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration for both Platinum Asset Management Limited and the Platinum Asset Management group (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

*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 controls 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 controls. 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 Asset Management 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 Asset Management Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's and consolidated entity'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 consolidated financial statements and notes 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 4 to 6 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 Asset Management Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

A J Loveridge  
Partner

Sydney  
August 2009

## **DIRECTORY**

### **Directors**

Michael Cole  
Bruce Coleman  
Margaret Towers  
Kerr Neilson  
Malcolm Halstead

### **Secretary**

Malcolm Halstead

### **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 Registrars**

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: **PTM**

### **Website**

[http://www.platinum.com.au/paml\\_shares.htm](http://www.platinum.com.au/paml_shares.htm)