

**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 year ended 30 June 2012**

## **Financial Report – For the year ended 30 June 2012**

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## **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 year ended 30 June 2012.

### **Principal Activities**

The principal activity of the registered schemes during the year was the investment of funds internationally into securities of companies, 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 year and up to the date of this report were:

Kerr Neilson  
Andrew Clifford  
Philip Howard

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

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

### **Review of Operations**

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

## Responsible Entity Report (cont)

### Results

The performances of the registered schemes, as represented by the results of their operations for the year ended 30 June 2012, were as follows:

	<b>International Fund \$'000</b>	<b>Unhedged Fund \$'000</b>	<b>Asia Fund \$'000</b>	<b>European Fund \$'000</b>	<b>Japan Fund \$'000</b>	<b>International Brands Fund \$'000</b>	<b>International Health Care Fund \$'000</b>	<b>International Technology Fund \$'000</b>
Net Operating Profit/(Loss)								
2012	(557,521)	(9,400)	(213,193)	(6,529)	(17,120)	(35,752)	1,235	(637)
2011	(702,621)	(6,500)	(217,854)	21,480	(25,113)	53,084	2,397	(1,997)

The distributions of the registered schemes at 30 June were:

Distribution Paid and Payable								
2012	126,374	1,818	28,102	16,367	-	51,224	1,325	-
2011	251,204	2,772	37,747	-	-	23,007	184	-
Distribution (cents per unit)								
2012	2.40	1.15	2.02	24.46	-	15.54	4.89	-
2011	4.17	1.72	2.36	-	-	7.72	0.89	-

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

Redemption Price – (cum-distribution)								
2012	1.3252	0.9604	1.9901	1.9433	1.6839	2.0433	1.1251	0.9479
2011	1.4583	1.0361	2.1520	1.9950	1.7586	2.2343	1.0831	0.9639

### Matters subsequent to the end of the year

Except as disclosed in the financial report, no other matter or circumstance has arisen since 30 June 2012 that has significantly affected or may significantly affect:

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

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

### **Likely developments**

The registered schemes will continue to pursue their investment objectives so as to increase their net asset values. 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 movements in units on issue in the registered schemes during the year have 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.

### **Including different registered scheme financial reports in a single document**

The registered schemes have applied Australian Securities and Investments Commission's Class Order 06/441, which allows registered schemes with a common responsible entity to include their financial statements in adjacent columns in a single financial report.

### **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.

Philip Howard  
Director

Sydney  
15 August 2012



## 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 2012, 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.

AJ Wilson  
Partner  
PricewaterhouseCoopers

15 August 2012

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## Statements of Comprehensive Income

For the year ended 30 June 2012

	Note	International Fund		Unhedged Fund		Asia Fund		European Fund	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Investment income</b>									
Dividends		188,223	178,738	3,269	3,015	63,562	78,976	9,980	3,807
Interest		854	18,869	138	278	500	3,821	14	27
Net gains/(losses) on financial assets at fair value through profit or loss		(255,567)	(337,462)	(5,774)	(1,872)	(125,166)	(99,231)	(13,022)	27,301
Net foreign exchange gains/(losses) on forward currency contracts and bank accounts		(342,409)	(385,902)	(3,866)	(5,201)	(91,676)	(126,230)	(753)	(6,360)
<b>Total net investment income/(loss)</b>		<b>(408,899)</b>	<b>(525,757)</b>	<b>(6,233)</b>	<b>(3,780)</b>	<b>(152,780)</b>	<b>(142,664)</b>	<b>(3,781)</b>	<b>24,775</b>
<b>Expenses</b>									
Management fee		106,775	129,237	2,238	1,931	42,268	52,063	1,847	2,283
Administration fee		6,255	6,817	160	138	3,019	3,719	132	163
Withholding tax on foreign dividends		17,871	19,419	345	304	6,325	9,310	381	412
Transaction costs		17,664	21,345	423	346	8,767	10,074	387	436
Other		57	46	1	1	34	24	1	1
<b>Total expenses</b>		<b>148,622</b>	<b>176,864</b>	<b>3,167</b>	<b>2,720</b>	<b>60,413</b>	<b>75,190</b>	<b>2,748</b>	<b>3,295</b>
<b>Net operating profit/(loss)</b>		<b>(557,521)</b>	<b>(702,621)</b>	<b>(9,400)</b>	<b>(6,500)</b>	<b>(213,193)</b>	<b>(217,854)</b>	<b>(6,529)</b>	<b>21,480</b>
<b>Financing Costs</b>									
<b>Net operating profit/(loss)</b>		<b>(557,521)</b>	<b>(702,621)</b>	<b>(9,400)</b>	<b>(6,500)</b>	<b>(213,193)</b>	<b>(217,854)</b>	<b>(6,529)</b>	<b>21,480</b>
(Increase)/decrease in net assets attributable to unitholders		683,895	953,825	11,218	9,272	241,295	255,601	22,896	(21,480)
Distribution paid and payable	7	(126,374)	(251,204)	(1,818)	(2,772)	(28,102)	(37,747)	(16,367)	-
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income</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.

## Statements of Comprehensive Income

For the year ended 30 June 2012

	Note	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Investment income</b>									
Dividends		7,113	7,308	16,938	10,342	354	270	860	647
Interest		399	284	5,182	2,733	172	123	128	79
Net gains/(losses) on financial assets at fair value through profit or loss		(9,863)	(20,775)	(28,174)	55,068	1,432	2,656	480	461
Net foreign exchange gains/(losses) on forward currency contracts and bank accounts		(8,570)	(4,589)	(17,482)	(4,374)	(273)	(295)	(1,316)	(2,410)
<b>Total net investment income/(loss)</b>		<b>(10,921)</b>	<b>(17,772)</b>	<b>(23,536)</b>	<b>63,769</b>	<b>1,685</b>	<b>2,754</b>	<b>152</b>	<b>(1,223)</b>
<b>Expenses</b>									
Management fee		4,869	5,699	9,068	7,870	345	270	563	577
Administration fee		348	407	648	562	25	19	40	41
Withholding tax on foreign dividends		505	551	1,253	1,065	47	36	104	80
Transaction costs		475	688	1,224	1,118	33	30	82	76
Other		2	2	23	70	-	2	-	-
<b>Total expenses</b>		<b>6,199</b>	<b>7,347</b>	<b>12,216</b>	<b>10,685</b>	<b>450</b>	<b>357</b>	<b>789</b>	<b>774</b>
<b>Net operating profit/(loss)</b>		<b>(17,120)</b>	<b>(25,119)</b>	<b>(35,752)</b>	<b>53,084</b>	<b>1,235</b>	<b>2,397</b>	<b>(637)</b>	<b>(1,997)</b>
<b>Financing Costs</b>									
<b>Net operating profit/(loss)</b>		<b>(17,120)</b>	<b>(25,119)</b>	<b>(35,752)</b>	<b>53,084</b>	<b>1,235</b>	<b>2,397</b>	<b>(637)</b>	<b>(1,997)</b>
(Increase)/decrease in net assets attributable to unitholders		17,120	25,119	86,976	(30,077)	90	(2,213)	637	1,997
Distribution paid and payable	7	-	-	(51,224)	(23,007)	(1,325)	(184)	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income</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.

## Balance Sheets

As at 30 June 2012

	Note	International Fund		Unhedged Fund		Asia Fund		European Fund	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Assets</b>									
Cash and cash equivalents	13 (a)	801,373	997,264	8,935	15,612	210,508	459,191	16,521	15,748
Financial assets at fair value through profit or loss	5	6,238,563	7,959,556	143,765	155,010	2,565,887	3,003,480	113,667	147,127
Receivables	8	18,617	27,984	217	244	2,086	6,990	227	384
<b>Total Assets</b>		<b>7,058,553</b>	<b>8,984,804</b>	<b>152,917</b>	<b>170,866</b>	<b>2,778,481</b>	<b>3,469,661</b>	<b>130,415</b>	<b>163,259</b>
<b>Liabilities</b>									
Unitholders' distribution payable	7	126,374	251,204	1,818	2,772	28,102	37,747	16,367	-
Payables	9	21,050	105,958	1,338	3,457	7,022	9,929	143	1,786
Financial liabilities at fair value through profit or loss	5	44,273	76,923	-	-	608	18,243	338	118
<b>Total Liabilities (excluding net assets attributable to unitholders)</b>		<b>191,697</b>	<b>434,085</b>	<b>3,156</b>	<b>6,229</b>	<b>35,732</b>	<b>65,919</b>	<b>16,848</b>	<b>1,904</b>
<b>Net Assets Attributable to Unitholders</b>	6	<b>6,866,856</b>	<b>8,550,719</b>	<b>149,761</b>	<b>164,637</b>	<b>2,742,749</b>	<b>3,403,742</b>	<b>113,567</b>	<b>161,355</b>

