Appendix 4E

Preliminary final report

Listing Rule 4.3A

Company	Platinum Capital Limited
ASX Code	PMC
Year Ended	30 June 2008
ABN	51 063 975 431

Results for Announcement to the market

			$A'000
Total investment income	down	-270.64%	(29,766)
Loss after income tax attributable to members	down	-361.89%	(23,861)
Net loss for the period attributable to members	down	-361.89%	(23,861)

This Annual Report is prepared under Australian International Financial Reporting Standards.

Under these recorded profits or losses will be much more variable, as changes in the market value of the Company's total assets are reflected through the profit and loss account.

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

Dividends

Recommended Final Dividend	5 cents per share fully franked
Record date	31 October 2008
Payable date	14 November 2008
Last date for receipt of election notices for the dividend re-investment plan	31 October 2008

An interim dividend of 5 cents per share fully franked was paid on 4 March 2008.

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

Dividend Reinvestment Plan

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

M Halstead
Secretary
8 August 2008

PLATINUM CAPITAL® LIMITED
ABN 51 063 975 431

ANNUAL REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

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PLATINUM CAPITAL LIMITED

Chairman's Report 2008

Investment Performance

In the year ending on 30 June 2008, Platinum Capital's net asset value decreased by 17.2% pre-tax and by 13.8% after allowing for all tax liabilities, both realised and unrealised. For a comparison the benchmark Morgan Stanley Capital Index fell 19.8% for the 12 months.

This short-term performance should be seen in the context of the long-term results which are more than satisfactory. Since its inception in 1994 the compound annual appreciation of the Company's assets on a pre-tax basis has been 13.4% compared to the return from the MSCI of 5.9%. The comparable return from the Australian All Ordinaries Accumulation Index has been 11.5% annually over the 14 years.

Platinum Capital Limited – Pre-Tax NAV Return versus MSCI Index (%)					
	1 year	3 years (compound pa)	5 years (compound pa)	Since inception (14 years compound pa)	Since inception (cumulative)
PCL	-17.2	3.3	6.6	13.4	482.6
MSCI*	-19.8	2.1	5.3	5.9	122.4

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

Corporate Governance – International Accounting Standards

This Annual Report is prepared under Australian International Financial Reporting Standards, and therefore recorded profits or losses will be much more variable, as changes in the market value of the Company's total assets are reflected through the profit and loss account. This year we see realised profits of $12.8m being booked together with an unrealised market value movement of -$47.2m.

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

Dividends

A fully franked final dividend of 5 cents per share is recommended making 10 cents for the full year. This is a reduction from last year when we paid a final of 10 cents per share making a total for that year of 15 cents. In the light of the unrealised losses incurred during the second half through the application of the accounting rule of marking to market, this final dividend represents a continuation of our policy of smoothing.

The Company is now is a position of having paid out virtually all of its retained earnings. Further dividend payments will, therefore, have to be entirely governed by future earnings.

Environment

The Manager continues to report that it is carbon neutral (as is your Company), having purchased carbon credits to offset its carbon emissions. The Manager reports that it has reduced its level of carbon emissions this year and strives toward further reductions.

Outlook for 2008 – 2009

The Manager makes it clear in its Report that whilst its "frequently expressed concerns about excessive liquidity, over-borrowing and the weak US Dollar all proved perceptive, we sometimes acted on them too early". The Manager currently has a high level of confidence in owning “a group of very stable and well run companies whose valuations are well below their longer-term averages”. It believes that, “We are relatively well-placed with our shorts in emerging markets, small caps and cyclicals”.

Finally

As in past years, I do commend reading the Manager’s Report for its insights and a better understanding of the depth of analysis behind the investment decisions made by the Manager.

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

Graeme Galt
Chairman

Platinum Capital Limited 30 June 2008
Investment Manager's Report

Performance

Markets have been very challenging since evidence of the excesses of the credit cycle first came to light in May 2007. In the most recent quarter there has been a division between those companies that are seen as beneficiaries of continued growth in the developing world and those that are on the receiving end of the credit unravelling. Stock markets have seen the commodity and resource producers continue to roll while the financials have slumped.

A clear distinction has been less evident at the country level where the developed and developing markets have moved in similar ways. Striking exceptions were Brazil and Russia, where energy and resources predominate, with companies like Vale, Petrobras and Gazprom soaring. China and India have lost their lustre to tightening credit and inflation pressures.

