

**Platinum International Fund<sup>®</sup>** ARSN 089 528 307

**Platinum Unhedged Fund<sup>™</sup>** ARSN 123 939 471

**Platinum Asia Fund<sup>®</sup>** ARSN 104 043 110

**Platinum European Fund<sup>®</sup>** ARSN 089 528 594

**Platinum Japan Fund<sup>®</sup>** ARSN 089 528 825

**Platinum International Brands Fund<sup>®</sup>** ARSN 092 429 813

**Platinum International Health Care Fund<sup>®</sup>** ARSN 107 023 530

**Platinum International Technology Fund<sup>®</sup>** ARSN 092 429 555

## **Financial Report**

**For the Financial Year ended 30 June 2010**

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## **Financial Report – For the Financial Year ended 30 June 2010**

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Platinum International Fund  
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Platinum International Health Care Fund  
Platinum International Technology Fund

## **Responsible Entity Report**

The Directors of Platinum Investment Management Limited (trading as Platinum Asset Management<sup>®</sup>) ABN 25 063 565 006 AFSL 221935, the responsible entity of the Platinum International Fund, the Platinum Unhedged Fund, the Platinum Asia Fund, the Platinum European Fund, the Platinum Japan Fund, the Platinum International Brands Fund, the Platinum International Health Care Fund and the Platinum International Technology Fund (collectively referred to as “*the registered schemes*”), present their report on the registered schemes for the financial year ended 30 June 2010.

### **Principal Activities**

During the year, the registered schemes continued to invest funds in accordance with the Product Disclosure Statement (PDS) and their respective Constitutions.

### **Directors of the Responsible Entity**

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

K Neilson  
A Clifford  
M Halstead

### **Significant Changes in the State of Affairs**

There were no significant changes to the state of affairs of the registered schemes during the financial year, other than those disclosed in this report or the financial statements.

### **Review of Operations**

The registered schemes predominantly maintain their individual investment strategy in listed equities, equity and index derivatives and currency contracts.

Platinum International Fund  
 Platinum Unhedged Fund  
 Platinum Asia Fund  
 Platinum European Fund  
 Platinum Japan Fund  
 Platinum International Brands Fund  
 Platinum International Health Care Fund  
 Platinum International Technology Fund

## Responsible Entity Report (cont)

### Results

The performance of the registered schemes, as represented by the results of their operations for the financial year ended 30 June 2010, were as follows:

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Net Operating Profit/(Loss)	856,654	1,240,982	13,338	2,556	401,472	234,707	30,897	(17,875)	(12,104)	121,604	117,052	41,369	1,610	363	2,773	7,591

The distributions of the registered schemes at 30 June were:

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Distribution Paid and Payable	-	1,415,026	4,239	524	101,224	220,301	4,074	8,899	5,424	55,964	13,256	44,357	198	393	1,518	3,685
Distribution (cents per unit)	-	30.92	6.71	0.98	6.54	17.43	4.58	8.80	2.21	28.26	5.90	19.97	1.07	2.66	3.78	10.36

The redemption prices of the registered schemes at 30 June were:

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Redemption Price – (cum-distribution)	1.5734	1.7154	1.1396	0.9389	2.3439	2.2304	1.7911	1.5682	1.8783	2.1947	2.0775	1.7693	0.9711	0.8922	1.0485	1.0783

### Matters subsequent to the end of the financial year

Except as disclosed in the financial report, no other matter or circumstance has arisen since 30 June 2010 that has significantly affected or may significantly affect:

- (i) the operations of the registered schemes in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the states of affair of the registered schemes in future financial years.

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## **Responsible Entity Report (cont)**

### **Likely Developments**

The registered schemes will continue to pursue their investment objectives so as to increase their net asset value. The method of operating the registered schemes is not expected to change in the foreseeable future.

### **Indemnification and Insurance of Officers and Auditors**

No insurance premiums are paid for out of the assets of the registered schemes with regard to insurance cover provided to either the Investment Manager, Platinum Investment Management Limited, or the Auditor of the registered schemes. So long as the officers of the responsible entity act in accordance with the schemes' Constitution and the Law, they remain fully indemnified out of the assets of the registered schemes against any losses incurred while acting on behalf of the registered schemes. The Auditor of the registered schemes is in no way indemnified out of the assets of the registered schemes.

### **Fees Paid to and Interests Held in the registered scheme**

Fees paid to the responsible entity out of registered schemes' property during the year are disclosed in Note 12 to the financial statements. No fees were paid out of the registered schemes' property directly to the Directors of the responsible entity during the year.

### **Units on Issue**

The movement in units on issue in the registered schemes during the year has been disclosed in Note 6 to the financial statements.

### **Environmental Regulation**

The operations of the registered schemes are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

### **Rounding of amounts to the nearest thousand dollars**

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

### **Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is attached on page 5.

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

M Halstead  
Director

Sydney  
13 August 2010

## Auditor's Independence Declaration

As lead auditor for the audit of Platinum International Fund, Platinum Unhedged Fund, Platinum Asia Fund, Platinum European Fund, Platinum Japan Fund, Platinum International Brands Fund, Platinum International Health Care Fund and Platinum International Technology Fund (collectively referred to as "the registered schemes") for the year ended 30 June 2010, 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 the registered schemes during the period.

A J Wilson

Partner  
PricewaterhouseCoopers

13 August 2010

Platinum International Fund  
Platinum Unhedged Fund  
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Platinum International Health Care Fund  
Platinum International Technology Fund

## Statements of Comprehensive Income

For the year ended 30 June 2010

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>Investment income</b>																
Dividends	151,965	169,959	1,543	1,338	70,013	74,684	3,452	5,280	8,707	9,549	13,017	9,572	165	230	692	1,012
Interest	16,151	18,888	117	154	12,158	7,775	58	315	155	332	335	740	35	29	60	69
Net gains/(losses) on financial assets at fair value through profit or loss	801,161	365,296	15,519	(5,739)	441,666	20,846	26,280	(33,956)	(2,439)	(35,572)	111,717	(10,289)	1,640	(510)	3,003	(396)
Net foreign exchange gains/(losses) on forward currency contracts	47,885	831,672	(2,483)	7,862	(57,456)	179,392	4,504	14,717	(9,960)	155,569	250	49,515	39	901	(203)	7,611
<b>Total investment income/(loss)</b>	<b>1,017,162</b>	<b>1,385,815</b>	<b>14,696</b>	<b>3,615</b>	<b>466,381</b>	<b>282,697</b>	<b>34,294</b>	<b>(13,644)</b>	<b>(3,537)</b>	<b>129,878</b>	<b>125,319</b>	<b>49,538</b>	<b>1,879</b>	<b>650</b>	<b>3,552</b>	<b>8,296</b>
<b>Expenses</b>																
Management fee	118,912	103,948	950	723	46,061	33,296	2,351	2,692	6,642	6,347	6,012	5,785	200	222	581	508
Administration fee	6,670	5,890	68	52	3,290	2,378	168	192	474	453	429	413	14	16	42	36
Withholding tax on foreign dividends	16,213	19,236	164	142	6,360	6,271	462	722	652	646	825	928	23	20	82	78
Transaction costs	18,635	15,710	175	142	9,177	6,025	415	619	796	824	977	1,038	28	29	74	83
Other	78	49	1	-	21	20	1	6	3	4	24	5	4	-	-	-
<b>Total expenses</b>	<b>160,508</b>	<b>144,833</b>	<b>1,358</b>	<b>1,059</b>	<b>64,909</b>	<b>47,990</b>	<b>3,397</b>	<b>4,231</b>	<b>8,567</b>	<b>8,274</b>	<b>8,267</b>	<b>8,169</b>	<b>269</b>	<b>287</b>	<b>779</b>	<b>705</b>
<b>Net operating profit/(loss)</b>	<b>856,654</b>	<b>1,240,982</b>	<b>13,338</b>	<b>2,556</b>	<b>401,472</b>	<b>234,707</b>	<b>30,897</b>	<b>(17,875)</b>	<b>(12,104)</b>	<b>121,604</b>	<b>117,052</b>	<b>41,369</b>	<b>1,610</b>	<b>363</b>	<b>2,773</b>	<b>7,591</b>
<b>Financing Costs</b>																
<b>Net operating profit/(loss)</b>	856,654	1,240,982	13,338	2,556	401,472	234,707	30,897	(17,875)	(12,104)	121,604	117,052	41,369	1,610	363	2,773	7,591
(Increase)/decrease in net assets attributable to unitholders	(856,654)	174,044	(9,099)	(2,032)	(300,248)	(14,406)	(26,823)	26,774	17,528	(65,640)	(103,796)	2,988	(1,412)	30	(1,255)	(3,906)
Distribution paid and payable	-	(1,415,026)	(4,239)	(524)	(101,224)	(220,301)	(4,074)	(8,899)	(5,424)	(55,964)	(13,256)	(44,357)	(198)	(393)	(1,518)	(3,685)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.*

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
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Platinum International Technology Fund

## Balance Sheets

As at 30 June 2010

	Notes	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>Assets</b>																	
Cash and cash equivalents	13 (a)	1,450,520	1,476,106	7,711	6,186	329,688	557,979	11,478	19,671	57,550	52,380	58,315	81,228	5,007	2,560	12,054	9,047
Financial assets at fair value through profit or loss	5	7,942,502	6,383,599	71,456	50,939	3,300,819	2,261,537	147,958	138,707	392,259	384,554	405,778	311,640	12,957	10,592	29,934	28,953
Receivables	8	15,042	9,377	330	53	4,216	6,286	329	450	11,512	249	3,686	702	30	25	271	418
<b>Total Assets</b>		<b>9,408,064</b>	<b>7,869,082</b>	<b>79,497</b>	<b>57,178</b>	<b>3,634,723</b>	<b>2,825,802</b>	<b>159,765</b>	<b>158,828</b>	<b>461,321</b>	<b>437,183</b>	<b>467,779</b>	<b>393,570</b>	<b>17,994</b>	<b>13,177</b>	<b>42,259</b>	<b>38,418</b>
<b>Liabilities</b>																	
Unitholders' distribution payable	7	-	1,415,026	4,239	524	101,224	220,301	4,074	8,899	5,424	55,964	13,256	44,357	198	393	1,518	3,685
Payables	9	19,646	10,245	7,426	6,753	4,395	5,171	188	205	901	2,729	567	520	15	14	50	47
<b>Total Liabilities (excluding net assets attributable to unitholders)</b>		<b>19,646</b>	<b>1,425,271</b>	<b>11,665</b>	<b>7,277</b>	<b>105,619</b>	<b>225,472</b>	<b>4,262</b>	<b>9,104</b>	<b>6,325</b>	<b>58,693</b>	<b>13,823</b>	<b>44,877</b>	<b>213</b>	<b>407</b>	<b>1,568</b>	<b>3,732</b>
<b>Net Assets Attributable to Unitholders</b>	6	<b>9,388,418</b>	<b>6,443,811</b>	<b>67,832</b>	<b>49,901</b>	<b>3,529,104</b>	<b>2,600,330</b>	<b>155,503</b>	<b>149,724</b>	<b>454,996</b>	<b>378,490</b>	<b>453,956</b>	<b>348,693</b>	<b>17,781</b>	<b>12,770</b>	<b>40,691</b>	<b>34,686</b>

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

Platinum International Fund  
 Platinum Unhedged Fund  
 Platinum Asia Fund  
 Platinum European Fund  
 Platinum Japan Fund  
 Platinum International Brands Fund  
 Platinum International Health Care Fund  
 Platinum International Technology Fund

## Statements of Changes in Equity

For the year ended 30 June 2010

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>Total equity at the beginning of the financial year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total recognised income and expense for the year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total equity at the end of the financial year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity and accordingly the registered schemes have no equity for financial reporting purposes.