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

## Balance Sheets

As at 30 June 2012

	Note	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Assets</b>									
Cash and cash equivalents	13 (a)	39,766	68,470	185,422	162,048	7,960	5,104	7,133	9,546
Financial assets at fair value through profit or loss	5	300,370	314,923	492,614	506,547	22,487	17,326	32,250	29,446
Receivables	8	517	298	1,156	545	226	36	97	62
<b>Total Assets</b>		<b>340,653</b>	<b>383,691</b>	<b>679,192</b>	<b>669,140</b>	<b>30,673</b>	<b>22,466</b>	<b>39,480</b>	<b>39,054</b>
<b>Liabilities</b>									
Unitholders' distribution payable	7	-	-	51,224	23,007	1,325	184	-	-
Payables	9	609	755	2,604	1,673	30	23	44	45
Financial liabilities at fair value through profit or loss	5	4,518	1,567	2,816	1,965	111	42	58	69
<b>Total Liabilities (excluding net assets attributable to unitholders)</b>		<b>5,127</b>	<b>2,322</b>	<b>56,644</b>	<b>26,645</b>	<b>1,466</b>	<b>249</b>	<b>102</b>	<b>114</b>
<b>Net Assets Attributable to Unitholders</b>	6	<b>335,526</b>	<b>381,369</b>	<b>622,548</b>	<b>642,495</b>	<b>29,207</b>	<b>22,217</b>	<b>39,378</b>	<b>38,940</b>

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

## Statements of Changes in Equity

For the year ended 30 June 2012

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Total equity at the beginning of the year</b>	-	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-
Transactions with equity holders	-	-	-	-	-	-	-	-
<b>Total equity at the end of the 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.*

## Statements of Changes in Equity

For the year ended 30 June 2012

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Total equity at the beginning of the year</b>	-	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-
Transactions with equity holders	-	-	-	-	-	-	-	-
<b>Total equity at the end of the 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.*

## Statements of Cash Flows

For the year ended 30 June 2012

	Note	International Fund		Unhedged Fund		Asia Fund		European Fund	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Cash flows from operating activities</b>									
Cash paid for purchase of financial assets		(4,575,519)	(8,560,691)	(131,061)	(231,246)	(991,081)	(1,578,070)	(37,223)	(60,285)
Cash proceeds from sale of financial assets		5,510,723	8,132,102	130,271	143,476	1,192,291	1,719,716	54,955	84,381
Interest received		854	19,185	170	248	391	3,821	14	27
Dividends received		203,285	164,978	3,262	2,902	68,294	75,909	10,145	3,754
Manager's fees paid		(115,312)	(136,798)	(2,420)	(1,999)	(46,204)	(55,961)	(2,021)	(2,449)
Other expenses paid		(17,501)	(21,436)	(422)	(360)	(8,709)	(10,119)	(382)	(439)
<b>Net cash inflow/(outflow) from operating activities</b>	13(c)	<b>1,006,530</b>	<b>(402,660)</b>	<b>(200)</b>	<b>(86,979)</b>	<b>214,982</b>	<b>155,296</b>	<b>25,488</b>	<b>24,989</b>
<b>Cash flows from financing activities</b>									
Proceeds received from units issued		796,324	1,489,100	16,286	120,211	206,753	618,808	9,748	11,840
Cash paid for units redeemed		(1,796,292)	(1,372,974)	(20,973)	(20,445)	(626,451)	(488,569)	(34,640)	(27,468)
Distributions paid		(251,204)	-	(2,772)	(4,239)	(37,747)	(101,224)	-	(4,074)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(1,251,172)</b>	<b>116,126</b>	<b>(7,459)</b>	<b>95,527</b>	<b>(457,445)</b>	<b>29,015</b>	<b>(24,892)</b>	<b>(19,702)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>									
Cash and cash equivalents at beginning of the year		997,264	1,450,520	15,612	7,711	459,191	329,688	15,748	11,478
Effects of exchange rate changes on cash and cash equivalents		48,751	(166,722)	982	(647)	(6,220)	(54,808)	177	(1,017)
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<b>801,373</b>	<b>997,264</b>	<b>8,935</b>	<b>15,612</b>	<b>210,508</b>	<b>459,191</b>	<b>16,521</b>	<b>15,748</b>

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

## Statements of Cash Flows

For the year ended 30 June 2012

Note	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Cash flows from operating activities</b>								
Cash paid for purchase of financial assets	(219,948)	(386,755)	(228,867)	(226,464)	(8,483)	(5,958)	(27,328)	(22,820)
Cash proceeds from sale of financial assets	213,592	463,344	198,719	190,202	4,302	4,194	23,707	22,864
Interest received	436	245	4,910	2,686	157	123	130	69
Dividends received	6,850	7,622	16,604	10,398	347	265	823	630
Manager's fees paid	(5,285)	(6,226)	(9,721)	(8,195)	(363)	(281)	(604)	(623)
Other expenses paid	(468)	(678)	(1,250)	(1,216)	(34)	(33)	(82)	(76)
<b>Net cash inflow/(outflow) from operating activities</b>	13(c) (4,823)	77,552	(19,605)	(32,589)	(4,074)	(1,690)	(3,354)	44
<b>Cash flows from financing activities</b>								
Proceeds received from units issued	5,195	29,038	176,636	226,836	9,509	3,390	7,821	5,388
Cash paid for units redeemed	(33,918)	(77,546)	(109,607)	(68,374)	(2,429)	(1,167)	(6,746)	(5,142)
Distributions paid	-	(5,424)	(23,007)	(13,256)	(184)	(198)	-	(1,518)
<b>Net cash inflow/(outflow) from financing activities</b>	(28,723)	(53,932)	44,022	145,206	6,896	2,025	1,075	(1,272)
<b>Net increase/(decrease) in cash and cash equivalents</b>								
	(33,546)	23,620	24,417	112,617	2,822	335	(2,279)	(1,228)
Cash and cash equivalents at beginning of the year	68,470	57,550	162,048	58,315	5,104	5,007	9,546	12,054
Effects of exchange rate changes on cash and cash equivalents	4,842	(12,700)	(1,043)	(8,884)	34	(238)	(134)	(1,280)
<b>Cash and cash equivalents at the end of the year</b>	13(a) 39,766	68,470	185,422	162,048	7,960	5,104	7,133	9,546

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

## Notes to the Financial Statements

For the year ended 30 June 2012

### 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 Level 8, 7 Macquarie Place, Sydney, NSW 2000.

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

Each registered scheme may be wound up on the day immediately preceding the 80<sup>th</sup> anniversary of the Date of Commencement, unless terminated earlier in accordance with the provisions of the Constitution.

The financial report was authorised for issue by the Directors of the responsible entity on 15 August 2012. 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

The financial statements have been prepared in accordance with the requirements of the registered schemes’ Constitution, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. Each registered scheme is a for-profit entity for the purpose of preparing the financial report.

The financial statements have been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Balance Sheets are presented on a liquidity basis. Specifically, assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current assets and liabilities.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

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

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

*Compliance with International Financial Reporting Standards*

The financial statements of the registered schemes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

*Critical Accounting Estimates*

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

#### (b) Income Tax

Under current tax legislation, the registered schemes are not subject to income tax as unitholders are presently entitled to the income of the Fund.

The benefits of any offsets for foreign tax paid are passed on to unitholders.

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

Under AASB 139, marketable equity securities are designated in the Balance Sheets 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 Statements of Comprehensive Income in the period they arise.

In accordance with Australian Accounting Standards, derivative financial instruments are categorised as “financial assets/liabilities held for trading” and are accounted for at fair value, with changes to such values recognised through the Statements of Comprehensive Income in the period 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/liabilities are included in the Statements of Comprehensive Income in the period they arise.

Forward currency contracts are categorised as “financial assets/liabilities held for trading” and are initially recognised at fair value on the date the contracts are entered into and are subsequently re-measured 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 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, whilst short equity swaps and short futures are priced at “ask” prices.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

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

#### (c) Financial Assets and Liabilities at Fair Value through Profit or Loss (cont)

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

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

##### *Recognition/derecognition*

The registered schemes recognise financial assets on the date they become party to the purchase contractual agreement (trade date) and recognise 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 on financial assets at fair value through profit or loss are expensed immediately.