Tables of global regional and sector returns are shown below.

MSCI* WORLD INDEX REGIONAL PERFORMANCE (AUD)

Region	Quarter	1 Year
United Kingdom	-6%	-23%
India	-24%	-23%
Korea	-12%	-23%
US	-7%	-23%
Japan	-3%	-22%
France	-9%	-22%
Germany	--7%	-17%
Australia	-1%	-14%
Hong Kong	-9%	-9%
Emerging Markets	-6%	-8%
Brazil	13%	36%

* Morgan Stanley Capital International

Source: MSCI

MSCI* WORLD INDEX SECTOR PERFORMANCE (AUD)

Sector	Quarter	1 Year
Financials	-16%	-38%
Consumer Discretionary	-13%	-33%
Industrials	-11%	-22%
Health Care	-5%	-19%
Information Technology	-4%	-19%
Telecommunications	-8%	-18%
Consumer Staples	-11%	-13%
Utilities	-2%	-7%
Materials	4%	4%
Energy	12%	9%

* Morgan Stanley Capital International

Source: MSCI

Your Company's performance has fluctuated. While doing better than the MSCI World Index for the year at -17.2% (pre-tax) versus -19.8%, our absence from resource companies and our currency allocation were detrimental to performance over the last three months (-8.7% pre-tax versus -6.4% for the index). As regard currencies, had we joined the momentum brigade and loudly proclaimed "stronger for longer" over this period we would have done better. This slogan is likely to be tested in coming months but recently it has held the Australian dollar, where we are underweight, high. It has also reduced the potency of our shorts. While underlying stocks in Japan are showing resilience the currency has sold-off.

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

30 April 2008	31 May 2008	30 June 2008
138.81	138.17	128.69

Source: Platinum

Currencies

While the Yuan continued its climb, rising by 10% versus the US dollar over the year, the other Asian currencies lost momentum and those without natural protection against the rising oil price started to sag. This was detrimental to our position as we had expected them to move-up with the Yuan so these holdings have now been cut. Further, the Australian dollar tilted higher as investors paid more heed to revised expectations about this country's current account deficit in the light of its strong iron ore, coal and natural gas industries. We ended the quarter with only 8% long the Australian dollar and with most of our physical share holdings being carried in their underlying currencies. We remain of the view that the US dollar is bottoming, perverse as this may seem, as competitiveness is now trending in that currency's favour.

Shorting

Throughout the quarter we have progressively moved the shorts towards those areas that are bloated by expectations of growth. These include some emerging markets such as Brazil, steel companies, small caps and reits (real estate investment trusts); only in the last days of the quarter did these bastions of hope for growth start to fall, a movement which has accelerated into July.

Portfolio Changes

GEOGRAPHICAL DISPOSITION OF PLATINUM ASSETS

Region	Jun 2008	Mar 2008
North America	24%	24%
Europe	23%	23%
Emerging Markets	20%	21%
Japan	19%	20%
Cash	14%	12%
Shorts	28%	31%

Source: Platinum

PLATINUM CAPITAL LIMITED – TOP 20 STOCKS

Stock	Industry	Jun 08
Microsoft	Technology	3.2%
Mitsubishi Tokyo Financial	Financial	3.0%
Hutchison Whampoa	Telco/Transport	2.9%
Siemens	Electrical	2.7%
Bombardier	Transport	2.7%
International Paper	Paper	2.3%
Samsung Electronics	Electrical	2.1%
Cisco Systems	Technology	2.1%
Hornbach Baumarkt	Retail	1.8%
Denso Corp	Auto	1.8%
Johnson & Johnson	Health Care	1.8%
JGC Corp	Construction	1.8%
SAP	Technology	1.7%
Henderson Land Dev	Property	1.7%
Sanofi-Aventis	Health Care	1.6%
Polaris Securities	Financials	1.6%
Pernod Ricard	Beverage	1.6%
Bangkok Bank	Financial	1.5%
Newmont Mining	Mining	1.5%
BMW	Auto	1.5%

Source: Platinum

Strong relative moves during the quarter gave us the opportunity to rebalance several holdings. In particular we cut back on our positions in the Bank of China, Sony and Bombardier, all of which rose by 20 to 30%. We consolidated holdings by selling Oracle for more SAP (IT business systems) and Chiyoda for more JGC (constructors of refineries and LNG plants). In other cases we exited companies that had held-up relatively well but which now look less attractive in a relative sense; Ajinomoto, Yamato and Rohm were used to fund initial stakes in the highly oil-punished segment of airlines and aircraft support. Other activities were to exchange Pfizer for Sanofi-Aventis and to sell the regional banks in Japan for the two largest city banks.