*The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.*

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
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Platinum International Technology Fund

## Statements of Cash Flows

For the year ended 30 June 2010

	Notes	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>Cash flows from operating activities</b>																	
Interest received		16,165	19,435	126	158	12,635	7,769	62	311	179	345	358	717	36	28	66	63
Dividends received		148,996	171,100	1,498	1,389	72,232	74,147	3,569	5,092	8,324	9,702	13,181	9,832	159	223	695	1,004
Manager's fees paid		(124,728)	(109,325)	(998)	(772)	(48,639)	(35,683)	(2,536)	(3,004)	(7,110)	(6,898)	(6,394)	(6,307)	(213)	(241)	(620)	(550)
Other expenses paid		(18,923)	(15,712)	(178)	(142)	(9,331)	(5,980)	(416)	(612)	(811)	(812)	(1,012)	(1,026)	(32)	(29)	(76)	(81)
Cash paid for purchase of financial assets		(6,707,871)	(6,503,816)	(91,781)	(72,020)	(2,578,725)	(2,846,355)	(68,292)	(175,891)	(611,164)	(688,675)	(191,322)	(180,507)	(7,369)	(9,204)	(36,692)	(44,887)
Cash proceeds from sale of financial assets		5,982,271	7,395,081	83,431	73,013	1,920,371	2,685,310	91,527	237,457	580,400	821,449	211,229	270,844	6,653	11,015	38,483	52,029
<b>Net cash inflow/(outflow) from operating activities</b>	13 (c)	(704,090)	956,763	(7,902)	1,626	(631,457)	(120,792)	23,914	63,353	(30,182)	135,111	26,040	93,553	(766)	1,792	1,856	7,578
<b>Cash flows from financing activities</b>																	
Proceeds received from units issued		3,042,078	1,250,871	25,938	14,787	981,917	742,681	16,932	25,290	176,439	48,936	70,992	38,433	5,187	1,981	11,135	3,922
Cash paid for units redeemed		(954,125)	(1,499,740)	(15,810)	(15,650)	(353,391)	(516,883)	(37,976)	(83,419)	(82,405)	(219,527)	(69,525)	(139,245)	(1,588)	(4,411)	(6,385)	(12,381)
Distributions paid		(1,415,026)	(501,330)	(524)	(402)	(220,301)	(403,031)	(8,899)	(5,947)	(55,964)	-	(44,357)	(15,085)	(393)	(815)	(3,685)	(1,559)
<b>Net cash inflow/(outflow) from financing activities</b>		672,927	(750,199)	9,604	(1,265)	408,225	(177,233)	(29,943)	(64,076)	38,070	(170,591)	(42,890)	(115,897)	3,206	(3,245)	1,065	(10,018)
<b>Net increase/(decrease) in cash and cash equivalents</b>		(31,163)	206,564	1,702	361	(223,232)	(298,025)	(6,029)	(723)	7,888	(35,480)	(16,850)	(22,344)	2,440	(1,453)	2,921	(2,440)
Cash and cash equivalents at beginning of the financial year		1,476,106	1,149,727	6,186	5,470	557,979	747,874	19,671	16,106	52,380	63,536	81,228	89,971	2,560	3,168	9,047	9,414
Effects of exchange rate changes on cash and cash equivalents		5,577	119,815	(177)	355	(5,059)	108,130	(2,164)	4,288	(2,718)	24,324	(6,063)	13,601	7	845	86	2,073
<b>Cash and cash equivalents at the end of the financial year</b>	13 (a)	1,450,520	1,476,106	7,711	6,186	329,688	557,979	11,478	19,671	57,550	52,380	58,315	81,228	5,007	2,560	12,054	9,047

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
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Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010

### Note 1 General Information

This financial report covers the Platinum International Fund, Platinum Unhedged Fund, Platinum Asia Fund, Platinum European Fund, Platinum Japan Fund, Platinum International Brands Fund, Platinum International Health Care Fund and Platinum International Technology Fund (collectively referred to as “the registered schemes”), as individual entities.

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 is the responsible entity of the registered schemes, the registered office is 7 Macquarie Place, Sydney, NSW 2000.

Registered Scheme	Date of Commencement
Platinum International Fund	4 April 1995
Platinum Unhedged Fund	19 January 2005
Platinum Asia Fund	3 March 2003
Platinum European Fund	12 June 1998
Platinum Japan Fund	12 June 1998
Platinum International Brands Fund	11 April 2000
Platinum International Health Care Fund	5 November 2003
Platinum International Technology Fund	11 April 2000

The financial report was authorised for issue by the Directors of the responsible entity on 13 August 2010. The Directors have the power to amend the financial report after issue.

### Note 2 Summary of Significant Accounting Policies

#### (a) Basis of preparation of the financial report

This general purpose financial report has been prepared in accordance with the requirements of the registered schemes’ Constitution, Australian Accounting Standards (including AASB 101: *Presentation of Financial Statements*), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

*Compliance with International Financial Reporting Standards (IFRS)*

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

Platinum International Fund  
Platinum Unhedged Fund  
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## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 2 Summary of Significant Accounting Policies (cont)

#### (a) Basis of preparation of the financial report (cont)

##### *Historical Cost Convention*

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

##### *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.

The Balance Sheets are presented in decreasing order of liquidity.

#### (b) Income Tax

Under current tax legislation, the registered schemes are not subject to income tax, provided that distributable income is fully distributed, either by way of cash or reinvestment. The benefits of any imputation and offsets for foreign tax paid are passed on to unitholders.

#### (c) Financial Assets at Fair Value Through Profit or Loss

Under AASB 139, marketable equity securities are designated in the Balance Sheet as "financial assets at fair value through profit or loss". These include financial assets that have quoted prices in active markets and can be reliably measured. This designation is consistent with the Investment Manager's general stock selection policy of selecting investments that are liquid and actively traded. These investments are initially recognised at fair value excluding transaction costs, which are expensed as incurred. Investments are valued based on quoted "bid" prices on long securities. Gains and losses arising from changes in the fair value of the financial assets are included in the Statement of Comprehensive Income in the period in which they arise.

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

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 2 Summary of Significant Accounting Policies (cont)

#### (c) Financial Assets at Fair Value Through Profit or Loss (cont)

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

##### *Fair value in an active market*

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

##### *Fair value in an inactive or unquoted market*

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

##### *Recognition/derecognition*

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

The registered schemes no longer recognise financial assets on the date they become party to the sale contractual agreement (trade date).

#### (d) Transaction costs

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

#### (e) Net assets attributable to unitholders

Units on issue give the unitholder a right to redeem units at the redemption price. The registered schemes have more than one class of units on issue. Therefore, net assets attributable to unitholders is considered a liability rather than equity. The liability represents the balance of the net assets of the registered schemes at reporting date. As unitholders’ funds are classed as a liability under AIFRS, it will be necessary to recognise “(increase)/decrease in net assets attributable to unitholders” in the Statement of Comprehensive Income as a finance cost.

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
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Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 2 Summary of Significant Accounting Policies (cont)

**(f) Foreign currency translation**

The functional and presentation currency of the registered schemes 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 for each Balance Sheet presented are translated at exchange rates at the closing rate at the date of that Balance Sheet. Resulting exchange differences are brought to account in determining profit and loss for the year.

**(g) Investment income**

*Interest Income*

Interest income is recognised in the Statement of Comprehensive Income 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) Distributions**

In accordance with each registered schemes' Constitution, each registered scheme fully distributes any distributable income to unitholders by cash or reinvestment. Distributable income is determined by reference to the taxable income of the registered scheme.

**(i) 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.

**(j) Payables**

All payables are recognised as and when the registered schemes become liable.

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 2 Summary of Significant Accounting Policies (cont)

**(k) Application and redemptions**

Applications received for units in the registered schemes are recorded net of any entry fees payable prior to the issue of units in the registered schemes. Redemptions from the registered schemes are recorded gross of any exit fees payable after the cancellation of units redeemed. The redemption price is determined by reference to the net assets of the registered scheme divided by the number of units on issue at or immediately prior to close of business each day. Issues and redemptions of units are processed simultaneously.

**(l) Rounding of amounts to the nearest thousand dollars**

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

**(m) Goods and Services Tax (GST)**

The GST paid on the costs of various services provided to the registered schemes, such as Investment Management fees, have been passed onto the registered schemes. Investment Management fees have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). The net of GST recoverable from the ATO is included in receivables in the Balance Sheet. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

**(n) Operating Segments**

The registered schemes are outside the scope of AASB 8 *Operating Segments* because they do not satisfy the requirement under AASB8 of having debt or equity instruments traded in a public market, or file their financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

**(o) Cash and Cash Equivalents**

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

Margin accounts comprise cash held as collateral for derivative transactions.

Payments and receipts relating to the purchase and sale of financial assets are classified as "cash flows from operating activities", as realised and unrealised gains (and losses) on financial assets represents the registered schemes' main operating activity.

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 2 Summary of Significant Accounting Policies (cont)

**(p) Due from/to brokers for unsettled trades**

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for, but not yet delivered by the reporting date. Trades are recorded on trade date. Proceeds on sale of investments are usually received between two and five days after trade date. Payables on purchase of investments are usually paid between two and five days after trade date.

**(q) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. Our assessment of the impact of these new standards and interpretations on the registered schemes is set out below:

- (i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective for annual periods beginning on or after 1 January 2013).

AASB 9 *Financial Instruments* provides revised guidance on the classification and measurement of financial assets. The requirements of this standard represents a significant change from the existing requirements of AASB 139 in respect of financial assets. The standard contains two primary measurement categories of financial assets: amortised cost and fair value. The standard eliminates the existing AASB 139 categories of held to maturity, available for sale and loans and receivables. Equity instruments will be measured at fair value with fair value changes in traded equity investments taken to the profit or loss. The standard would not have a significant impact on the registered schemes as its equities and derivatives are already recognised at fair value. The registered schemes will apply the standard from 1 July 2013.

- (ii) AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvement Project* (effective from 1 January 2010).