#### (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 unit on issue. Therefore, net assets attributable to unitholders are 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 Australian Accounting Standards, it will be necessary to recognise "(increase)/decrease in net assets attributable to unitholders" in the Statements of Comprehensive Income as a financing cost.

#### (f) Foreign currency translation

The functional and presentation currency of the registered schemes, 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.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

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

#### (g) Investment income

##### *Interest Income*

Interest income is recognised in the Statements of Comprehensive Income, based on the nominated interest rate available on the bank accounts held at various locations throughout the world.

##### *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 when a right to receive payment is established. Debts that are known to be uncollectible are written off. A provision for doubtful debts is raised where there is evidence the amount will not be collected.

#### (j) Payables

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

#### (k) Applications 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) Including different registered scheme financial reports in a single document

The registered schemes have applied Australian Securities and Investments Commission's Class Order 06/441, which allows registered schemes with a common responsible entity to include their financial statements in adjacent columns in a single financial report.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

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

#### (n) Goods and Services Tax (GST)

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

#### (o) Operating segments

The registered schemes are outside the scope of AASB 8 *Operating Segments* as they do not satisfy the requirement, under AASB 8, 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.

#### (p) Cash and cash equivalents

For the purposes of the Statements of Cash Flows, cash 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 that 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 represent the registered schemes’ main operating activity.

#### (q) Due to/from brokers for unsettled trades

Amounts due to/from 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.

#### (r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 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*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2015)

AASB 9 *Financial Instruments* provides revised guidance on the classification and measurement of financial assets. The requirements of this standard represent 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 2015.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

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

#### (r) New accounting standards and interpretations (cont)

(ii) *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)*

AASB 13 explains ways to measure fair value and aims to enhance fair value disclosures. The registered schemes have yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the precise impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The registered schemes do not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iii) *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective for annual reporting periods beginning on or after 1 July 2013)*

The revised standard removes the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, for all disclosing entities to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. Whilst this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the future.

(iv) *Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 Financial Instruments: Presentation) (effective for annual periods beginning on or after 1 July 2014)*

These amendments clarify some of the requirements for offsetting financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has legally enforceable right to set off” and also clarifies the application of IAS 32 offsetting criteria to settlement systems. This standard would not have a significant impact on the disclosures contained in the financial report. The registered schemes will apply the standard from 1 July 2014.

(v) *Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7 Financial Instruments: Disclosures) (effective for annual periods beginning on or after 1 July 2013)*

These disclosures introduce more extensive disclosure requirements into IFRS 7, which focuses on quantitative information about recognising financial instruments that are offset in the Statement of Financial Position, as well as those recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement. The standard would not have a significant impact on the disclosures already made. The registered schemes will apply the standard from 1 July 2013.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 3 Auditor's Remuneration

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Auditing and review of the financial report	42,450	40,893	5,550	5,362	23,250	22,306	20,400	19,517
Auditing the Compliance Plan	8,600	8,305	2,000	1,859	7,100	6,818	4,500	4,338
Other audit and assurance services	4,410	6,939	400	(1,117)	8,185	13,093	400	(1,117)
Taxation services – Compliance	138,646	71,327	32,344	46,046	45,956	54,305	34,152	41,877
Other advisory services – GST	500	-	500	-	500	-	500	-
Other advisory services – Foreign tax agent	8,201	7,842	2,642	2,515	9,373	10,226	-	-
	202,807	135,307	43,436	54,665	94,364	106,748	59,952	64,615

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Auditing and review of the financial report	21,300	20,445	20,400	19,517	7,650	7,436	17,400	16,730
Auditing the Compliance Plan	5,200	4,959	4,500	4,338	2,000	1,859	3,500	3,410
Other audit and assurance services	400	(1,117)	400	(1,117)	400	(1,117)	400	(1,117)
Taxation services – Compliance	34,271	43,541	38,144	50,847	32,038	41,723	34,064	46,657
Other advisory services – GST	500	-	500	-	500	-	500	-
Other advisory services – Foreign tax agent	-	-	639	2,526	-	-	3,228	3,073
	61,671	67,828	64,583	76,111	42,588	49,901	59,092	68,753

In 2012 (and 2011) 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.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 5 Financial Assets and Liabilities at Fair Value through Profit or Loss

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Financial assets</b>								
Equity securities	6,210,138	7,948,109	143,765	155,010	2,561,097	2,998,474	112,859	146,504
Derivatives	4,328	2,857	-	-	1,270	3,259	-	-
Forward currency contracts	24,097	8,590	-	-	3,520	1,747	808	623
	6,238,563	7,959,556	143,765	155,010	2,565,887	3,003,480	113,667	147,127
<b>Financial liabilities</b>								
Derivatives	35,512	66,190	-	-	608	17,365	6	39
Forward currency contracts	8,761	10,733	-	-	-	878	332	79
	44,273	76,923	-	-	608	18,243	338	118
Total of Financial assets less liabilities	6,194,290	7,882,633	143,765	155,010	2,565,279	2,985,237	113,329	147,009

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Financial assets</b>								
Equity securities	296,433	311,035	491,976	505,131	22,470	17,307	32,188	29,388
Derivatives	840	2,223	495	683	-	-	-	19
Forward currency contracts	3,097	1,665	143	733	17	19	62	39
	300,370	314,923	492,614	506,547	22,487	17,326	32,250	29,446
<b>Financial liabilities</b>								
Derivatives	2,498	1,567	1,750	1,092	34	40	7	16
Forward currency contracts	2,020	-	1,066	873	77	2	51	53
	4,518	1,567	2,816	1,965	111	42	58	69
Total of Financial assets less liabilities	295,852	313,356	489,798	504,582	22,376	17,284	32,192	29,377

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.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 6 Net Assets Attributable to Unitholders

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

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Opening balance	8,550,719	9,388,418	164,637	67,832	3,403,742	3,529,104	161,355	155,503
Applications during the year	796,324	1,489,100	16,286	120,211	206,753	618,808	9,748	11,840
Redemptions during the year	(1,796,292)	(1,372,974)	(19,944)	(14,134)	(626,451)	(488,569)	(34,640)	(27,468)
Increase/(decrease) in net assets attributable to unitholders	(683,895)	(953,825)	(11,218)	(9,272)	(241,295)	(255,601)	(22,896)	21,480
Closing balance	6,866,856	8,550,719	149,761	164,637	2,742,749	3,403,742	113,567	161,355
	<b>Units '000</b>							
Opening balance	6,028,692	5,959,553	161,464	63,191	1,600,208	1,548,288	80,784	89,039
Number of units issued during the year	583,611	977,258	16,438	111,650	100,066	266,491	5,354	6,181
Number of units redeemed during the year	(1,341,001)	(908,119)	(20,326)	(13,377)	(307,638)	(214,571)	(19,236)	(14,436)
Closing balance	5,271,302	6,028,692	157,576	161,464	1,392,636	1,600,208	66,902	80,784

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 6 Net Assets Attributable to Unitholders (cont)

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	381,369	454,996	642,495	453,956	22,217	17,781	38,940	40,691
Applications during the year	5,195	29,038	176,636	226,836	9,509	3,390	7,821	5,388
Redemptions during the year	(33,918)	(77,546)	(109,607)	(68,374)	(2,429)	(1,167)	(6,746)	(5,142)
Increase/(decrease) in net assets attributable to unitholders	(17,120)	(25,119)	(86,976)	30,077	(90)	2,213	(637)	(1,997)
Closing balance	335,526	381,369	622,548	642,495	29,207	22,217	39,378	38,940

	Units	Units	Units	Units	Units	Units	Units	Units
	'000	'000	'000	'000	'000	'000	'000	'000
Opening balance	216,923	245,134	297,934	224,680	20,650	18,478	40,345	40,189
Number of units issued during the year	3,047	15,954	85,475	105,239	8,806	3,335	8,297	5,330
Number of units redeemed during the year	(20,193)	(44,165)	(53,689)	(31,985)	(2,356)	(1,163)	(7,141)	(5,174)
Closing balance	199,777	216,923	329,720	297,934	27,100	20,650	41,501	40,345

### Note 7 Distributions Paid and Payable

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The distributions were paid/payable as follows:								
30 June final payable	126,374	251,204	1,818	2,772	28,102	37,747	16,367	-

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The distributions were paid/payable as follows:								
30 June final payable	-	-	51,224	23,007	1,325	184	-	-

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 8 Receivables

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Unsettled trades	9,979	4,973	-	-	-	189	14	-
Interest receivable	-	-	-	32	109	-	-	-
GST receivable	932	1,164	20	22	373	465	16	22
Dividends receivable	2,708	17,162	153	175	1,604	6,336	-	134
Dividend tax refund receivable	3,728	4,335	44	15	-	-	197	228
Indian capital gains tax receivable	1,270	350	-	-	-	-	-	-
	18,617	27,984	217	244	2,086	6,990	227	384

  

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Unsettled trades	-	-	2	-	167	-	-	-
Interest receivable	2	39	319	47	15	-	8	10
GST receivable	43	50	88	85	4	3	6	6
Dividends receivable	472	209	607	284	15	13	78	43
Dividend tax refund receivable	-	-	140	129	25	20	5	3
Indian capital gains tax receivable	-	-	-	-	-	-	-	-
	517	298	1,156	545	226	36	97	62

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 100 days of the ex-dividend date.