At a time when most banks have been revealed as under-capitalised and having weak deposit bases, one of the world's biggest banks with the opposite characteristics, is selling at book value. Mitsubishi-UFJ Financial Group has been recapitalised and has a loan to deposit ratio of 75%. Furthermore, for the first time in years it is trading in an environment of rising prices and has the prospect of repricing and expanding its loan book at relatively low risk. In addition, the completion of its IT integration is anticipated to give rise to substantial cost savings. Should the Japanese public change their stance to equities in the face of a deteriorating environment for bonds, the company would get the additional boost from transactional fees and commissions. There is little need to try to pick the low point of the share prices of the western financials when this stock is both cheaper and more soundly based.

The pharmaceutical sector is being punished due to concerns about gaps in the pipeline for new drugs. Sanofi-Aventis has been caught up in this general downgrading and is trading at under eight times earnings. If you strip out the safe and steady vaccine business, the balance of activities is capitalised at approximately Eu43bn which should be covered by cash flow from those activities over no more than the next five years. The R&D pipeline, into which the company has recently been investing between Eu4.5bn and Eu8bn annually, is apparently being valued by the market at zero. There are other good things to be said but the above figures alone are a sufficient indication that Sanofi's current rating is strongly characteristic of value and neglect.

<u>Commentary</u>

Trying to evaluate markets each day is like watching a giant kaleidoscope. Against a dull background there will nearly always be one vividly bright and interesting sector. For a while this particular area generates a massive volume of comment accompanied by extraordinary market activity and volatility. Then, more or less unexpectedly, a new brilliance merges to command attention while the old one fades away.

We do our very best to avoid short-termism and to maintain a balanced view. We are obliged, however, because we necessarily interact with the other market participants, constantly to take account of the intensity and likely durability of the mass reaction to each emergent spectacular. Last week it was securitisation, credit default swaps and bank solvency. This week it is oil and agriculture prices and inflation. Next week, well, that is the big question.

It is a constant balancing act. How much attention should be paid to the past, to what extent can we anticipate the future and when and by how much do we deweight the present but transient?

Many fund managers would today be concerned about whether they have "*enough exposure to oil plays*". The trouble here is that oil has doubled in the last 12 months. We in fact first wrote about the impending boom in the oil price in June 2003 (http://www.platinum.com.au/images/drops.pdf). It is not really "breaking news". Nevertheless, if one were a momentum fund manager it would bear heavily on one's behaviour. The skill we require is to correctly gauge the tone of the market as we buy or sell the shares that we do or don't favour, while neither being too anticipatory nor too hesitant.

At present the market's focus seems to be on:

<u>Growth</u>
Developed economies are slowing to a snail's pace. Developing markets continue to grow but are threatened by rising inflation and, in some cases, the adverse effects of "managed" currencies.

<u>Inflation</u>

The deflationary pulse from China/Asia is reversing. There have been some unpleasant surprises regarding input costs and the movements of wages in Asia/Russia and other developing regions. Agricultural prices may ease but, on account of the fundamental repricing of energy, it is unlikely that they will fall back below the current trading range. Energy prices should stay elevated as demand destruction in developed countries (eg. dramatic shifts to public transport and other measures) is offset by developing world growth. There is very little tolerance in global supply to cope with incidents such as the Japanese nuclear generator fleet being taken offline, causing extra demand for oil of 350,000 barrels per day.

Profits

Forward earnings are likely to sag in the face of weaker demand and strong cost pressures.

Credit

Banks are being recapitalised but the magnitude of the write-offs are causing boards to tighten credit standards and we can expect regulatory oversight to stiffen. Re-intermediation will continue and securitisations will be much rarer.

What is coming into view?

Accelerating inflation rests partly on the effects of currency intervention and the consequent massive build-up of foreign exchange reserves in Asia, Russia and the Middle East. Some of this has been sterilised by way of the issue of domestic bonds, but not in sufficient quantities to offset fully the expansionary effect on money supply. Currency intervention will be a hot topic. Note that in China the government still sets both the maximum rate on deposits and the minimum rate on loans. This has allowed the banks to recapitalise themselves but now, via special reserve requirements, these set rates are throttling the ability to lend to the extent that the credit multiplier has shrunk to about 5.5 times.