In May 2009 the AASB issued a number of improvements to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 8 *Operating Segments*, AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 136 *Impairment of Assets* and AASB 139 *Financial Instruments, Recognition and Measurement*. The registered schemes do not expect that any adjustments will be necessary as a result of applying the revised rules. The registered schemes will apply the revised standards from 1 July 2010.

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
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Platinum International Technology Fund

## **Notes to the Financial Statements**

For the year ended 30 June 2010 (cont)

### **Note 2 Summary of Significant Accounting Policies (cont)**

#### **(q) New accounting standards and interpretations (cont)**

(iii) Revised AASB 124 *Related Party Disclosures* (effective for annual periods beginning on or after 1 January 2011).

The revised AASB 124 simplifies the definition of a “related party”, clarifying its intended meaning and eliminating inconsistencies from the definition. The standard would not impact on the disclosures contained in the financial report. The registered schemes will apply the revised standard from 1 July 2011.

(iv) AASB 2009-12 *Amendments to Australian Accounting Standards AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031; and Interpretations 2, 4, 16, 1039 and 1052* (effective for annual periods beginning on or after 1 January 2011).

The standard contains a variety of “editorial corrections”, many of which reflect changes made to the text of equivalent IFRSs by the IASB. These changes will have no major impact or effect on the financial report of the registered schemes. The registered schemes will apply the revised standards from 1 July 2011.

Platinum International Fund  
 Platinum Unhedged Fund  
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 Platinum International Brands Fund  
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 Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 3 Auditor's Remuneration

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Auditing and review of the financial report	40,091	38,550	5,257	5,055	21,868	21,026	19,135	18,398	20,045	19,274	19,135	18,399	7,290	7,010	16,401	15,770
Auditing the Compliance Plan	8,142	7,829	1,823	1,753	6,684	6,427	4,253	4,089	4,862	4,675	4,253	4,089	1,823	1,753	3,343	3,214
Other audit and assurance services	13,800	13,006	1,875	1,732	29,311	15,016	1,875	1,732	1,875	1,732	1,875	1,732	1,875	1,732	1,875	1,732
Taxation services – Compliance	68,880	47,886	47,020	36,536	52,690	43,096	44,270	34,826	46,570	35,646	49,650	32,726	42,280	33,896	48,450	37,156
Other advisory services – Foreign tax agent	8,845	19,320	2,849	3,773	8,845	19,320	-	-	-	-	2,849	3,773	-	-	3,481	4,611
	139,758	126,591	58,824	48,849	119,398	104,885	69,533	59,045	73,352	61,327	77,762	60,719	53,268	44,391	73,550	62,483

In 2010 (and 2009) Auditor's Remuneration was paid by the responsible entity and reimbursed by the registered schemes.

### Note 4 Taxation

Under current tax legislation the individual registered schemes are not subject to income tax, as taxable income (including assessable net realised capital gains) is distributed in full to unitholders.

Platinum International Fund  
Platinum Unhedged Fund  
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Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 5 Financial Assets at Fair Value Through Profit or Loss

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Equity securities	7,989,876	6,289,242	71,456	50,939	3,274,695	2,264,950	147,498	135,931	407,748	381,450	409,264	308,311	13,087	10,328	30,975	27,977
Derivatives	93,180	(11,774)	-	-	(5,124)	-	238	(4)	(831)	(2,498)	1,268	(1,325)	13	(32)	(21)	44
Forward currency contracts	(140,554)	106,131	-	-	31,248	(3,413)	222	2,780	(14,658)	5,602	(4,754)	4,654	(143)	296	(1,020)	932
	7,942,502	6,383,599	71,456	50,939	3,300,819	2,261,537	147,958	138,707	392,259	384,554	405,778	311,640	12,957	10,592	29,934	28,953

Refer to Note 2(c) for the accounting policy concerning fair value measurement. Information relating to the registered schemes' exposure to foreign currency risk, price risk and liquidity risk in relation to investments is provided in Note 10.

### Note 6 Net Assets Attributable to Unitholders

Movements in number of units and net assets attributable to unitholders during the financial year were as follows:

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Opening balance	6,443,811	6,866,724	49,901	49,069	2,600,330	2,360,126	149,724	234,627	378,490	483,441	348,693	452,493	12,770	15,230	34,686	39,239
Applications during the financial year	3,042,078	1,250,871	25,938	14,787	981,917	742,681	16,932	25,290	176,439	48,936	70,992	38,433	5,187	1,981	11,135	3,922
Redemptions during the financial year	(954,125)	(1,499,740)	(17,106)	(15,987)	(353,391)	(516,883)	(37,976)	(83,419)	(82,405)	(219,527)	(69,525)	(139,245)	(1,588)	(4,411)	(6,385)	(12,381)
Increase/(decrease) in net assets attributable to unitholders	856,654	(174,044)	9,099	2,032	300,248	14,406	26,823	(26,774)	(17,528)	65,640	103,796	(2,988)	1,412	(30)	1,255	3,906
Closing balance	9,388,418	6,443,811	67,832	49,901	3,529,104	2,600,330	155,503	149,724	454,996	378,490	453,956	348,693	17,781	12,770	40,691	34,686

  

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000
Opening balance	4,575,833	4,733,544	53,699	54,968	1,264,162	1,168,845	101,092	140,879	198,037	288,316	222,154	282,875	14,752	17,603	35,567	44,872
Number of units issued during the financial year	2,005,030	794,002	25,258	17,099	441,830	364,791	10,179	15,672	17,295	26,288	39,636	23,200	5,424	2,167	10,690	4,268
Number of units redeemed during the financial year	(621,310)	(951,713)	(15,766)	(18,368)	(157,704)	(269,474)	(22,232)	(55,459)	(44,198)	(116,567)	(37,110)	(83,921)	(1,698)	(5,018)	(6,068)	(13,573)
Closing balance	5,959,553	4,575,833	63,191	53,699	1,548,288	1,264,162	89,039	101,092	245,134	198,037	224,680	222,154	18,478	14,752	40,189	35,567

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 7 Distributions Paid and Payable

International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000

#### Timing of distributions

The distributions were paid/payable as follows:  
30 June final payable

-	1,415,026	4,239	524	101,224	220,301	4,074	8,899	5,424	55,964	13,256	44,357	198	393	1,518	3,685
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### Note 8 Receivables

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Unsettled trades	5,868	148	242	3	503	-	-	-	10,927	35	3,160	-	-	-	236	376
Interest receivable	316	330	2	11	-	477	-	4	-	24	-	23	-	1	-	6
GST receivable	1,121	898	9	7	444	311	20	20	62	50	57	46	2	2	6	4
Dividends receivable	5,677	3,497	67	27	3,172	5,452	149	207	523	140	380	508	9	8	24	27
Dividend tax refund receivable	2,060	1,271	10	5	97	36	160	219	-	-	89	125	19	14	5	5
Indian capital gains tax refund receivable	-	3,233	-	-	-	10	-	-	-	-	-	-	-	-	-	-
	15,042	9,377	330	53	4,216	6,286	329	450	11,512	249	3,686	702	30	25	271	418

Proceeds on sale of investments are usually received between two and five days after trade date. Interest is usually received within three days of becoming receivable and dividends are usually received within 50 days of the ex-dividend date.

Information relating to the ageing of receivables for 2010 is provided in Note 10.

Platinum International Fund  
 Platinum Unhedged Fund  
 Platinum Asia Fund  
 Platinum European Fund  
 Platinum Japan Fund  
 Platinum International Brands Fund  
 Platinum International Health Care Fund  
 Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 9 Payables

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Unsettled trades	8,534	-	-	643	-	1,488	-	-	340	2,174	-	-	-	-	-	-
Payable to unitholders	-	-	7,340	6,044	-	-	-	-	-	-	-	-	-	-	-	-
Management and administration fees	11,099	10,245	86	66	4,395	3,683	188	205	561	555	567	520	15	14	50	47
Other payables	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>19,646</u>	<u>10,245</u>	<u>7,426</u>	<u>6,753</u>	<u>4,395</u>	<u>5,171</u>	<u>188</u>	<u>205</u>	<u>901</u>	<u>2,729</u>	<u>567</u>	<u>520</u>	<u>15</u>	<u>14</u>	<u>50</u>	<u>47</u>

Payables on purchase of investments are usually paid between two and five days after trade date.

Information relating to the registered schemes' exposure of payables to liquidity risk is provided in Note 10.

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## **Notes to the Financial Statements**

For the year ended 30 June 2010 (cont)

### **Note 10 Financial Risk Management**

#### **(a) Financial Risk Management Objectives, Policies and Processes**

The registered schemes' primary risks are related to the investment activities undertaken on its behalf by the responsible entity. The risks that the schemes are exposed to include market risk (including currency risk and price risk), credit risk and liquidity risk.

The responsible entity's investment style:

- adopts a bottom-up, stock selection methodology in which long-term capital growth is sought through investing in undervalued securities across the world;
- seeks absolute returns and not returns relative to any index;
- invests excess funds in cash when undervalued stocks cannot be found; and
- actively manages currency.

The registered schemes may also invest in fixed interest investments, although this is not a primary investment objective.

Derivatives (which include equity swaps and futures) are generally utilised for risk management purposes and to take opportunities to increase returns. The registered schemes do not enter or trade derivatives for speculative purposes. The underlying value of derivatives held by a registered scheme may not exceed 100% of the net asset value of that scheme. The underlying value of long stocks and derivative contracts may not exceed 150% of the net asset value of that scheme. Each of the registered schemes complied with its investment mandate at 30 June 2010.