Information relating to the ageing of receivables for 2012 is provided in Note 10.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 9 Payables

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Unsettled trades	12,625	95,592	1,204	2,272	289	843	-	1,601
Payable to unitholders	-	-	-	1,029	-	-	-	-
Management and administration fees	8,073	10,355	134	156	3,299	4,216	143	185
Indian and Thai capital gains tax payable	352	-	-	-	3,434	4,870	-	-
Other payables	-	11	-	-	-	-	-	-
	21,050	105,958	1,338	3,457	7,022	9,929	143	1,786

  

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Unsettled trades	234	314	1,329	171	-	-	-	-
Payable to unitholders	-	-	-	-	-	-	-	-
Management and administration fees	373	441	799	804	30	23	44	45
Indian and Thai capital gains tax payable	-	-	476	698	-	-	-	-
Other payables	2	-	-	-	-	-	-	-
	609	755	2,604	1,673	30	23	44	45

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

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

## Notes to the Financial Statements

For the year ended 30 June 2012 (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 such that 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.

Derivatives (which include equity swaps and futures) are utilised for risk management purposes and to take opportunities to increase returns. The underlying value of derivatives held by 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 as at 30 June 2012. The registered schemes do not generally enter or trade derivatives for speculative purposes.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

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

	2012				2011			
	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
<b>International Fund</b>								
Japan	1,048,389	13,333	(15,837)	1,045,885	1,537,128	-	-	1,537,128
Other Asia	1,070,119	25,135	(33,307)	1,061,947	1,345,382	26,336	(184,392)	1,187,326
Australia	69,772	-	(26,089)	43,683	108,364	-	(39,398)	68,966
Europe – Euro	1,484,844	-	(6,794)	1,478,050	2,094,601	-	-	2,094,601
Europe – Other	327,721	-	(57,656)	270,065	298,677	-	(160,233)	138,444
North America	2,158,181	13,077	(882,070)	1,289,188	2,493,861	-	(1,230,610)	1,263,251
South America	1,221	-	(49,991)	(48,770)	882	-	-	882
Africa	49,891	-	-	49,891	69,214	-	-	69,214
	<b>6,210,138</b>	<b>51,545</b>	<b>(1,071,744)</b>	<b>5,189,939</b>	<b>7,948,109</b>	<b>26,336</b>	<b>(1,614,633)</b>	<b>6,359,812</b>
Futures Notional Cost Amounts 30 June 2012	(1,011,406)							
Futures Notional Cost Amounts 30 June 2011	(1,536,397)							
<b>Unhedged Fund</b>								
Japan	33,409	-	-	33,409	43,121	-	-	43,121
Other Asia	21,966	-	-	21,966	31,388	-	-	31,388
Europe – Euro	26,485	-	-	26,485	18,652	-	-	18,652
Europe – Other	8,624	-	-	8,624	3,313	-	-	3,313
North America	51,336	-	-	51,336	58,536	-	-	58,536
Africa	1,945	-	-	1,945	-	-	-	-
	<b>143,765</b>	<b>-</b>	<b>-</b>	<b>143,765</b>	<b>155,010</b>	<b>-</b>	<b>-</b>	<b>155,010</b>
Futures Notional Cost Amounts 30 June 2012	-							
Futures Notional Cost Amounts 30 June 2011	-							

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

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

	2012				2011			
	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
<b>Asia Fund</b>								
Asia (excluding Japan)	2,550,293	32,391	(12,784)	2,569,900	2,968,914	50,969	(417,260)	2,602,623
North America	10,804	-	-	10,804	29,560	-	-	29,560
	<u>2,561,097</u>	<u>32,391</u>	<u>(12,784)</u>	<u>2,580,704</u>	<u>2,998,474</u>	<u>50,969</u>	<u>(417,260)</u>	<u>2,632,183</u>
Futures Notional Cost Amounts 30 June 2012	19,673							
Futures Notional Cost Amounts 30 June 2011	(349,910)							
<b>European Fund</b>								
Australia	-	-	-	-	812	-	-	812
Europe – Euro	88,541	-	-	88,541	120,434	-	(3,160)	117,274
Europe – Other	22,097	-	(1,374)	20,723	21,499	-	-	21,499
North America	2,221	-	-	2,221	3,759	-	-	3,759
	<u>112,859</u>	<u>-</u>	<u>(1,374)</u>	<u>111,485</u>	<u>146,504</u>	<u>-</u>	<u>(3,160)</u>	<u>143,344</u>
Futures Notional Cost Amounts 30 June 2012	(1,391)							
Futures Notional Cost Amounts 30 June 2011	(3,135)							
<b>Japan Fund</b>								
Japan	282,592	15,712	(64,756)	233,548	303,656	37,259	(55,446)	285,469
Other Asia	13,841	-	-	13,841	7,379	-	(36,073)	(28,694)
	<u>296,433</u>	<u>15,712</u>	<u>(64,756)</u>	<u>247,389</u>	<u>311,035</u>	<u>37,259</u>	<u>(91,519)</u>	<u>256,775</u>
Futures Notional Cost Amounts 30 June 2012	(48,646)							
Futures Notional Cost Amounts 30 June 2011	(54,568)							

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

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

	2012				2011			
	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
<b>International Brands Fund</b>								
Japan	45,460	-	-	45,460	37,273	-	-	37,273
Other Asia	116,128	25,009	(13,349)	127,788	152,209	19,747	(17,022)	154,934
Europe – Euro	154,602	-	(18,898)	135,704	175,355	-	(25,564)	149,791
Europe – Other	78,320	-	-	78,320	53,863	-	-	53,863
North America	53,210	-	(7,687)	45,523	50,179	-	-	50,179
South America	39,824	-	-	39,824	32,738	-	-	32,738
Africa	4,432	-	-	4,432	3,514	-	-	3,514
	491,976	25,009	(39,934)	477,051	505,131	19,747	(42,586)	482,292
Futures Notional Cost Amounts 30 June 2012	(13,328)							
Futures Notional Cost Amounts 30 June 2011	(22,436)							
<b>International Health Care Fund</b>								
Japan	1,406	-	-	1,406	587	-	-	587
Other Asia	398	-	-	398	391	-	-	391
Australia	148	-	-	148	-	-	-	-
Europe – Euro	6,318	-	-	6,318	3,550	-	-	3,550
Europe – Other	4,499	-	-	4,499	3,114	-	-	3,114
North America	9,276	-	(1,089)	8,187	9,384	-	(512)	8,872
South America	425	-	-	425	281	-	-	281
	22,470	-	(1,089)	21,381	17,307	-	(512)	16,795
Futures Notional Cost Amounts 30 June 2012	(1,076)							
Futures Notional Cost Amounts 30 June 2011	(477)							

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

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

	2012				2011			
	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
<b>International Technology Fund</b>								
Japan	1,374	-	-	1,374	2,712	-	-	2,712
Other Asia	14,652	-	-	14,652	11,520	-	(773)	10,747
Europe – Euro	4,392	-	-	4,392	6,582	-	-	6,582
Europe – Other	3,310	-	-	3,310	848	-	-	848
North America	8,460	-	(790)	7,670	7,726	-	(214)	7,512
	32,188	-	(790)	31,398	29,388	-	(987)	28,401
Futures Notional Cost Amounts 30 June 2012	(797)							
Futures Notional Cost Amounts 30 June 2011	(1,005)							

The “Physical” column above represents the location of the registered schemes’ 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’ exposures 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.

## **Notes to the Financial Statements**

For the year ended 30 June 2012 (cont)

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

#### **(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 due to 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 currency.