Subsidies are also likely to receive more press. These are widespread across Asia. Apart from the interest rate subsidy noted above, there are the issues of tax rebates, now being phased out in China, subsidised motor fuels, natural gas prices, electricity prices, fertilisers and so on across the developing world. In the case of India these subsidies are exploding with the rise in the prices of hydrocarbons and food and now, at 5% of the economy, threaten the central government's finances.

Inflation is starting to really frighten many Asian regimes, with recorded rates ranging between 7% and 14%. They are beginning to recognise the need to allow the true market price to ration the demand for basic necessities and to allocate resources more appropriately. This will likely lead to a change in perception about the risk of emerging markets. In the case of last year's top favourite, Vietnam, the stock market has already halved in the face of concerns about inflation at 25%, the weakening Dong, and the foreign borrowings of some state owned enterprises and banks.

A growing concern about developing markets is likely to re-establish the risk premium at higher levels. As we all know, the attraction of superior growth had completely changed investors' risk/reward perceptions such that there was little difference in the rating of emergent and developed markets. Some of this new-found faith was always questionable in the case of the resource-rich countries. It was precisely because of their natural resource wealth that their political regimes were intolerant and restricted the development of strong institutions. The natural extension of this has been a trend towards resource nationalism - hardly reassuring to owners of capital.

There is likely to be more attention to corporate earnings. Broker analysts have still barely revised their earnings estimates for the next financial year. The majority of fund managers do not believe the analyst consensus of low teens earnings growth but we are still being told that things will improve in the second half of 2008 although we're here now and it doesn't look great.

As a general statement, we can argue that equity markets are most happy when inflation is around 2%. Less than that and companies are in the difficult position recently experienced by the Japanese. Customers are highly sensitive to price increases and it is often better to absorb the pressure of costs than to lose sales from "*sticker-shock*". However, as inflation rises to higher levels it progressively erodes the valuation of equities. This is so for several reasons, particularly the diminished availability of credit and the effect of taxation on illusory profits. Hence, as concerns about inflation become embedded, the price investors will pay for forward earnings starts to drop.

Should this concern begin to manifest itself, fund managers will start to look for those companies that are relatively protected from inflation. This could lead to defensive, non-capital intensive businesses being favoured over those which are pure price takers and have a lot of money tied up in plant and working capital. For example, food retailers would look very good versus steel mills.

Looking slightly further out, we believe we are approaching the cross-over point where spending patterns will shift. In the West we anticipate savings will rise at the expense of consumption whilst correcting the backlog of investment in public infrastructure plus the need to address alternative energy sources and conservation will also make a positive contribution. We expect the reverse in China and most of Asia, excluding India, where savings will begin to make way for consumption. China is at the extreme where investment and the trade surplus dwarf the consumer, so that one is inclined to believe there will be some painful adjustments as an appreciating exchange rate takes its toll. This may well become an important issue when constructing portfolios in the next few years.

In the last three years Platinum has displayed a pattern of being too preemptive in both its long and short positions. He who wants to be ahead of the crowd undoubtedly runs the risk of acting too early. Our frequently expressed concerns about excessive liquidity, over-borrowing and the weak US dollar all proved perceptive. All those factors did, however, take longer than we anticipated to have their impact which caused us to fail to capture some opportunities.

We are now barely exposed to energy and resources, except pulp and paper. Instead, we are positioning the portfolio for the inevitable burst of activity in creating alternative fuels and the whole investment program this will entail. We own a group of very stable and well-run companies whose valuations are well below their longer-term averages. We have little doubt that there will be some earnings declines but believe that prospective valuations are already anticipating a weak outlook.

Outlook

There are plenty of issues for the market to worry about. Consumers everywhere are feeling the pinch of rising costs, principally for food in the poorer countries and energy in the richer ones. Among the richer countries there is also a housing slump, tighter credit and the real prospect of a significant number of lay-offs. As we have been saying for a while, companies face reduced pricing power and higher input costs.