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 10 Financial Risk Management (cont)

#### (b) Investments at Fair Value and Derivatives Exposure

	International Fund							
	2010				2009			
	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
Japan	1,582,835	-	(1,204,371)	378,464	1,340,992	-	(132,123)	1,208,869
Other Asia	1,811,747	36,880	-	1,848,627	1,410,558	-	-	1,410,558
Australia	12,425	4,138	(64,473)	(47,910)	1,741	-	-	1,741
Europe – Euro	2,103,003	-	(89,550)	2,013,453	1,689,106	-	-	1,689,106
Europe – Other	202,216	-	(242,358)	(40,142)	95,348	-	(64,375)	30,973
North America	2,142,364	-	(1,344,427)	797,937	1,616,516	-	(1,110,743)	505,773
South America	1,011	-	-	1,011	602	-	-	602
Africa	134,275	-	-	134,275	134,379	-	(113,585)	20,794
	<u>7,989,876</u>	<u>41,018</u>	<u>(2,945,179)</u>	<u>5,085,715</u>	<u>6,289,242</u>	<u>-</u>	<u>(1,420,826)</u>	<u>4,868,416</u>

Futures Notional Cost Amounts 30 June 2010 (2,964,675)

Futures Notional Cost Amounts 30 June 2009 (1,428,417)

	Asia Fund							
	2010				2009			
	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
Other Asia	3,274,695	57,555	(40,622)	3,291,628	2,264,950	-	-	2,264,950
Europe – Euro	-	-	-	-	-	-	-	-
Europe – Other	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-
	<u>3,274,695</u>	<u>57,555</u>	<u>(40,622)</u>	<u>3,291,628</u>	<u>2,264,950</u>	<u>-</u>	<u>-</u>	<u>2,264,950</u>

Futures Notional Cost Amounts 30 June 2010 23,113

Futures Notional Cost Amounts 30 June 2009 -

	Unhedged Fund							
	2010				2009			
	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
Japan	17,377	-	-	17,377	12,754	-	-	12,754
Other Asia	18,931	-	-	18,931	18,766	-	-	18,766
Australia	809	-	-	809	718	-	-	718
Europe – Euro	7,890	-	-	7,890	6,497	-	-	6,497
Europe – Other	2,728	-	-	2,728	414	-	-	414
North America	23,721	-	-	23,721	11,790	-	-	11,790
South America	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-
	<u>71,456</u>	<u>-</u>	<u>-</u>	<u>71,456</u>	<u>50,939</u>	<u>-</u>	<u>-</u>	<u>50,939</u>

Futures Notional Cost Amounts 30 June 2010 -

Futures Notional Cost Amounts 30 June 2009 -

	European Fund							
	2010				2009			
	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
Other Asia	-	-	-	-	-	-	-	-
Europe – Euro	121,279	-	(4,731)	116,548	118,097	-	-	118,097
Europe – Other	24,068	-	(8,300)	15,768	17,690	-	(3,304)	14,386
North America	2,151	-	-	2,151	144	-	-	144
	<u>147,498</u>	<u>-</u>	<u>(13,031)</u>	<u>134,467</u>	<u>135,931</u>	<u>-</u>	<u>(3,304)</u>	<u>132,627</u>

Futures Notional Cost Amounts 30 June 2010 (13,034)

Futures Notional Cost Amounts 30 June 2009 (3,327)

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### Note 10 Financial Risk Management (cont)

	Japan Fund							
	2010				2009			
	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
Japan	383,891	15,461	(129,585)	269,767	354,177	-	(108,220)	245,957
Other Asia	23,857	-	(52,830)	(28,973)	27,273	-	(23,769)	3,504
Europe – Euro	-	-	-	-	-	-	-	-
Europe – Other	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-
	<u>407,748</u>	<u>15,461</u>	<u>(182,415)</u>	<u>240,794</u>	<u>381,450</u>	<u>-</u>	<u>(131,989)</u>	<u>249,461</u>

Futures Notional Cost Amounts 30 June 2010 (163,107)

Futures Notional Cost Amounts 30 June 2009 (131,033)

	International Health Care Fund							
	2010				2009			
	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
Japan	291	-	-	291	192	-	-	192
Other Asia	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	(213)	(213)
Europe – Euro	3,122	-	-	3,122	2,863	-	-	2,863
Europe – Other	2,446	-	-	2,446	1,240	-	-	1,240
North America	7,080	-	(209)	6,871	6,033	-	(320)	5,713
South America	148	-	-	148	-	-	-	-
	<u>13,087</u>	<u>-</u>	<u>(209)</u>	<u>12,878</u>	<u>10,328</u>	<u>-</u>	<u>(533)</u>	<u>9,795</u>

Futures Notional Cost Amounts 30 June 2010 (213)

Futures Notional Cost Amounts 30 June 2009 (508)

	International Brands Fund							
	2010				2009			
	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
Japan	41,252	-	-	41,252	37,224	-	-	37,224
Other Asia	137,277	16,990	(9,944)	144,323	85,427	4,189	(8,356)	81,260
Europe – Euro	133,374	-	(13,118)	120,256	117,147	-	-	117,147
Europe – Other	37,552	-	(9,465)	28,087	25,412	-	(11,857)	13,555
North America	31,454	-	(11,540)	19,914	21,541	-	(7,990)	13,551
South America	27,455	-	-	27,455	21,560	-	-	21,560
Africa	900	-	-	900	-	-	-	-
	<u>409,264</u>	<u>16,990</u>	<u>(44,067)</u>	<u>382,187</u>	<u>308,311</u>	<u>4,189</u>	<u>(28,203)</u>	<u>284,297</u>

Futures Notional Cost Amounts 30 June 2010 (27,956)

Futures Notional Cost Amounts 30 June 2009 (22,703)

	International Technology Fund							
	2010				2009			
	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
Japan	3,023	-	-	3,023	3,293	-	(450)	2,843
Other Asia	10,804	-	(1,075)	9,729	10,269	-	-	10,269
Australia	-	-	-	-	-	-	-	-
Europe – Euro	6,687	-	-	6,687	5,449	-	-	5,449
Europe – Other	593	-	-	593	462	-	-	462
North America	9,868	-	-	9,868	8,504	-	(1,432)	7,072
South America	-	-	-	-	-	-	-	-
	<u>30,975</u>	<u>-</u>	<u>(1,075)</u>	<u>29,900</u>	<u>27,977</u>	<u>-</u>	<u>(1,882)</u>	<u>26,095</u>

Futures Notional Cost Amounts 30 June 2010 (1,060)

Futures Notional Cost Amounts 30 June 2009 (1,964)

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### **Note 10 Financial Risk Management (cont)**

The “Physical” column above shows the location of the investments. The “Long/Short Contracts” columns include the notional value of long/short equity swaps and futures.

The “Net Exposure” column above represents an approximation of each registered schemes’ exposure to movements in the markets. This is calculated by making an adjustment to the “physical” position, by adding to the physical position, the principal notional amount of any long (bought) positions and subtracting any short (sold) derivative positions in shares and shares index futures. For example, if 5% of the Portfolio for a registered scheme was invested in Japan but there was a 2% short exposure to Nikkei futures, the net exposure column would show 3%. Conceivably the figure could show a negative exposure which would indicate the Portfolio was net short the Japanese market.

#### **(c) Market Risk**

##### **(i) Foreign Exchange Risk**

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

The registered schemes operate internationally and are exposed to foreign exchange risk arising from buying, selling and holding investments denominated in foreign currencies.

Currency hedging is an integral part of the management of currency risk. The Investment Manager positions a registered schemes’ portfolio in what it believes will be a stronger currency(ies). For example, at 30 June 2010, Platinum International Fund’s United States Dollar currency exposure was 32.1%, Euro currency exposure was 15.2% and Australian Dollar currency exposure was 16.9%.

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

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

In respect of the Platinum Unhedged Fund, there is no currency management undertaken. The disposition of its investments determines its currency exposure.

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For the year ended 30 June 2010 (cont)

### Note 10 Financial Risk Management (cont)

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

#### International Fund

2010	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	1,455,979	-	(1,224,963)	231,016
Other Asia	1,909,912	422,168	-	2,332,080
Australia	681,797	1,763,020	(771,060)	1,673,757
Europe – Euro	2,104,139	301,067	(984,382)	1,420,824
Europe – Other	264,814	637,736	(326,673)	575,877
North America	2,973,861	2,109,600	(1,926,513)	3,156,948
South America	1,011	-	-	1,011
Africa	1,509	-	-	1,509
	<u>9,393,022</u>	<u>5,233,591</u>	<u>(5,233,591)</u>	<u>9,393,022</u>
2009	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	1,590,714	242,443	(1,101,184)	731,973
Other Asia	1,525,383	161,772	-	1,687,155
Australia	556,425	1,752,756	(315,624)	1,993,557
Europe – Euro	1,767,363	1,059,219	(928,128)	1,898,454
Europe – Other	47,836	381,594	(84,571)	344,859
North America	2,343,689	732,317	(1,900,594)	1,175,412
South America	602	-	-	602
Africa	27,693	-	-	27,693
	<u>7,859,705</u>	<u>4,330,101</u>	<u>(4,330,101)</u>	<u>7,859,705</u>

#### Unhedged Fund

2010	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	18,398	-	-	18,398
Other Asia	15,740	-	-	15,740
Australia	3,709	-	-	3,709
Europe – Euro	9,984	-	-	9,984
Europe – Other	2,967	-	-	2,967
North America	28,369	-	-	28,369
South America	-	-	-	-
Africa	-	-	-	-
	<u>79,167</u>	<u>-</u>	<u>-</u>	<u>79,167</u>
2009	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	12,801	-	-	12,801
Other Asia	15,892	-	-	15,892
Australia	7,113	-	-	7,113
Europe – Euro	6,497	-	-	6,497
Europe – Other	414	-	-	414
North America	14,408	-	-	14,408
South America	-	-	-	-
Africa	-	-	-	-
	<u>57,125</u>	<u>-</u>	<u>-</u>	<u>57,125</u>

#### Asia Fund

2010	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Other Asia	3,091,808	606	(93,811)	2,998,603
Australia	168,458	684,025	(275,292)	577,191
Europe – Euro	-	-	-	-
Europe – Other	-	-	-	-
North America	370,241	275,292	(590,820)	54,713
	<u>3,630,507</u>	<u>959,923</u>	<u>(959,923)</u>	<u>3,630,507</u>

#### European Fund

2010	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Other Asia	-	-	-	-
Australia	202	61,955	(22,500)	39,657
Europe – Euro	128,733	22,500	(80,594)	70,639
Europe – Other	24,365	18,340	-	42,705
North America	6,136	8,299	(8,000)	6,435
	<u>159,436</u>	<u>111,094</u>	<u>(111,094)</u>	<u>159,436</u>

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### Note 10 Financial Risk Management (cont)

#### Asia Fund

2009	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Other Asia	2,204,450	108,170	(211,025)	2,101,595
Australia	450,240	379,156	(267,000)	562,396
Europe – Euro	-	-	-	-
Europe – Other	-	-	-	-
North America	164,826	369,457	(378,758)	155,525
	<u>2,819,516</u>	<u>856,783</u>	<u>(856,783)</u>	<u>2,819,516</u>

#### European Fund

2009	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Other Asia	-	-	-	-
Australia	2,726	79,885	(33,700)	48,911
Europe – Euro	135,636	22,500	(79,885)	78,251
Europe – Other	18,642	11,200	-	29,842
North America	1,374	-	-	1,374
	<u>158,378</u>	<u>113,585</u>	<u>(113,585)</u>	<u>158,378</u>

#### Japan Fund

2010	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	376,851	340,570	(464,368)	253,053
Other Asia	25,144	174,488	(135,042)	64,590
Australia	1,024	216,917	(150,040)	67,901
Europe – Euro	-	-	-	-
Europe – Other	-	-	-	-
North America	46,790	355,728	(338,253)	64,265
South America	-	-	-	-
	<u>449,809</u>	<u>1,087,703</u>	<u>(1,087,703)</u>	<u>449,809</u>

#### International Brands Fund

2010	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	37,062	13,789	(32,668)	18,183
Other Asia	140,348	9,084	(17,374)	132,058
Australia	10,012	84,571	(20,000)	74,583
Europe – Euro	158,817	20,000	(48,302)	130,515
Europe – Other	33,381	-	(835)	32,546
North America	60,765	5,524	(13,789)	52,500
South America	23,708	-	-	23,708
	<u>464,093</u>	<u>132,968</u>	<u>(132,968)</u>	<u>464,093</u>