Currency hedging is an integral part of the management of currency risk. The Investment Manager positions a registered scheme's portfolio in what it believes will be a stronger currency(ies). For example, at 30 June 2012, Platinum International Fund's currency exposures were: 51% in the United States Dollar, 20% in European currencies, 13% in Asian currencies ex the Hong Kong Dollar and the Japanese Yen, and 6% in the Canadian Dollar and 6% in the Australian Dollar.

The Investment Manager may use forward foreign exchange contracts and futures and option contracts on foreign exchange rate contracts to position a registered scheme's 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-oriented stocks).

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (c) Market Risk (cont)

##### (i) Foreign Exchange Risk (cont)

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

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

	2012				2011			
	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
<b>International Fund</b>								
Japan	1,216,120	-	(1,103,151)	112,969	1,780,390	-	(1,673,751)	106,639
Other Asia	1,077,893	190,740	(81,970)	1,186,663	1,424,862	1,760,162	(125,952)	3,059,072
Australia	66,156	523,076	(327,903)	261,329	120,065	1,184,170	(386,966)	917,269
Europe – Euro	1,558,614	108,786	(875,958)	791,442	2,167,462	189,011	(467,766)	1,888,707
Europe – Other	346,839	360,249	(58,962)	648,126	349,444	337,885	(208,067)	479,262
North America	2,728,520	1,921,509	(656,416)	3,993,613	3,036,762	2,068,769	(2,677,495)	2,428,036
South America	1,284	-	-	1,284	912	-	-	912
Africa	237	-	-	237	-	-	-	-
	<b>6,995,663</b>	<b>3,104,360</b>	<b>(3,104,360)</b>	<b>6,995,663</b>	<b>8,879,897</b>	<b>5,539,997</b>	<b>(5,539,997)</b>	<b>8,879,897</b>
<b>Unhedged Fund</b>								
Japan	35,395	-	-	35,395	46,785	-	-	46,785
Other Asia	20,335	-	-	20,335	22,632	-	-	22,632
Australia	85	-	-	85	10,350	-	-	10,350
Europe – Euro	26,485	-	-	26,485	19,217	-	-	19,217
Europe – Other	8,667	-	-	8,667	3,313	-	-	3,313
North America	61,733	-	-	61,733	68,325	-	-	68,325
	<b>152,700</b>	<b>-</b>	<b>-</b>	<b>152,700</b>	<b>170,622</b>	<b>-</b>	<b>-</b>	<b>170,622</b>

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (c) Market Risk (cont)

#### (i) Foreign Exchange Risk (cont)

	2012				2011			
	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
<b>Asia Fund</b>								
Asia (excluding Japan)	2,361,369	128,461	(128,461)	2,361,369	3,067,858	131,936	(212,100)	2,987,694
Australia	61,133	78,869	-	140,002	(10,638)	235,723	-	225,085
Europe – Other	5,475	-	-	5,475	10,157	-	-	10,157
North America	347,810	-	(78,869)	268,941	377,051	49,827	(205,386)	221,492
	<u>2,775,787</u>	<u>207,330</u>	<u>(207,330)</u>	<u>2,775,787</u>	<u>3,444,428</u>	<u>417,486</u>	<u>(417,486)</u>	<u>3,444,428</u>
<b>European Fund</b>								
Australia	351	22,172	(10,400)	12,123	1,526	31,385	(11,990)	20,921
Europe – Euro	99,941	-	(74,796)	25,145	134,383	1,590	(44,258)	91,715
Europe – Other	25,781	39,287	(686)	64,382	22,179	12,873	-	35,052
North America	3,777	37,111	(12,688)	28,200	4,669	10,400	-	15,069
	<u>129,850</u>	<u>98,570</u>	<u>(98,570)</u>	<u>129,850</u>	<u>162,757</u>	<u>56,248</u>	<u>(56,248)</u>	<u>162,757</u>
<b>Japan Fund</b>								
Japan	303,733	10,000	(182,058)	131,675	324,581	7,000	(200,617)	130,964
Other Asia	13,816	48,048	(41,194)	20,670	7,829	122,262	(15,539)	114,552
Australia	2,880	63,754	(58,046)	8,588	14,253	103,378	(58,101)	59,530
North America	15,189	159,496	-	174,685	35,163	120,615	(78,998)	76,780
	<u>335,618</u>	<u>281,298</u>	<u>(281,298)</u>	<u>335,618</u>	<u>381,826</u>	<u>353,255</u>	<u>(353,255)</u>	<u>381,826</u>

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (c) Market Risk (cont)

#### (i) Foreign Exchange Risk (cont)

	2012				2011			
	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
<b>International Brands Fund</b>								
Japan	46,242	-	(10,784)	35,458	37,032	-	(20,761)	16,271
Other Asia	130,277	-	(7,429)	122,848	159,525	8,439	(15,470)	152,494
Australia	118,414	-	(51,100)	67,314	133,996	42,509	(45,353)	131,152
Europe – Euro	169,287	18,213	(12,050)	175,450	179,668	43,712	(8,439)	214,941
Europe – Other	68,390	45,724	-	114,114	54,806	-	(14,414)	40,392
North America	114,971	38,600	(21,174)	132,397	78,845	31,914	(22,137)	88,622
South America	27,639	-	-	27,639	22,758	-	-	22,758
	<b>675,220</b>	<b>102,537</b>	<b>(102,537)</b>	<b>675,220</b>	<b>666,630</b>	<b>126,574</b>	<b>(126,574)</b>	<b>666,630</b>
<b>International Health Care Fund</b>								
Japan	1,443	1,322	(1,064)	1,701	590	1,250	(969)	871
Other Asia	639	3,593	(736)	3,496	407	-	-	407
Australia	6,645	-	(3,351)	3,294	3,825	1,049	(900)	3,974
Europe – Euro	6,164	1,064	(940)	6,288	3,735	1,319	(826)	4,228
Europe – Other	4,942	771	(1,537)	4,176	3,416	877	-	4,293
North America	10,078	2,609	(1,731)	10,956	10,132	491	(2,291)	8,332
South America	425	-	-	425	283	-	-	283
	<b>30,336</b>	<b>9,359</b>	<b>(9,359)</b>	<b>30,336</b>	<b>22,388</b>	<b>4,986</b>	<b>(4,986)</b>	<b>22,388</b>
<b>International Technology Fund</b>								
Japan	2,286	-	-	2,286	2,675	-	(2,352)	323
Other Asia	14,682	5,639	(1,175)	19,146	12,974	2,720	-	15,694
Australia	2,191	-	-	2,191	3,741	3,049	-	6,790
Europe – Euro	5,213	-	(2,709)	2,504	7,340	-	-	7,340
Europe – Other	3,350	-	-	3,350	884	-	(697)	187
North America	11,603	3,884	(5,639)	9,848	11,309	-	(2,720)	8,589
	<b>39,325</b>	<b>9,523</b>	<b>(9,523)</b>	<b>39,325</b>	<b>38,923</b>	<b>5,769</b>	<b>(5,769)</b>	<b>38,923</b>

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (c) Market Risk (cont)

##### (i) Foreign Exchange Risk (cont)

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 maturity) currency agreements with high credit rating counterparties. Generally, the existing forward currency maturity dates range from 14 to 75 days.

##### *Foreign exchange risk sensitivity analysis*

The sensitivity analysis below shows the impact a 10% movement in foreign currency at reporting date would have on the registered schemes’ profit on monetary and non-monetary assets and liabilities such as cash, forward contracts and equities.

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 table presents the foreign currency or currencies with the largest impact on profit for each registered scheme.

	2012 +10% \$'000	2012 -10% \$'000	2011 +10% \$'000	2011 -10% \$'000		2012 +10% \$'000	2012 -10% \$'000	2011 +10% \$'000	2011 -10% \$'000
<b>International Fund</b>					<b>Unhedged Fund</b>				
United States Dollar	(324,272)	397,610	(156,817)	191,587	United States Dollar	(5,430)	6,637	(5,499)	6,721
Euro	(67,334)	82,296	(169,302)	206,921	Japanese Yen	(3,154)	3,855	(4,167)	5,093
<b>Asia Fund</b>					<b>European Fund</b>				
Thai Baht	(42,406)	51,830	(36,126)	44,153	Euro	(2,299)	2,811	(8,215)	10,040
Korean Won	(37,302)	45,592	(61,495)	75,161					
<b>Japan Fund</b>					<b>International Brands Fund</b>				
Japanese Yen	(11,977)	14,682	(12,037)	14,712	Euro	(15,981)	19,311	(19,490)	23,821
					United States Dollar	(11,740)	14,846	(8,120)	9,924
<b>International Health Care Fund</b>					<b>International Technology Fund</b>				
United States Dollar	(881)	1,073	(677)	828	United States Dollar	(901)	1,088	(780)	953
Euro	(572)	699	(385)	470	Hong Kong Dollar	(595)	727	(243)	297

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 2011/2012, most of the registered schemes have had minimal exposure to the Australian Dollar and thus returns have reduced because of its continued strength.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (c) Market Risk (cont)

##### (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 2012 and 2011, 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.