Investors are well aware that the stock market is an anticipatory mechanism. The conundrum is to assess the degree to which current prices already reflect a miserable outlook. Our view is that the magnitude and length of the boom was such that investors probably still view the future with a slightly rose-tinted blush. Unlike the “tech wreck” of 2001, at the peak of this boom there were few places to hide because of a convergence of valuations. The good were cheaper than the bad but not cheap enough to deal with profit downgrades. This is rapidly changing and those companies with the qualities we sought and highlighted last year, namely prominent business positions that support pricing power; no or low debt; margins close to trend and valuations below their historic average, now represent good absolute value.

We are relatively well-placed with our shorts in emerging markets, small caps and cyclicals. Prices in each of these sectors started to fall sharply in the early days of July.

SHAREHOLDER INFORMATION

Substantial Shareholders
No Shareholders appeared in the Company's Register of Substantial Shareholders, maintained in accordance with section 671B of the *Corporations Act 2001,* as at 4 August 2008.

Distribution of Securities

	Class of equity security
(i) Distribution schedule of holdings	**Ordinary**
1-1000	857
1,001 - 5,000	3,824
5,001 - 10,000	2,795
10,001-100,000	3,283
100,001 and over	65
Total number of holders	10,824
(ii) Number of holders of less than a marketable parcel	369
(iii) Percentage held by the 20 largest holders	8.78%

Twenty Largest Shareholders
The names of the twenty largest holders of each class of listed equity securities as at 4 August 2008 are listed below

	Number of Shares	%
Groote Eylandt Aboriginal Trust Incorporated	1,601,250	1.26
UBS Wealth Management Australia Nominees Pty Limited	1,351,078	1.06
Forbar Custodians Limited	1,246,925	0.98
RBC Dexia Investor Services Australia Nominees Pty Limited	1,040,435	0.82
Questor Financial Services Limited	983,348	0.77
Feboco Investments Pty Limited	654,424	0.51
ANZ Nominees Limited	437,919	0.34
J P Morgan Nominees Australia Limited	419,692	0.33
RBC Dexia Investor Services Australia Nominees Pty Limited	400,190	0.31
The Uniting Church in Australia	387,000	0.30
Questor Financial Services Limited	347,595	0.27
K Neilson	324,019	0.25
Poseidon Nominees Pty Limited	300,000	0.24
Australian Executor Trustees Limited	292,844	0.23
KPT Pty Limited	274,115	0.22
Hydronomees Pty Limited	240,681	0.19
Custodial Services Limited	236,578	0.19
Trust Company Superannuation Services Limited	217,940	0.17
Robhil Pty Limited	217,709	0.17
D Frawley	210,000	0.17

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

Platinum's Commitment to Carbon Neutrality
The Manager continues to report that it is carbon neutral (as is your Company), having purchased carbon credits to offset its carbon emissions.
The Manager reports that it has reduced its level of carbon emissions this year and strives toward further reductions.

Distribution of Annual Report to Shareholders
The Law allows for an "opt in" regime in which shareholders will only receive a printed "hard copy" version of the Annual Report if they request one.
The Directors have decided to mail out the 2008 Annual Report to all Shareholders, unless they have "opted out".
This position will be kept under review. Please communicate your views to the Company Secretary by email to invest@platinum.com.au.

Financial Calendar

Annual General Meeting	22 October 2008
Ordinary Shares trade ex-dividend	27 October 2008
Record (books close) date for final dividend	31 October 2008
Final dividend paid	14 November 2008

These dates are indicative and may be changed.

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

Investment Methodology

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

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

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

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

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

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

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

www.platinum.com.au/invest_process.htm

www.platinum.com.au/invest_diagram.htm

DIRECTORS' REPORT

In respect of the year ended 30 June 2008, the Directors of Platinum Capital Limited (the "**Company**") submit the following report made out in accordance with a resolution of the Directors.

Directors

The following persons were Directors of the Company during the whole year and up to the date of this report.

Graeme Galt	(Chairman and Non-Executive Director)
Peter Clarke	(Non-Executive Director)
Bruce Coleman	(Non-Executive Director)
Kerr Neilson	(Managing Director)
Andrew Clifford	(Director)
Malcolm Halstead	(Director and Secretary)

Principal Activity

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

Trading Results

The net loss of the Company for the year was $23,861,000 (2007:net profit $9,111,000) after income tax benefit of $10,419,000 (2007:income tax expense $3,456,000).

Dividends

Since the end of the financial year, the Directors have recommended the payment of a 5 cents per share ($6,358,000) fully franked dividend payable to Shareholders on 14 November 2008.