2009	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	381,755	34,731	(210,258)	206,228
Other Asia	23,242	77,901	-	101,143
Australia	9,241	116,124	(55,741)	69,624
Europe – Euro	-	-	-	-
Europe – Other	-	-	-	-
North America	22,696	68,567	(31,324)	59,939
South America	-	-	-	-
	<u>436,934</u>	<u>297,323</u>	<u>(297,323)</u>	<u>436,934</u>

2009	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	51,969	17,911	(31,364)	38,516
Other Asia	92,614	32,593	(37,503)	87,704
Australia	9,814	115,848	-	125,662
Europe – Euro	161,356	-	(84,819)	76,537
Europe – Other	22,128	-	(1,046)	21,082
North America	33,427	43,322	(54,942)	21,807
South America	21,560	-	-	21,560
	<u>392,868</u>	<u>209,674</u>	<u>(209,674)</u>	<u>392,868</u>

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For the year ended 30 June 2010 (cont)

### Note 10 Financial Risk Management (cont)

#### International Health Care Fund

2010	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	306	2,474	(2,038)	742
Other Asia	-	-	-	-
Australia	3,384	6,321	(5,150)	4,555
Europe – Euro	3,167	1,338	(721)	3,784
Europe – Other	2,486	2,100	(1,200)	3,386
North America	8,437	2,521	(5,645)	5,313
South America	184	-	-	184
	<u>17,964</u>	<u>14,754</u>	<u>(14,754)</u>	<u>17,964</u>

  

2009	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	188	2,414	(2,347)	255
Other Asia	-	-	-	-
Australia	545	4,990	(650)	4,885
Europe – Euro	3,131	1,468	-	4,599
Europe – Other	1,240	-	-	1,240
North America	8,048	-	(5,875)	2,173
South America	-	-	-	-
	<u>13,152</u>	<u>8,872</u>	<u>(8,872)</u>	<u>13,152</u>

#### International Technology Fund

2010	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	5,643	2,995	(5,473)	3,165
Other Asia	11,668	3,097	(2,238)	12,527
Australia	2,483	9,550	(2,187)	9,846
Europe – Euro	8,750	-	(4,848)	3,902
Europe – Other	1,558	2,069	(735)	2,892
North America	11,886	8,706	(10,936)	9,656
South America	-	-	-	-
	<u>41,988</u>	<u>26,417</u>	<u>(26,417)</u>	<u>41,988</u>

  

2009	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	3,969	-	(1,497)	2,472
Other Asia	11,918	1,067	(2,923)	10,062
Australia	2,367	16,102	(1,000)	17,469
Europe – Euro	7,085	-	(1,704)	5,381
Europe – Other	-	-	-	-
North America	12,661	1,000	(11,045)	2,616
South America	-	-	-	-
	<u>38,000</u>	<u>18,169</u>	<u>(18,169)</u>	<u>38,000</u>

Forward foreign currency contracts and options on forward currency contracts are adjusted against the “Physical” column to arrive at a net exposure for each currency grouping. The registered schemes generally utilise short dated (90 day maturities) currency agreements with high credit rating counterparties. The existing forward currency maturity dates range from 15 to 76 days.

#### Foreign exchange risk sensitivity analysis

For Platinum International Fund, at 30 June 2010, had the Australian Dollar weakened/strengthened by 10% against the United States Dollar with all other variables held constant, net assets attributable to unitholders would have been A\$335,651,227/A\$274,623,889 higher/lower (2009: A\$118,215,206/A\$96,720,652 higher/lower). Similarly, had the Australian Dollar weakened/strengthened by 10% against the Euro with all other variables held constant, net assets attributable to unitholders would have been A\$158,238,016/A\$129,469,072 higher/lower (2009: A\$211,078,170/A\$172,702,202 higher/lower).

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### Note 10 Financial Risk Management (cont)

For Platinum Unhedged Fund, at 30 June 2010, had the Australian Dollar weakened/strengthened by 10% against the United States Dollar with all other variables held constant, net assets attributable to unitholders would have been A\$2,926,655/A\$2,394,537 higher/lower (2009: A\$1,526,977/A\$1,249,337 higher/lower). Similarly, had the Australian Dollar weakened/strengthened by 10% against the Japanese Yen with all other variables held constant, net assets attributable to unitholders would have been A\$2,072,763/A\$1,695,897 higher/lower (2009: A\$1,422,555/A\$1,163,909 higher/lower).

For Platinum Asia Fund, at 30 June 2010, had the Australian Dollar weakened/strengthened by 10% against the Hong Kong Dollar with all other variables held constant, net assets attributable to unitholders would have been A\$87,150,308/A\$71,304,869 higher/lower (2009: A\$84,223,993/A\$68,910,582 higher/lower). Similarly, had the Australian Dollar weakened/strengthened by 10% against the Korean Won with all other variables held constant, net assets attributable to unitholders would have been A\$65,520,411/A\$53,607,609 higher/lower (2009: A\$28,152,825/A\$23,034,129 higher/lower).

For Platinum European Fund, at 30 June 2010, had the Australian Dollar weakened/strengthened by 10% against the Euro with all other variables held constant, net assets attributable to unitholders would have been A\$7,879,690/A\$6,447,112 higher/lower (2009: A\$8,732,318/A\$7,144,756 higher/lower).

For Platinum Japan Fund, at 30 June 2010, had the Australian Dollar weakened/strengthened by 10% against the Japanese Yen with all other variables held constant, net assets attributable to unitholders would have been A\$29,381,283/A\$24,039,235 higher/lower (2009: A\$22,490,960/A\$18,401,695 higher/lower).

For Platinum International Brands Fund, at 30 June 2010, had the Australian Dollar weakened/strengthened by 10% against the Euro with all other variables held constant, net assets attributable to unitholders would have been A\$14,741,980/A\$12,061,725 higher/lower (2009: A\$8,520,277/A\$6,971,270 higher/lower). Similarly, had the Australian Dollar weakened/strengthened by 10% against the Indian Rupee with all other variables held constant, net assets attributable to unitholders would have been A\$6,072,458/A\$4,968,375 higher/lower (2009: A\$2,867,154/A\$2,345,853 higher/lower).

For Platinum International Health Care Fund, at 30 June 2010, had the Australian Dollar weakened/strengthened by 10% against the United States Dollar with all other variables held constant, net assets attributable to unitholders would have been A\$490,672/A\$401,459 higher/lower (2009: A\$208,358/A\$170,472 higher/lower). Similarly, had the Australian Dollar weakened/strengthened by 10% against the Euro with all other variables held constant, net assets attributable to unitholders would have been A\$420,971/A\$344,434 higher/lower (2009: A\$511,518/A\$418,518 higher/lower).

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### **Note 10 Financial Risk Management (cont)**

For Platinum International Technology Fund, at 30 June 2010, had the Australian Dollar weakened/strengthened by 10% against the Euro with all other variables held constant, net assets attributable to unitholders would have been A\$1,072,838/A\$877,777 higher/lower (2009: A\$598,506/A\$489,693 higher/lower). Similarly, had the Australian Dollar weakened/strengthened against the Korean Won by 10% with all other variables held constant, net assets attributable to unitholders would have been A\$557,402/A\$456,056 higher/lower (2009: A\$274,338/A\$224,459 higher/lower).

A sensitivity of 10% has been selected as this is considered reasonably possible given current exchange rates and the volatility observed both on a historic basis and possible future movements.

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

The sensitivity analysis shows that the registered schemes are all materially affected by exchange rate movements (other things being equal) given the global nature of the investments held. Throughout 2009/2010, the Australian Dollar remained relatively strong against major currencies and hence currency hedging was undertaken to mitigate some of the adverse impact on returns.

#### **(ii) Interest Rate Risk**

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

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

Interest rate risk indirectly affects the registered schemes because interest rate movements will affect forward points used in determining gains or losses on forward contracts. This is not capable of precise estimation. The impact of interest rate movements on our investments is also not capable of precise estimation.

At 30 June 2010 and 2009, if interest rates had changed by +/- 100 basis points with all other variables held constant, the direct impact on interest receivable would not be significant for any of the registered schemes.

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### Note 10 Financial Risk Management (cont)

#### (iii) Price Risk

Price risk is the possibility the fair value or future cash flows of investments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Price risk is caused by a range of factors which are outside the control of the registered schemes, such as factors specific to the individual stocks or its issuer, or factors affecting the market in general, such as the recent deterioration in global financial markets.

Platinum's stock selection process is core to the management of price risk. Moreover, whilst we use the MSCI to measure relative performance, risk in our view is not solely relative performance versus a benchmark - but also the prospect of losing money (i.e. absolute returns). Platinum adopts a thematic stock selection approach and is referred to being an "active manager". Platinum seeks a broad range of investments whose business and growth prospects are being undervalued by the market. Accordingly, holdings in each of the registered schemes vary considerably from the make-up of the index. Active fund managers such as Platinum seek to out perform the market as represented by an appropriate index.

In addition, the registered schemes (other than Platinum Unhedged Fund) may enter into short equity swaps and futures to protect against market movements. At 30 June 2010, some of the registered schemes maintained short positions against various company specific stocks and market indices. The use of index derivatives allows a Fund to invest in particular companies, whilst providing some degree of protection against more general adverse market price movements.

#### *Price risk sensitivity analysis*

Price risk exposure arises from the registered schemes' investment portfolio which comprises investments in securities. The effect on net assets attributable to unitholders due to a reasonably possible change in market factors, as represented by a +/- 5% movement in the key regional equity index or indexes affecting the market that each registered scheme invests in, with all other variables held constant is indicated as follows:

For Platinum International Fund at 30 June 2010 if the Japanese Topix index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$79,141,732 (2009: \$60,437,857). Similarly, if the German DAX index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$53,005,003 (2009: \$46,906,441).

For Platinum Unhedged Fund at 30 June 2010 if the United States S&P index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$1,081,611 (2009: \$573,545). Similarly, if the Japanese Topix index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$868,828 (2009: \$637,723).

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For the year ended 30 June 2010 (cont)

### Note 10 Financial Risk Management (cont)

For Platinum Asia Fund at 30 June 2010 if the Hong Kong Hang Seng had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$38,064,459 (2009: \$34,913,971). Similarly, if the Korean Kospi index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$29,484,181 (2009: \$12,668,753).

For Platinum European Fund at 30 June 2010 if the German DAX index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$3,028,312 (2009: \$3,165,009). Similarly, if the French CAC index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$1,975,002 (2009: \$1,734,058).

For Platinum Japan Fund at 30 June 2010 if the Japanese Topix index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$16,823,235 (2009: \$12,272,903).

For Platinum International Brands Fund at 30 June 2010 if the German DAX index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$2,354,825 (2009: \$2,577,773). Similarly, if the Indian S&P CNX Nifty index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$2,111,959 (2009: \$634,438).