##### (iii) Price Risk

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

Platinum Asset Management'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 2012, 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.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (c) Market Risk (cont)

#### (iii) Price Risk (cont)

##### Price risk sensitivity analysis

Price risk exposure arises from the registered schemes' investment portfolios that comprise 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:

	2012 +5% \$'000	2012 -5% \$'000	2011 +5% \$'000	2011 -5% \$'000		2012 +5% \$'000	2012 -5% \$'000	2011 +5% \$'000	2011 -5% \$'000
<b>International Fund</b>					<b>Unhedged Fund</b>				
United States S&P	74,800	(74,800)	53,411	(53,411)	United States S&P	2,876	(2,876)	2,566	(2,566)
Japanese Topix	52,294	(52,294)	76,856	(76,856)	Japanese Topix	1,670	(1,670)	2,156	(2,156)
<b>Asia Fund</b>					<b>European Fund</b>				
Thailand SET	23,317	(23,317)	19,887	(19,887)	German DAX	2,612	(2,612)	3,706	(3,706)
Korean Kospi	20,516	(20,516)	28,607	(28,607)	French CAC	1,087	(1,087)	1,363	(1,363)
<b>Japan Fund</b>					<b>International Brands Fund</b>				
Japanese Topix	13,612	(13,612)	16,396	(16,396)	United Kingdom FTSE	2,748	(2,748)	2,226	(2,226)
					French CAC	2,689	(2,689)	2,428	(2,428)
<b>International Health Care Fund</b>					<b>International Technology Fund</b>				
United States S&P	409	(409)	428	(428)	United States S&P	477	(477)	375	(375)
German DAX	118	(118)	66	(66)	Hong Kong Hang Seng	322	(322)	86	(86)

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (c) Market Risk (cont)

##### (iii) Price Risk (cont)

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. We note that since 30 June 2012, global markets have experienced significant volatility.

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.

The above sensitivity analysis for price risk is unrepresentative of the market exposure for the registered schemes because Platinum Asset Management does not invest by reference to the weighting or inclusion of a stock in a specific index. An investment management style where the composition of the portfolio is by reference to global share index weightings is often referred to as an "index manager". An index manager tries to match a particular index by investing in securities that are representative of that index.

#### (d) Credit Risk

Credit risk relates to the risk of a counterparty defaulting on a financial obligation resulting in a loss to 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.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (d) Credit Risk (cont)

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

Rating	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AA	-	74,235	-	-	-	29	-	-
AA-	4,955	-	-	-	62,078	-	-	-
A+	615,862	803,070	8,938	14,587	131,893	396,760	16,711	16,034
A	160,484	206,019	-	6,410	30,942	129,196	577	495
A-	86,823	-	5	-	36,800	-	209	-
BBB+	3,853	8,591	-	-	-	-	-	-
	871,977	1,091,915	8,943	20,997	261,713	525,985	17,497	16,529

Rating	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AA	-	-	-	120,346	-	2,487	-	-
AA-	-	-	101,161	-	5,638	-	-	-
A+	31,659	51,040	67,996	33,708	2,021	2,426	6,518	8,976
A	5,848	21,382	8,609	9,080	322	240	176	634
A-	7,513	-	8,821	-	19	-	508	-
BBB+	-	2,296	85	671	-	-	-	-
	45,020	74,718	186,672	163,805	8,000	5,153	7,202	9,610

(Source: Platinum and Standard & Poor's)

The Investment Manager regularly monitors the registered schemes' credit risk exposures 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 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.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (d) Credit Risk (cont)

##### *Ageing analysis of receivables*

The registered schemes' ageing analysis of receivables (disclosed in Note 8) at 30 June 2012 is as follows:

Ageing	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
0-30 days	11,828	7,046	38	88	1,608	3,961	37	22
31-60 days	3,135	2,523	93	15	-	1,300	100	149
61-90 days	438	3,650	38	83	453	220	24	135
90+ days	3,216	14,765	48	58	25	1,509	66	78
	18,617	27,984	217	244	2,086	6,990	227	384

  

Ageing	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
0-30 days	46	89	670	346	197	8	22	30
31-60 days	-	-	312	89	1	2	67	9
61-90 days	67	29	172	76	2	4	8	23
90+ days	404	180	2	34	26	22	-	-
	517	298	1,156	545	226	36	97	62

The amounts 61 days and over are past due, but no receivables are impaired.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (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*

##### (i) Non-financial liabilities

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

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Payable within three months</b>								
Unsettled trades	12,625	95,592	1,204	2,272	289	843	-	1,601
Payable to unitholders	-	-	-	1,029	-	-	-	-
Management and administration fees	8,073	10,355	134	156	3,299	4,216	143	185
Indian and Thai capital gains tax payable	352	-	-	-	3,434	4,870	-	-
Other payables	-	11	-	-	-	-	-	-
Unitholders' distribution payable	126,374	251,204	1,818	2,772	28,102	37,747	16,367	-
Operating liabilities	147,424	357,162	3,156	6,229	35,124	47,676	16,510	1,786
<b>Assets realisable in one year or less to meet operating liabilities</b>	<b>7,012,925</b>	<b>8,907,526</b>	<b>152,917</b>	<b>170,866</b>	<b>2,777,873</b>	<b>3,451,419</b>	<b>130,027</b>	<b>163,074</b>
Net assets attributable to unitholders	6 866 856	8,550,719	149,761	164,637	2,742,749	3,403,742	113,567	161,355

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (e) Liquidity Risk (cont)

*Contractual maturity analysis (cont)*

#### (i) Non-financial liabilities (cont)

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Payable within three months</b>								
Unsettled trades	234	314	1,329	171	-	-	-	-
Payable to unitholders	-	-	-	-	-	-	-	-
Management and administration fees	373	441	799	804	30	23	44	45
Indian and Thai capital gains tax payable	-	-	476	698	-	-	-	-
Other payables	2	-	-	-	-	-	-	-
Unitholders' distribution payable	-	-	51,224	23,007	1,325	184	-	-
Operating liabilities	609	755	53,828	24,680	1,355	207	44	45
<b>Assets realisable in one year or less to meet operating liabilities</b>	<b>336,135</b>	<b>382,124</b>	<b>676,373</b>	<b>667,172</b>	<b>30,532</b>	<b>22,416</b>	<b>39,419</b>	<b>38,983</b>
Net assets attributable to unitholders	335,526	381,369	622,548	642,495	29,207	22,217	39,378	38,940

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

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (e) Liquidity Risk (cont)

##### (ii) Financial liabilities

The amounts below represent the maturity of derivative and foreign exchange outflows based on the position at 30 June.

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Payable within three months</b>								
Derivative contractual outflows	35,512	66,190	-	-	608	17,365	6	39
Forward currency contracts	8,761	10,733	-	-	-	878	332	79
	44,273	76,923	-	-	608	18,243	338	118

  

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Payable within three months</b>								
Derivative contractual outflows	2,498	1,567	1,750	1,092	34	40	7	16
Forward currency contracts	2,020	-	1,066	873	77	2	51	53
	4,518	1,567	2,816	1,965	111	42	58	69

At 30 June 2012, there are no other contractual amounts due or payable after three months.

Except for 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.

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. 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.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (f) Fair Value Hierarchy

The registered schemes 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).

The following table summarises the levels within the fair value hierarchy that the registered scheme's investments are classified at 30 June 2012. None of the registered schemes hold financial assets or liabilities that are classified in Level 3.