A fully franked interim dividend of 5 cents per share ($6,295,000) was paid on 4 March 2008.

A fully franked final dividend of 10 cents per share ($12,400,000) for the year ended 30 June 2007 was paid on 14 November 2007.

Review of Operations

The net loss before tax was $34,280,000 (2007:net profit before tax $12,567,000) and net loss after tax was $23,861,000 (2007:net profit after tax was $9,111,000). Income tax benefit for the year was $10,419,000 (2007:income tax expense $3,456,000).

Changes in the State of Affairs

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

Events Subsequent to the end of the Financial Year

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

Likely Developments and Expected Results of Operations

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

Rounding of Amounts

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

Environmental Regulation

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

Auditor

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

Non-Audit Services

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

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

	2008	2007
	$	$
Audit services - statutory	84,319	76,480
Taxation services - compliance	42,903	29,740
Taxation services - Foreign tax agent	9,139	2,955
Taxation services - advice	-	2,333
Total	136,361	111,508

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Information on Directors

Graeme Galt MBA, BCom
Independent Non-Executive Director and Chairman for six years and member of the Audit Committee. (Age 68)
Mr Galt has extensive experience in senior line and staff roles, and in consulting positions across a wide range of industries and markets. He has held various directorships in both private and public companies.

Peter Clarke BSc(Econ)
Independent Non-Executive Director for nine years and Chairman of the Audit Committee. (Age 72)
Mr Clarke brings to the Board over 30 years experience in the Investment Management business.
Until 1987 he held various directorships in the UK and was Managing Director of a stockbroking firm.

Bruce Coleman BSc, BCom, CA, FFin
Independent Non-Executive Director for four years and member of the Audit Committee. (Age 58)
Mr Coleman has worked in the Finance and Investment industry since 1986. He was the CEO of MLC Investment Management from 1996 to 2004. He has held various directorships within MLC Limited, Lend Lease and the National Australia Banking group.
Former Director of MLC Limited from 2001 to 2004.
Mr Coleman is a Non-Executive Director of Platinum Asset Management Limited.

Kerr Neilson BCom (UCT), ASIP
Managing Director for 14 years. (Age 58)
Relevant interest in 324,020 shares in the Company.
Appointed as Managing Director upon incorporation. He is the Managing Director of Platinum Investment Management Limited, the Company's Investment Manager and Platinum Asset Management Limited.
Prior to Platinum, Mr Neilson was an Executive Vice President at Bankers Trust Australia Limited.
Previously he worked in both the UK and South Africa as an investment analyst and fund manager.

Andrew Clifford BCom(Hons) (UNSW)
Director for 14 years. (Age 42)
Relevant interest in 81,004 shares in the Company.
Appointed a Director of the Company upon incorporation. He is a Director of Platinum Investment Management Limited, the Company's Investment Manager. Prior to Platinum Investment Management Limited, Mr Clifford was a Vice President at Bankers Trust Australia Limited.

Malcolm Halstead CA
Finance Director and Company Secretary for 14 years. (Age 50)
Relevant interest in 64,804 shares in the Company.
Appointed a Director of the Company upon incorporation. He is a Director of Platinum Investment Management Limited, the Company's Investment Manager and a Director of Platinum Asset Management Limited and a Non Executive Director of White Rabbit Gallery Limited. Prior to Platinum, Mr Halstead was a Vice President at Bankers Trust Australia Limited.
Previously he was with Price Waterhouse, Sydney and Jolliffe Cork, London.

Directors' Meetings

The following table sets out the number of meetings held and attended by the Company's Directors during the year ended 30 June 2008.

	Board Meetings		Audit Committee Meetings	
	Held	Attended	Held	Attended
	while a Director		while a member	
G Galt	6	6	3	3
P Clarke	6	5	3	3
B Coleman	6	6	3	3
K Neilson	6	5	-	-
A Clifford	6	6	-	-
M Halstead	6	6	-	-

Remuneration Report (audited)

Principles used to determine the nature and amount of remuneration

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

Directors' fees

Non-Executive Directors' base remuneration is reviewed annually.

Retirement benefits for Directors

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

Other benefits (including termination) and incentives

No other benefits and incentives are paid to Directors.