For Platinum International Health Care Fund at 30 June 2010 if the United States S&P index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$324,557 (2009: \$272,200). Similarly, if the Switzerland SMI index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$72,008 (2009: \$17,830).

For Platinum International Technology Fund at 30 June 2010 if the United States S&P index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$520,283 (2009: \$447,154). Similarly, if the German DAX index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased net assets attributable to unitholders by approximately \$237,402 (2009: \$221,530).

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

Note that the above analysis is based on the assumption that the registered schemes' stocks moved in correlation with the respective index or indices. The index or indices provided above is a reference point only. Actual movements in stock prices may vary significantly to movements in the index.

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### Note 10 Financial Risk Management (cont)

The above sensitivity analysis for price risk is unrepresentative of the market exposure for the registered schemes because Platinum does not invest by reference to the weighting or inclusion of a stock in specific index. An investment management style where the composition of the portfolio is by reference to global share index weightings are often referred to as "index managers". Index managers try to match a particular index by investing in securities that are representative of that index. For example, if BHP Billiton Limited made up 10% of the S&P/ASX 200 index, the investment manager would have 10% of the funds portfolio invested in BHP Billiton Limited and aim to maintain the weighting.

#### (d) Credit Risk

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

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

The table below shows the registered schemes counterparty credit risk exposure by credit ratings.

Rating	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
AA	491,299	308,910	-	-	162,940	170,916	6,557	-	-	-	25,904	35,917	3,646	1,428	643	-
AA-	27,140	-	-	-	60,421	14,258	-	-	-	-	2,479	4,853	-	-	-	-
A+	939,141	1,040,818	10,756	6,189	110,158	376,207	5,340	23,747	51,656	45,070	22,777	44,762	1,648	1,375	10,854	9,150
A	251,085	322,810	1,160	2,233	131,537	19,044	592	-	16,536	16,846	9,655	3,016	-	74	634	1,036
BBB+	-	-	-	-	-	-	-	-	7,560	-	-	-	-	-	-	-
	1,708,665	1,672,538	11,916	8,422	465,056	580,425	12,489	23,747	75,752	61,916	60,815	88,548	5,294	2,877	12,131	10,186

(Source: Platinum and Standard & Poor's)

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### Note 10 Financial Risk Management (cont)

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

Transactions in listed securities and investments generally, are only entered into with approved brokers. Payment is only made once a broker has received securities and delivery of securities sold only occurs once the broker receives payment.

#### *Ageing analysis*

For Platinum International Fund, the ageing analysis of receivables at 30 June 2010 is \$10,587,207 (0-30 days) (2009: \$2,941,848), \$1,752,348 (31-60 days) (2009: \$785,921), \$370,790 (61-90 days) (2009: \$2,390,822) and \$2,333,636 (90+ days) (2009: \$3,260,527). The amounts 61 days and over are past due but no receivables are impaired.

For Platinum Unhedged Fund, the ageing analysis of receivables at 30 June 2010 is \$306,448 (0-30 days) (2009: \$26,472), \$12,102 (31-60 days) (2009: \$24,242) and \$15,048 (90+ days) (2009: \$1,953). The amounts 61 days and over are past due but no receivables are impaired.

For Platinum Asia Fund, the ageing analysis of receivables at 30 June 2010 is \$3,743,917 (0-30 days) (2009: \$4,392,383), \$197,716 (31-60 days) (2009: \$359,991), \$80,904 (61-90 days) (2009: \$1,489,493) and \$194,729 (90+ days) (2009: \$45,795). The amounts 61 days and over are past due but no receivables are impaired.

For Platinum European Fund, the ageing analysis of receivables at 30 June 2010 is \$118,211 (0-30 days) (2009: \$215,324), \$135,729 (31-60 days) (2009: \$160,089), \$19,678 (61-90 days) (2009: \$33,051) and \$56,677 (90+ days) (2009: \$40,779). The amounts 61 days and over are past due but no receivables are impaired.

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### Note 10 Financial Risk Management (cont)

For Platinum Japan Fund, the ageing analysis of receivables at 30 June 2010 is \$10,986,624 (0-30 days) (2009: \$108,905), \$34,687 (61-90 days) (2009: \$nil) and \$486,970 (90+ days) (2009: \$139,103). The amounts 61 days and over are past due but no receivables are impaired.

For Platinum International Brands Fund, the ageing analysis of receivables at 30 June 2010 is \$3,514,434 (0-30 days) (2009: \$513,593), \$27,062 (31-60 days) (2009: \$59,585), \$30,703 (61-90 days) (2009: \$50,631) and \$114,081 (90+ days) (2009: \$78,953). The amounts 61 days and over are past due but no receivables are impaired.

For Platinum International Health Care Fund, the ageing analysis of receivables at 30 June 2010 is \$7,573 (0-30 days) (2009: \$7,186), \$1,585 (31-60 days) (2009: \$1,816), \$4,446 (61-90 days) (2009: \$4,613) and \$16,483 (90+ days) (2009: \$12,307). The amounts 61 days and over are past due but no receivables are impaired.

For Platinum International Technology Fund, the ageing analysis of receivables at 30 June 2010 is \$242,942 (0-30 days) (2009: \$386,210), \$1,435 (31-60 days) (2009: \$3,701), \$12,594 (61-90 days) (2009: \$19,303) and \$9,943 (90+ days) (2009: \$7,224). The amounts 61 days and over are past due but no receivables are impaired.

#### (e) Liquidity Risk

The registered schemes are exposed to cash redemptions of redeemable units. It holds equities that are traded on active markets and if necessary these can be readily disposed.

#### *Contractual maturity analysis*

The amounts below represent the contractual maturity of financial liabilities. Note that net assets attributable to unitholders is only included in the maturity analysis below because under AIFRS, unitholders equity is classified as a liability. For management purposes, net assets attributable to unitholders, is not an operating liability.

For Platinum International Fund at 30 June 2010, the contractual maturity for amounts payable within 3 months for unsettled trades is \$8.5 million (2009: \$nil), management and administration fees payable \$11.1 million (2009: \$10.2 million), unitholders' distribution payable \$nil (2009: \$1,415.0 million) and net assets attributable to unitholders \$9.4 billion (2009: \$6.4 billion). Platinum International Fund has sufficient funds to cover its operating liabilities as the value of assets realisable in one year or less is \$9.4 billion (2009: \$7.9 billion).

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### Note 10 Financial Risk Management (cont)

For Platinum Unhedged Fund at 30 June 2010, the contractual maturity for amounts payable within 3 months for unsettled trades is \$nil (2009: \$0.6 million), payables to unitholders \$7.3 million (2009: \$6.0 million), management and administration fees payable \$0.09 million (2009: \$0.07 million), unitholders' distribution payable \$4.2 million (2009: \$0.5 million) and net assets attributable to unitholders \$67.8 million (2009: \$49.9 million). Platinum Unhedged Fund has sufficient funds to cover its operating liabilities as the value of assets realisable in one year or less is \$79.5 million (2009: \$57.2 million).

For Platinum Asia Fund at 30 June 2010, the contractual maturity for amounts payable within 3 months for unsettled trades is \$nil (2009: \$1.5 million), management and administration fees payable \$4.4 million (2009: \$3.7 million), unitholders' distribution payable \$101.2 million (2009: \$220.3 million) and net assets attributable to unitholders \$3.5 billion (2009: \$2.6 billion). Platinum Asia Fund has sufficient funds to cover its operating liabilities as the value of assets realisable in one year or less is \$3.6 billion (2009: \$2.8 billion).

For Platinum European Fund at 30 June 2010, the contractual maturity for amounts payable within 3 months for management and administration fees payable is \$0.2 million (2009: \$0.2 million), unitholders' distribution payable \$4.1 million (2009: \$8.9 million) and net assets attributable to unitholders \$155.4 million (2009: \$149.7 million). Platinum European Fund has sufficient funds to cover its operating liabilities as the value of assets realisable in one year or less is \$159.7 million (2009: \$158.8 million).

For Platinum Japan Fund at 30 June 2010, the contractual maturity for amounts payable within 3 months for unsettled trades is \$0.3 million (2009: \$2.2 million), management and administration fees payable \$0.6 million (2009: \$0.6 million), unitholders' distribution payable \$5.4 million (2009: \$56.0 million) and net assets attributable to unitholders \$454.8 million (2009: \$378.5 million). Platinum Japan Fund has sufficient funds to cover its operating liabilities as the value of assets realisable in one year or less is \$461.3 million (2009: \$437.2 million).

For Platinum International Brands Fund at 30 June 2010, the contractual maturity for amounts payable within 3 months for management and administration fees payable is \$0.6 million (2009: \$0.5 million), unitholders' distribution payable \$13.3 million (2009: \$44.4 million) and net assets attributable to unitholders \$453.9 million (2009: \$348.7 million). Platinum International Brands Fund has sufficient funds to cover its operating liabilities as the value of assets realisable in one year or less is \$467.7 million (2009: \$393.5 million).

For Platinum International Health Care Fund at 30 June 2010, the contractual maturity for amounts payable within 3 months for management and administration fees payable is \$0.02 million (2009: \$0.01 million), unitholders' distribution payable \$0.2 million (2009: \$0.4 million) and net assets attributable to unitholders \$17.8 million (2009: \$12.8 million). Platinum International Health Care Fund has sufficient funds to cover its operating liabilities as the value of assets realisable in one year or less is \$18.0 million (2009: \$13.2 million).

For Platinum International Technology Fund at 30 June 2010, the contractual maturity for management and administration fees payable is \$0.05 million (2009: \$0.05 million), unitholders' distribution payable \$1.5 million (2009: \$3.7 million) and net assets attributable to unitholders \$40.7 million (2009: \$34.7 million). Platinum International Technology Fund has sufficient funds to cover its operating liabilities as the value of assets realisable in one year or less is \$42.3 million (2009: \$38.4 million).

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### **Note 10 Financial Risk Management (cont)**

Assets realisable in one year or less includes equities, foreign currency contracts, derivatives and cash and cash equivalents.

The amounts below represent the contractual maturity of derivative outflows.

For Platinum International Fund at 30 June 2010, contractual maturity for settlement of derivative contractual outflows is \$22.8 million (2009: \$29.4 million) for amounts payable within three months. At 30 June 2010, there are no other contractual amounts due or payable after three months.

For Platinum Asia Fund at 30 June 2010, contractual maturity for settlement of derivative contractual outflows is \$6.8 million (2009: \$nil) for amounts payable within three months. At 30 June 2010, there are no contractual amounts due or payable after three months.

For Platinum European Fund at 30 June 2010, contractual maturity for settlement of derivative contractual outflows is \$141,986 (2009: \$3,472) for amounts payable within three months. At 30 June 2010, there are no other contractual amounts due or payable after three months.