30 June 2012	International Fund			Unhedged Fund			Asia Fund		
	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
<b>Financial assets</b>									
Equity securities	6,210,138	-	6,210,138	143,765	-	143,765	2,552,526	8,571	2,561,097
Derivatives	4,328	-	4,328	-	-	-	1,270	-	1,270
Forward currency contracts	24,097	-	24,097	-	-	-	3,520	-	3,520
	6,238,563	-	6,238,563	143,765	-	143,765	2,557,316	8,571	2,565,887
<b>Financial liabilities</b>									
Derivatives	35,512	-	35,512	-	-	-	608	-	608
Forward currency contracts	8,761	-	8,761	-	-	-	-	-	-
	44,273	-	44,273	-	-	-	608	-	608
Total of Financial assets less liabilities	6,194,290	-	6,194,290	143,765	-	143,765	2,556,708	8,571	2,565,279
<b>30 June 2011</b>									
<b>Financial assets</b>									
Equity securities	7,948,109	-	7,948,109	155,010	-	155,010	2,992,588	5,886	2,998,474
Derivatives	1,324	1,533	2,857	-	-	-	3,259	-	3,259
Forward currency contracts	8,590	-	8,590	-	-	-	1,747	-	1,747
	7,958,023	1,533	7,959,556	155,010	-	155,010	2,997,594	5,886	3,003,480
<b>Financial liabilities</b>									
Derivatives	66,190	-	66,190	-	-	-	17,365	-	17,365
Forward currency contracts	10,733	-	10,733	-	-	-	878	-	878
	76,923	-	76,923	-	-	-	18,243	-	18,243
Total of Financial assets less liabilities	7,881,100	1,533	7,882,633	155,010	-	155,010	2,979,351	5,886	2,985,237

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

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

30 June 2012	European Fund			Japan Fund			International Brands Fund		
	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
<b>Financial assets</b>									
Equity securities	112,859	-	112,859	296,433	-	296,433	491,976	-	491,976
Derivatives	-	-	-	287	553	840	495	-	495
Forward currency contracts	808	-	808	3,097	-	3,097	143	-	143
	113,667	-	113,667	299,817	553	300,370	492,614	-	492,614
<b>Financial liabilities</b>									
Derivatives	6	-	6	2,498	-	2,498	1,750	-	1,750
Forward currency contracts	332	-	332	2,020	-	2,020	1,066	-	1,066
	338	-	338	4,518	-	4,518	2,816	-	2,816
Total of Financial assets less liabilities	113,329	-	113,329	295,299	553	295,852	489,798	-	489,798
<b>30 June 2011</b>									
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>									
Equity securities	146,504	-	146,504	311,035	-	311,035	505,131	-	505,131
Derivatives	-	-	-	2,223	-	2,223	683	-	683
Forward currency contracts	623	-	623	1,665	-	1,665	733	-	733
	147,127	-	147,127	314,923	-	314,923	506,547	-	506,547
<b>Financial liabilities</b>									
Derivatives	39	-	39	1,567	-	1,567	1,092	-	1,092
Forward currency contracts	79	-	79	-	-	-	873	-	873
	118	-	118	1,567	-	1,567	1,965	-	1,965
Total of Financial assets less liabilities	147,009	-	147,009	313,356	-	313,356	504,582	-	504,582

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

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

30 June 2012	International Health Care Fund			International Technology Fund		
	Level 1 \$'000	Level 2 \$'000	Level 1 \$'000	Level 2 \$'000	Level 1 \$'000	Level 2 \$'000
<b>Financial assets</b>						
Equity securities	22,470	-	22,470	-	22,470	-
Derivatives	-	-	-	-	1	-
Forward currency contracts	17	-	17	-	16	-
	22,487	-	22,487	-	22,487	-
<b>Financial liabilities</b>						
Derivatives	34	-	34	-	35	-
Forward currency contracts	77	-	77	-	76	-
	111	-	111	-	111	-
Total of Financial assets less liabilities	22,376	-	22,376	-	22,376	-
<b>30 June 2011</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>						
Equity securities	17,307	-	17,307	29,388	-	29,388
Derivatives	-	-	-	19	-	19
Forward currency contracts	19	-	19	39	-	39
	17,326	-	17,326	29,446	-	29,446
<b>Financial liabilities</b>						
Derivatives	40	-	40	16	-	16
Forward currency contracts	2	-	2	53	-	53
	42	-	42	69	-	69
Total of Financial assets less liabilities	17,284	-	17,284	29,377	-	29,377

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 10 Financial Risk Management (cont)

#### (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:

- prepare at least 3 month cash-flow projections;
- 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.
- 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 year.

Effective 1 November 2012, due to changes implemented by ASIC Class Order 11/1140, the responsible entity will be required to:

- prepare 12 month cash-flow projections, which must be approved at least quarterly by directors and reviewed annually by auditors; and
- hold at all times minimum Net Tangible Assets (NTA) the greater of:
  - \$150,000;
  - 0.5% of the average value of scheme property (capped at \$5 million); or
  - 10% of the average responsible entity (RE) revenue.

The Responsible Entity must hold at least 50% of its minimum NTA requirement as cash or cash equivalents and hold at least \$50,000 in Surplus Liquid Funds (SLF).

The responsible entity will comply with these new requirements to hold an AFSL.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

### Note 11 Key Management Personnel Disclosures

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 year and up to the date of this report:

Kerr Neilson  
Andrew Clifford  
Philip Howard

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

#### Key management personnel compensation

The Directors 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 provides investment management services to the registered schemes and a portion of the compensation paid 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 compensated the Directors as follows:

Director	Cash Salary		Other (1)		Short-Term Incentives Bonus		Post-employment benefits Superannuation		Share-based payments (2)		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Kerr Neilson	400,000	400,000	32,287	1,882	-	-	15,775	15,199	-	-	448,062	417,081
Andrew Clifford	350,000	350,000	(527)	(5,003)	170,000	177,000	15,775	15,199	1,091,795	1,091,795	1,627,043	1,628,991
Philip Howard (3)	400,000	100,000	20,039	43,756	244,000	257,500	15,775	3,800	243,359	396,594	923,173	801,650
	1,150,000	850,000	51,799	40,635	414,000	434,500	47,325	34,198	1,335,154	1,488,389	2,998,278	2,847,722

(1) Includes the increase/(decrease) in the provision for annual and long service leave.

(2) The amounts shown in the share-based payments column represents the accounting fair value amortised cost to Platinum Investment Management Limited for the year. This does not represent the actual value or benefit received by the Executive during the year, which was nil, as no Executive exercised any options.

(3) Appointed 31 March 2011.

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

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

#### 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:

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012 Units	2011 Units	2012 Units	2011 Units	2012 Units	2011 Units	2012 Units	2011 Units
<b>Kerr Neilson</b>								
Opening balance	54,685,458	46,998,588	27,410,357	19,282,660	29,885,986	29,333,600	13,661,965	13,589,262
Units acquired during the year	2,821,244	7,792,586	2,438,477	11,627,697	3,530,812	624,920	2,044,955	72,703
Units disposed of during the year	-	(105,716)	(8,110,473)	(3,500,000)	(30,082)	(72,534)	-	-
Closing balance	57,506,702	54,685,458	21,738,361	27,410,357	33,386,716	29,885,986	15,706,920	13,661,965
<b>Andrew Clifford</b>								
Opening balance	2,202,410	1,623,689	6,062,860	281,322	3,003,417	2,944,836	4,649	4,649
Units acquired during the year	727,563	684,437	2,049,437	9,281,538	7,632	131,115	-	-
Units disposed of during the year	-	(105,716)	(8,110,473)	(3,500,000)	(30,082)	(72,534)	-	-
Closing balance	2,929,973	2,202,410	1,824	6,062,860	2,980,967	3,003,417	4,649	4,649
<b>Philip Howard</b>								
Opening balance	584,496	568,003	6,062,860	7,058,132	219,730	217,374	4,649	4,649
Units acquired during the year	727,563	16,493	2,049,437	4,728	8,283	2,356	-	-
Units disposed of during the year	-	-	(8,110,473)	(1,000,000)	(98,824)	-	-	-
Closing balance	1,312,059	584,496	1,824	6,062,860	129,189	219,730	4,649	4,649

## Notes to the Financial Statements

For the year ended 30 June 2012 (cont)

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

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

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	Units	Units	Units	Units	Units	Units	Units	Units
<b>Kerr Neilson</b>								
Opening balance	30,513,133	27,483,832	1,166,672	1,120,531	7,264,527	7,158,681	6,793,033	6,750,360
Units acquired during the year	191,703	3,029,301	1,154,740	46,141	2,262,316	105,846	42,938	42,673
Units disposed of during the year	(148,481)	-	-	-	-	-	(6,835,971)	-
Closing balance	30,556,355	30,513,133	2,321,412	1,166,672	9,526,843	7,264,527	-	6,793,033
<b>Andrew Clifford</b>								
Opening balance	2,834,699	2,834,699	5,015	5,015	10,071	10,071	100,462	100,462
Units acquired during the year	18,738	-	-	-	-	-	-	-
Units disposed of during the year	(148,481)	-	-	-	-	-	-	-
Closing balance	2,704,956	2,834,699	5,015	5,015	10,071	10,071	100,462	100,462
<b>Philip Howard</b>								
Opening balance	134,427	134,427	5,015	5,015	10,071	10,071	9,410	9,410
Units acquired during the year	18,738	-	52,885	-	-	-	-	-
Units disposed of during the year	(148,481)	-	-	-	-	-	-	-
Closing balance	4,684	134,427	57,900	5,015	10,071	10,071	9,410	9,410

#### 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 are set out in note 12.

Two of the Directors, Kerr Neilson and Philip Howard, 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 on page 48.

## Notes to the Financial Statements

For the year ended 30 June 2012 (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 values and payable monthly). The fees, exclusive of GST, are as follows:

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Fees for the year expensed by the registered schemes to the responsible entity	113,030,120	136,053,835	2,397,857	2,068,567	45,287,003	55,782,030	1,978,507	2,445,744
Aggregate amounts payable by the registered schemes at reporting date	8,072,456	10,354,603	134,147	155,362	3,299,144	4,215,649	142,813	185,418
	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Fees for the year expensed by the registered schemes to the responsible entity	5,216,948	6,106,505	9,715,859	8,432,071	369,440	288,855	603,188	618,130
Aggregate amounts payable by the registered schemes at reporting date	373,068	440,936	799,743	803,793	30,194	23,013	44,026	44,775

## Notes to the Financial Statements

For the year ended 30 June 2012 (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	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash and cash equivalents	801,373	997,264	8,935	15,612	210,508	459,191	16,521	15,748

  

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash and cash equivalents	39,766	68,470	185,422	162,048	7,960	5,104	7,133	9,546

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 bears floating interest rates in the range of 0% to 4.65%. Information in relation to the registered schemes' exposures to interest rate risk is provided in Note 10.

#### (b) Non Cash Financing Activities

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
During the year, the following distribution payments were reinvested in additional units	46,595	93,864	1,257	1,914	13,353	17,389	9,083	-

  

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
During the year, the following distribution payments were reinvested in additional units	-	-	14,437	6,730	967	124	-	-

## Notes to the Financial Statements

For the year ended 30 June 2012 (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		2012 \$'000	Asia Fund		European Fund	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000		2011 \$'000	2012 \$'000	2011 \$'000	
<b>Net operating profit/(loss)</b>	(557,521)	(702,621)	(9,400)	(6,500)	(213,193)	(217,854)	(6,529)	21,480	
(Increase)/decrease in investments	1,688,343	59,869	11,245	(83,554)	419,958	315,582	33,680	949	
(Increase)/decrease in exchange rates	(48,751)	166,722	(982)	647	6,220	54,808	(177)	1,017	
(Increase)/decrease in settlements receivable	(5,006)	895	-	242	189	314	(14)	-	
(Increase)/decrease in dividends and tax refund receivable	15,061	(13,760)	(7)	(113)	4,732	(3,067)	165	(53)	
(Increase)/decrease in interest receivable	-	316	32	(30)	(109)	-	-	-	
(Increase)/decrease in other receivables	(688)	(393)	2	(13)	92	(21)	6	(2)	
Increase/(decrease) in settlements payable	(82,967)	87,058	(1,068)	2,272	(554)	843	(1,601)	1,601	
Increase/(decrease) in management and administration fees payable	(2,282)	(744)	(22)	70	(917)	(179)	(42)	(3)	
Increase/(decrease) in Indian and Thai capital gains tax payable	352	-	-	-	(1,436)	4,870	-	-	
Increase/(decrease) in other payables	(11)	(2)	-	-	-	-	-	-	
<b>Net Cash Flows from operating activities</b>	<b>1,006,530</b>	<b>(402,660)</b>	<b>(200)</b>	<b>(86,979)</b>	<b>214,982</b>	<b>155,296</b>	<b>25,488</b>	<b>24,989</b>	

## Notes to the Financial Statements

For the year ended 30 June 2012 (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 (cont)

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net operating profit/(loss)</b>	(17,120)	(25,119)	(35,752)	53,084	1,235	2,397	(637)	(1,997)
(Increase)/decrease in investments	17,504	78,903	14,784	(98,804)	(5,092)	(4,327)	(2,815)	557
(Increase)/decrease in exchange rates	(4,842)	12,700	1,043	8,884	(34)	238	134	1,280
(Increase)/decrease in settlements receivable	-	10,927	(2)	3,160	(167)	-	-	236
(Increase)/decrease in dividends and tax refund receivable	(263)	314	(334)	56	(7)	(5)	(37)	(17)
(Increase)/decrease in interest receivable	37	(39)	(272)	(47)	(15)	-	2	(10)
(Increase)/decrease in other receivables	7	12	(3)	(28)	(1)	(1)	-	-
Increase/(decrease) in settlements payable	(80)	(26)	1,158	171	-	-	-	-
Increase/(decrease) in management and administration fees payable	(68)	(120)	(5)	237	7	8	(1)	(5)
Increase/(decrease) in Indian capital gains tax payable	-	-	(222)	698	-	-	-	-
Increase/(decrease) in other payables	2	-	-	-	-	-	-	-
<b>Net Cash Flows from operating activities</b>	<b>(4,823)</b>	<b>77,552</b>	<b>(19,605)</b>	<b>(32,589)</b>	<b>(4,074)</b>	<b>(1,690)</b>	<b>(3,354)</b>	<b>44</b>

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

No significant events have occurred since Balance Sheet date that would impact the financial position of the registered schemes as at 30 June 2012 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 2012 and 30 June 2011.

## Statement of Net Asset Value

Reconciliation of Net Asset Value before unitholders' liability, in accordance with Australian Accounting Standards, to the Redemption Value\*

	<b>International Fund</b>		<b>Unhedged Fund</b>		<b>Asia Fund</b>		<b>European Fund</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net assets attributable to unitholders per balance sheet	6,866,856	8,550,719	149,761	164,637	2,742,749	3,403,742	113,567	161,355
Distributions paid and payable to unitholders	126,374	251,204	1,818	2,772	28,102	37,747	16,367	-
Redemption cost of financial assets**	(17,509)	(22,035)	(379)	(419)	(6,946)	(8,631)	(326)	(404)
Difference between "bid" price under Australian Accounting Standards and last price	11,229	12,173	144	310	7,618	10,793	408	225
Tax receivables	(908)	-	-	-	12	-	-	-
Net Asset Value for redemption purposes	6,986,042	8,792,061	151,344	167,300	2,771,535	3,443,651	130,016	161,176
Redemption price	1.3252	1.4583	0.9604	1.0361	1.9901	2.1520	1.9433	1.9950
	<b>Japan Fund</b>		<b>International Brands Fund</b>		<b>International Health Care Fund</b>		<b>International Technology Fund</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net assets attributable to unitholders per balance sheet	335,526	381,369	622,548	642,495	29,207	22,217	39,378	38,940
Distributions paid and payable to unitholders	-	-	51,224	23,007	1,325	184	-	-
Redemption cost of financial assets**	(843)	(956)	(1,689)	(1,668)	(76)	(56)	(99)	(97)
Difference between "bid" price under Australian Accounting Standards and last price	1,740	1,082	1,660	1,850	36	22	60	48
Tax receivables	-	-	-	-	-	-	-	-
Net Asset Value for redemption purposes	336,423	381,495	673,743	665,684	30,492	22,367	39,339	38,891
Redemption price	1.6839	1.7586	2.0433	2.2343	1.1251	1.0831	0.9479	0.9639

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

\*\* 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.

## 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 54

- (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) giving a true and fair view of the financial positions of the registered schemes as at 30 June 2012 and of their performances as represented by the results of their operations, changes in equity and their cash flows for the year ended on that date;
- (b) there are reasonable grounds to believe that the registered schemes will be able to pay their debts as and when they become due and payable; and
- (c) Note 2 (a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

Philip Howard  
Director

Sydney  
15 August 2012



## Independent auditor's 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; and  
Platinum International Technology Fund**

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

We have audited the accompanying financial report 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 comprises the Balance Sheets as at 30 June 2012, the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration for the registered schemes.

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

The directors of the Platinum Investment Management Limited ("the responsible entity") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### ***Auditor's responsibility***

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

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

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

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

### *Independence*

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

### *Auditor's opinion*

In our opinion:

- (a) the financial report of 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 2012 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 registered schemes' financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

AJ Wilson  
Partner

Sydney  
15 August 2012