For Platinum Japan Fund at 30 June 2010, contractual maturity for settlement of derivative contractual outflows is \$3.5 million (2009: \$2.9 million) for amounts payable within three months. At 30 June 2010, there are no other contractual amounts due or payable after three months.

For Platinum International Brands Fund at 30 June 2010, contractual maturity for settlement of derivative contractual outflows is \$0.2 million (2009: \$1.3 million) for amounts payable within three months. At 30 June 2010, there are no other contractual amounts due or payable after three months.

For Platinum International Health Care Fund at 30 June 2010, contractual maturity for settlement of derivative contractual outflows is \$nil (2009: \$32,467) for amounts payable within three months. At 30 June 2010, there are no other contractual amounts due or payable after three months.

For Platinum International Technology Fund at 30 June 2010, contractual maturity for settlement of derivative contractual outflows is \$21,002 (2009: \$22,967) for amounts payable within three months. At 30 June 2010, there are no other contractual amounts due or payable after three months.

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

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### Note 10 Financial Risk Management (cont)

The registered schemes are exposed to daily cash redemptions. If necessary, investments may be realised to cover these redemptions, as they are generally readily convertible to cash if necessary. The risk management guidelines adopted are designed to minimise liquidity risk through:

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

The registered schemes prepare daily cash forecasts and maintain sufficient cash to meet normal operating requirements. The registered schemes have a policy of not borrowing money, other than on a short term basis for settlement, trading and like purposes.

#### (f) Fair Value Hierarchy

The registered schemes have adopted the amendments to AASB 7, effective 1 July 2009. This requires the registered schemes to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making measurements. The fair value hierarchy has the following levels:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices) (level 2); and
- (iii) Inputs for the assets or liability that are not based on observable market data (unobservable inputs) (level 3).

For Platinum International Fund at 30 June 2010, \$7,937,485,000 of financial assets at fair value through profit or loss can be classified as level 1, \$5,017,000 as level 2 and \$nil as level 3.

For Platinum Unhedged Fund at 30 June 2010, \$71,456,000 of financial assets at fair value through profit or loss can be classified as level 1, \$nil as level 2 and \$nil as level 3.

For Platinum Asia Fund at 30 June 2010, \$3,294,708,000 of financial assets at fair value through profit or loss can be classified as level 1, \$6,111,000 as level 2 and \$nil as level 3.

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### Note 10 Financial Risk Management (cont)

#### (f) Fair Value Hierarchy (cont)

For Platinum European Fund at 30 June 2010, \$147,958,000 of financial assets at fair value through profit or loss can be classified as level 1, \$nil as level 2 and \$nil as level 3.

For Platinum Japan Fund at 30 June 2010, \$392,259,000 of financial assets at fair value through profit or loss can be classified as level 1, \$nil as level 2 and \$nil as level 3.

For Platinum International Brands Fund at 30 June 2010, \$405,778,000 of financial assets at fair value through profit or loss can be classified as level 1, \$nil as level 2 and \$nil as level 3.

For Platinum International Health Care Fund at 30 June 2010, \$12,957,000 of financial assets at fair value through profit or loss can be classified as level 1, \$nil as level 2 and \$nil as level 3.

For Platinum International Technology Fund at 30 June 2010, \$29,934,000 of financial assets at fair value through profit or loss can be classified as level 1, \$nil as level 2 and \$nil as level 3.

#### (g) Capital Risk Management

The responsible entity manages the registered schemes' net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change on a daily basis as the registered schemes are subject to daily applications and redemptions at the discretion of unitholders.

The responsible entity 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 responsible entity to:

- hold at least \$5 million Net Tangible Assets in respect of its managed investments and custody services provided to the registered schemes;
- 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.

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### **Note 10 Financial Risk Management (cont)**

#### **(g) Capital Risk Management (cont)**

- have at least \$50,000 in Surplus Liquid Funds (“SLF”) (i.e. its own funds in liquid form).

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

### **Note 11 Key Management Personnel Disclosure**

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 that have this authority and responsibility are the Directors of Platinum Investment Management Limited.

#### **Directors**

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

K Neilson  
A Clifford  
M Halstead

There are no other key management personnel within Platinum Investment Management Limited.

#### **Key management personnel compensation**

The Directors (K Neilson, A Clifford and M Halstead) are all employees of Platinum Investment Management Limited, and are not compensated by the registered schemes. AASB 124 requires compensation provided by the registered schemes or on behalf of the registered schemes to be disclosed. Platinum Investment Management Limited is a related party of the three Directors, because the Directors are Directors of Platinum Investment Management Limited which provides investment management services to the registered schemes. A portion of the compensation paid by Platinum Investment Management Limited to its employees is in relation to managing the affairs of the registered schemes. Platinum Investment Management Limited has not made any determination as to what proportion of its employees’ compensation relates to the registered schemes. Platinum Investment Management Limited paid: K Neilson \$364,468 (2009: \$313,756) and superannuation of \$49,993 (2009: \$99,989); A Clifford \$969,464 (2009: \$313,747) and superannuation of \$24,997 (2009: \$49,997); M Halstead \$314,468 (2009: \$263,756) and superannuation of \$49,993 (2009: \$99,989).

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### Note 11 Key Management Personnel Disclosure (cont)

Platinum Investment Management Limited provided for additional long service leave as follows: K Neilson \$7,258 (2009: \$12,753), A Clifford \$7,216 (2009: \$12,926) and M Halstead \$5,980 (2009: \$10,339) and provided for an increase/(decrease) in annual leave as follows: K Neilson (\$13,793) (2009: (\$1,282)), A Clifford (\$4,023) (2009: (\$17,213)) and M Halstead (\$20,115) (2009: (\$3,803)).

#### Relevant interest disclosure relating to key management personnel and their related parties

All related party transactions are conducted on normal commercial terms and conditions.

Units in which the key management personnel had a relevant interest in during the year:

#### K Neilson

Platinum International Fund – units held at 1 July 2009: 46,711,072.59 (1 July 2008: 22,973,205.20), units acquired during the year: 287,515.59 (2008/09: 24,179,945.41), units disposed of during the year: nil (2008/09: 442,078.02), units held at 30 June 2010: 46,998,588.18 (30 June 2009: 46,711,072.59). Platinum Unhedged Fund – units held at 1 July 2009: 17,780,189.09 (1 July 2008: 17,491,873.29), units acquired during the year: 14,442,201.45 (2008/09: 13,070,592.94), units disposed of during the year: 12,939,730.52 (2008/09: 12,782,277.14), units held at 30 June 2010: 19,282,660.02 (30 June 2009: 17,780,189.09). Platinum Asia Fund – units held at 1 July 2009: 28,332,272.78 (1 July 2008: 16,067,287.89), units acquired during the year: 1,001,326.96 (2008/09: 12,264,984.89), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 29,333,599.74 (30 June 2009: 28,332,272.78). Platinum European Fund – units held at 1 July 2009: 13,172,363.12 (1 July 2008: 3,399,766.77), units acquired during the year: 416,898.69 (2008/09: 9,772,596.35), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 13,589,261.81 (30 June 2009: 13,172,363.12). Platinum Japan Fund – units held at 1 July 2009: 19,176,258.11 (1 July 2008: 9,817,962.89), units acquired during the year: 8,307,573.48 (2008/09: 9,358,295.22), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 27,483,831.59 (30 June 2009: 19,176,258.11). Platinum International Brands Fund – units held at 1 July 2009: 1,083,052.82 (1 July 2008: 956,488.29), units acquired during the year: 37,478.39 (2008/09: 126,564.53), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 1,120,531.21 (30 June 2009: 1,083,052.82). Platinum International Health Care Fund – units held at 1 July 2009: 7,034,275.74 (1 July 2008: 6,780,858.39), units acquired during the year: 124,404.85 (2008/09: 253,417.35), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 7,158,680.59 (30 June 2009: 7,034,275.74). Platinum International Technology Fund – units held at 1 July 2009: 6,467,368.23 (1 July 2008: 6,115,449.11), units acquired during the year: 282,991.80 (2008/09: 655,564.51), units disposed of during the year: nil (2008/09: 303,645.39), units held at 30 June 2010: 6,750,360.03 (30 June 2009: 6,467,368.23).

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 11 Key Management Personnel Disclosure (cont)

#### Relevant interest disclosure relating to key management personnel and their related parties (cont)

##### A Clifford

Platinum International Fund – units held at 1 July 2009: 1,623,688.63 (1 July 2008: 447,853.11), units acquired during the year: nil (2008/09: 1,617,913.54), units disposed of during the year: nil (2008/09: 442,078.02), units held at 30 June 2010: 1,623,688.63 (30 June 2009: 1,623,688.63). Platinum Unhedged Fund – units held at 1 July 2009: nil (1 July 2008: nil), units acquired during the year: 13,221,052.47 (2008/09: 12,782,277.14), units disposed of during the year: 12,939,730.52 (2008/09: 12,782,277.14), units held at 30 June 2010: 281,321.95 (30 June 2009: nil). Platinum Asia Fund – units held at 1 July 2009: 2,920,389.72 (1 July 2008: 327,686.31), units acquired during the year: 24,446.67 (2008/09: 2,592,703.41), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 2,944,836.39 (30 June 2009: 2,920,389.72). Platinum European Fund – units held at 1 July 2009: 4,649.41 (1 July 2008: 4,649.41), units acquired during the year: nil (2008/09: nil), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 4,649.41 (30 June 2009: 4,649.41). Platinum Japan Fund – units held at 1 July 2009: 2,704,956.48 (1 July 2008: 1,066,686.49), units acquired during the year: 129,742.70 (2008/09: 1,638,269.99), units disposed of during the year: nil (2008/09: nil) units held at 30 June 2010: 2,834,699.18 (30 June 2009: 2,704,956.48). Platinum International Brands Fund – units held at 1 July 2009: 5,015.34 (1 July 2008: 5,015.34), units acquired during the year: nil (2008/09: nil), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 5,015.34 (30 June 2009: 5,015.34). Platinum International Health Care Fund – units held at 1 July 2009: 10,071.29 (1 July 2008: 10,071.29), units acquired during the year: nil (2008/09: nil), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 10,071.29 (30 June 2009: 10,071.29). Platinum International Technology Fund – units held at 1 July 2009: 100,462.07 (1 July 2008: 404,107.46), units acquired during the year: nil (2008/09: nil), units disposed of during the year: nil (2008/09: 303,645.39), units held at 30 June 2010: 100,462.07 (30 June 2009: 100,462.07).

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 11 Key Management Personnel Disclosure (cont)

#### Relevant interest disclosure relating to key management personnel and their related parties (cont)

##### M Halstead

Platinum International Fund – units held at 1 July 2009: 1,244,966.59 (1 July 2008: 1,464,203.45), units acquired during the year: nil (2008/09: 222,841.16), units disposed of during the year: nil (2008/09: 442,078.02), units held at 30 June 2010: 1,244,966.59 (30 June 2009: 1,244,966.59). Platinum Unhedged Fund – units held at 1 July 2009: 853,649.94 (1 July 2008: 844,801.06), units acquired during the year: 13,244,601.19 (2008/09: 12,791,126.02), units disposed of during the year: (12,939,730.52) (2008/09: 12,782,277.14), units held at 30 June 2010: 1,158,520.61 (30 June 2009: 853,649.94). Platinum Asia Fund – units held at 1 July 2009: 1,012,661.47 (1 July 2008: 934,069.70), units acquired during the year: 29,745.21 (2008/09: 78,591.77), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 1,042,406.68 (30 June 2009: 1,012,661.47). Platinum European Fund – units held at 1 July 2009: 489,666.35 (1 July 2008: 462,508.26), units acquired during the year: 4,982.59 (2008/09: 27,158.09), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 494,648.94 (30 June 2009: 489,666.35). Platinum Japan Fund – units held at 1 July 2009: 876,441.84 (1 July 2008: 764,477.58), units acquired during the year: 132,275.09 (2008/09: 111,964.26), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 1,008,716.93 (30 June 2009: 876,441.84). Platinum International Brands Fund – units held at 1 July 2009: 385,378.74 (1 July 2008: 342,562.12), units acquired during the year: 3,433.97 (2008/09: 42,816.62), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 388,812.71 (30 June 2009: 385,378.74). Platinum International Health Care Fund – units held at 1 July 2009: 10,071.29 (1 July 2008: nil), units acquired during the year: nil (2008/09: nil), units disposed of during the year: nil (2008/09: nil), units held at 30 June 2010: 10,071.29 (30 June 2009: 10,071.29). Platinum International Technology Fund – units held at 1 July 2009: 9,409.53 (1 July 2008: 313,054.92), units acquired during the year: nil (2008/09: nil), units disposed of during the year: nil (2008/09: 303,645.39), units held at 30 June 2010: 9,409.53 (30 June 2009: 9,409.53).

##### Service Agreements

The Directors do not have service agreements, as they are employees of Platinum Investment Management Limited.

##### Related parties

Disclosures relating to manager's fees payable to Platinum Investment Management Limited, a related party are set out in note 12.

Two of the Directors, Messrs Neilson and Halstead, are also Directors of Platinum Asset Management Limited (listed holding company of Platinum Investment Management Limited). The remuneration paid by Platinum Investment Management Limited to these Directors has been disclosed above. Platinum Investment Management Limited has not made any determination as to what proportion of the Directors compensation relates to Platinum Asset Management Limited.

Platinum International Fund  
 Platinum Unhedged Fund  
 Platinum Asia Fund  
 Platinum European Fund  
 Platinum Japan Fund  
 Platinum International Brands Fund  
 Platinum International Health Care Fund  
 Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 12 Related Parties

#### Responsible Entity

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 is the responsible entity of the registered schemes.

#### Responsible Entity Fees

Fees paid by the registered schemes include management fees (calculated at 1.44% per annum inclusive of GST of the registered schemes' net asset value and payable monthly) and administration fees (calculated at 0.10 % per annum inclusive of GST of the registered schemes' net asset value and payable monthly). The fees exclusive of GST are as follows:

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Fees for the year paid by the registered schemes to the responsible entity	125,581,930	109,838,009	1,017,974	774,916	49,350,820	35,674,526	2,518,888	2,883,753	7,116,640	6,800,047	6,441,416	6,198,056	214,154	238,062	622,880	543,821
Aggregate amounts payable by the registered schemes at reporting date	11,099,386	10,245,509	86,390	65,922	4,395,498	3,683,298	188,644	204,726	561,523	555,171	566,811	519,551	15,503	14,096	49,410	47,435

Platinum International Fund  
 Platinum Unhedged Fund  
 Platinum Asia Fund  
 Platinum European Fund  
 Platinum Japan Fund  
 Platinum International Brands Fund  
 Platinum International Health Care Fund  
 Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 13 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operating Activities

#### (a) Reconciliation of Cash

For the purposes of the Statements of Cash Flows, cash includes deposits at call and cash at bank. Cash at the end of the period, as shown in the Statements of Cash Flows, is reconciled to the related items in the Balance Sheets as follows:

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash and cash equivalents	1,450,520	1,476,106	7,711	6,186	329,688	557,979	11,478	19,671	57,550	52,380	58,315	81,228	5,007	2,560	12,054	9,047

The registered schemes maintain bank accounts at various locations throughout the world to enable the settlement of purchases and sales of investments and to conduct other normal banking transactions. All accounts are at call and the majority bear floating interest rates in the range of 0.10% to 5.20%. Information in relation to the registered schemes' exposure to interest rate risk is provided in Note 10.

#### (b) Non Cash Financing Activities

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
During the year, the following distribution payments were reinvested in additional units	-	465,845	2,133	283	46,994	102,620	2,082	4,438	3,834	31,796	3,924	13,132	129	314	825	2,059

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## Notes to the Financial Statements

For the year ended 30 June 2010 (cont)

### Note 13 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operating Activities (cont)

#### (c) Reconciliation of Net Cash from Operating Activities to Operating Profit

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>Net operating profit/(loss)</b>	856,654	1,240,982	13,338	2,556	401,472	234,707	30,897	(17,875)	(12,104)	121,604	117,052	41,369	1,610	363	2,773	7,591
(Increase)/decrease in investments	(1,558,903)	(172,416)	(20,517)	(1,265)	(1,039,282)	(248,394)	(9,251)	90,678	(7,705)	34,919	(94,138)	65,640	(2,365)	2,285	(981)	3,226
(Increase)/decrease in exchange rates	(5,577)	(119,815)	177	(355)	5,059	(108,130)	2,164	(4,288)	2,718	(24,324)	6,063	(13,601)	(7)	(845)	(86)	(2,073)
(Increase)/decrease in settlements receivable	(5,720)	6,206	(239)	240	(503)	24	-	45	(10,892)	4,165	(3,160)	-	-	-	140	(376)
(Increase)/decrease in dividends and tax refund receivable	(2,969)	1,141	(45)	51	2,219	(537)	117	(188)	(383)	153	164	260	(6)	(7)	3	(8)
(Increase)/decrease in interest receivable	14	547	9	4	477	(6)	4	(4)	24	13	23	(23)	1	(1)	6	(6)
(Increase)/decrease in other receivables	3,010	(155)	(2)	-	(123)	65	-	13	(12)	16	(11)	17	-	-	(2)	2
Increase/(decrease) in settlements payable	8,534	(240)	(643)	392	(1,488)	1,488	-	(4,908)	(1,834)	(1,337)	-	-	-	-	-	(772)
Increase/(decrease) in management and administration fees payable	854	513	20	3	712	(9)	(17)	(120)	6	(98)	47	(109)	1	(3)	3	(6)
Increase/(decrease) in other payables	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flows from operating activities</b>	<b>(704,090)</b>	<b>956,763</b>	<b>(7,902)</b>	<b>1,626</b>	<b>(631,457)</b>	<b>(120,792)</b>	<b>23,914</b>	<b>63,353</b>	<b>(30,182)</b>	<b>135,111</b>	<b>26,040</b>	<b>93,553</b>	<b>(766)</b>	<b>1,792</b>	<b>1,856</b>	<b>7,578</b>

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## **Notes to the Financial Statements**

For the year ended 30 June 2010 (cont)

### **Note 14 Events Occurring after the Balance Sheet Date**

No significant events have occurred since Balance Sheet date which would impact the financial position of the registered schemes as at 30 June 2010 and the results of the year ended on that date.

### **Note 15 Contingent Assets, Liabilities and Commitments**

The registered schemes have no contingent assets, liabilities or commitments as at 30 June 2010 and 30 June 2009.

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## Statement of Net Asset Value

Reconciliation of Net Asset Value before unitholders' liability in accordance with AIFRS to the Redemption Value\*.

	International Fund		Unhedged Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Net assets attributable to unitholders per balance sheet	9,388,418	6,443,811	67,832	49,901	3,529,104	2,600,330	155,503	149,724	454,996	378,490	453,956	348,693	17,781	12,770	40,691	34,686
Add:																
Distributions paid and payable to unitholders	-	1,415,026	4,239	524	101,224	220,301	4,074	8,899	5,424	55,964	13,256	44,357	198	393	1,518	3,685
Less:																
Redemption cost of financial assets**	(23,502)	(19,672)	(180)	(126)	(9,096)	(7,067)	(400)	(397)	(1,154)	(1,089)	(1,170)	(985)	(45)	(33)	(106)	(96)
Difference between "bid" price under AIFRS and last price	12,228	10,094	121	120	7,887	6,019	302	310	1,203	1,279	746	1,009	12	32	36	79
Net Asset Value for redemption purposes	9,377,144	7,849,259	72,012	50,419	3,629,119	2,819,583	159,479	158,536	460,469	434,644	466,788	393,074	17,946	13,162	42,139	38,354
Redemption price	1,5734	1,7154	1,1396	0,9389	2,3439	2,2304	1,7911	1,5682	1,8783	2,1947	2,0775	1,7693	0,9711	0,8922	1,0485	1,0783

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

\*\* Depending on the day of the week that the reporting period ends will determine whether the above redemption price will be available for unitholders to sell their holdings.

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

## **Directors' Declaration**

In the Directors' opinion the financial statements and notes of:

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund (together the 'registered schemes') as set out on pages 6 to 46.

- (a) are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
  - (ii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
  - (iii) giving a true and fair view of the financial position of the registered schemes as at 30 June 2010 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the registered schemes will be able to pay its debts as and when they become due and payable.

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

M Halstead  
Director

Sydney  
13 August 2010

**PricewaterhouseCoopers**  
**ABN 52 780 433 757**

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Telephone +61 2 8266 0000  
Facsimile +61 2 8266 9999

## **Independent Audit Report to the Unitholders of**

Platinum International Fund  
Platinum Unhedged Fund  
Platinum Asia Fund  
Platinum European Fund  
Platinum Japan Fund  
Platinum International Brands Fund  
Platinum International Health Care Fund  
Platinum International Technology Fund

### **Report on the financial report**

We have audited the accompanying financial statements of Platinum International Fund, Platinum Unhedged Fund, Platinum Asia Fund, Platinum European Fund, Platinum Japan Fund, Platinum International Brands Fund, Platinum International Health Care Fund and Platinum International Technology Fund (together the “registered schemes”), which comprise the balance sheet as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors’ declaration.

#### *Directors’ responsibility for the financial report*

The directors of Platinum Investment Management Limited (“the responsible entity”) 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 2 (a), 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.

## Independent Audit Report (continued)

### *Auditor's responsibility*

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

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

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

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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

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*.

**Independent Audit Report (continued)**

*Auditor's opinion on the financial report*

In our opinion:

- (a) the financial report of the registered schemes is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the registered schemes' financial position as at 30 June 2010 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards, as disclosed in note 2(a).

PricewaterhouseCoopers

A J Wilson

Partner

13 August 2010