Details of Remuneration

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

	Short-term Benefits	Post-employment Benefits	
	Salary	Superannuation	Total
Name	$	$	$
G Galt	55,000	4,950	59,950
P Clarke	50,000	4,500	54,500
B Coleman	50,000	4,500	54,500
Total remuneration	155,000	13,950	168,950

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

Directors

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

K Neilson
A Clifford
M Halstead

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

Key management personnel compensation

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

A portion of the compensation paid by Platinum Investment Management Limited to its employees is in relation to managing the affairs of the Company. Platinum Investment Management Limited has not made any determination as to what proportion of its employees' compensation relates to the Company. Platinum Investment Management Limited paid: K Neilson a salary of $313,132 (2007:$207,575) and superannuation of $99,997 (2007:$105,111); A Clifford a salary of $313,130 (2007:$220,302), superannuation of $49,999 (2007:$42,384) and non-monetary benefits $nil (2007: $3,415); M Halstead a salary of $313,130 (2007:$250,000), and superannuation of $49,999 (2007:$12,686).

DIRECTORS' REPORT (Cont.)

Share Holdings

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

Name	Balance at 01/07/07	Acquisitions	Disposals	Balance at 30/06/08
K Neilson	324,020	-	-	324,020
A Clifford	81,004	-	-	81,004
M Halstead	64,804	-	-	64,804

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

G Galt, Chairman and Non-Executive Director
- Commenced on 25 July 2002.
- No term of agreement has been set unless the Director is not re-elected by Shareholders of the Company.
- Base salary, inclusive of superannuation, for the year ended 30 June 2008 of $59,950.

P Clarke, Non-Executive Director
- Commenced on 15 April 1999.
- No term of agreement has been set unless the Director is not re-elected by Shareholders of the Company.
- Base salary, inclusive of superannuation, for the year ended 30 June 2008 of $54,500.

B Coleman, Non-Executive Director
- Commenced on 10 June 2004.
- No term of agreement has been set unless the Director is not re-elected by Shareholders of the Company.
- Base salary, inclusive of superannuation, for the year ended 30 June 2008 of $54,500.

Share Based Compensation
No shares or options are granted to Directors.

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

Directors' Insurance
During the year, the Company incurred a premium in respect of a contract for indemnity insurance for the Directors and Officers of the Company named in this report.

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

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

Graeme Galt
Director

Kerr Neilson
Director

Sydney
8 August 2008

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Platinum Capital Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit .

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

A J Wilson
Partner
PricewaterhouseCoopers

Sydney
8 August 2008

Corporate Governance Statement

The Company is a listed investment company. Its shares are traded on the Australian Securities Exchange (" **ASX**").

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

Other than its Directors, the Company has no employees. It has no premises, plant or equipment or other physical assets. The Company's day-to-day affairs are managed by Platinum Asset Management in accordance with an Administrative Services Agreement. The Company's investment activities are undertaken by Platinum Asset Management in accordance with an Investment Management Agreement.
The Company's main corporate governance practices are set out below and, unless otherwise stated, were in place for the entire year.
The Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Governance Principles**"), except where indicated.

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

1.The Board of Directors

G Galt (Chair)
P Clarke
B Coleman
K Neilson
A Clifford
M Halstead

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

1.1 Role of the Board

The role of the Board is to ensure:

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

1.2 Responsibilities of the Board

The principal responsibilities of the Board include:

- overseeing and monitoring Platinum Asset Management's compliance with the terms of the Investment Management Agreement;
- monitoring the Company's financial performance;
- identifying, controlling and monitoring material risks faced by the Company (including those associated with its compliance obligations) and ensuring appropriate reporting mechanisms are in place; and
- overseeing communications and reporting to shareholders.

1.3 Composition of the Board

The Board comprises three Executive Directors (K Neilson, A Clifford and M Halstead) and three Non-Executive Directors (G Galt, P Clarke and B Coleman). The qualifications and experience and term of the Directors are provided in the Directors' Report on page 5.
The Board has determined (according to the criteria summarised below) that G Galt (the Chair of the Board), P Clarke and B Coleman are "independent" Non-Executive Directors.
Recommendation 2.1 of the Governance Principles provides that "a majority of the board should be independent directors".
The Board has determined that, given the size of the Company and its specialised nature, an "equal" representation is more appropriate.

Director Independence

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

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

The Board determines "materiality" on both a quantitative and qualitative basis. An item that affects the Company's turnover by more than 0.5% is likely to be material.
However, this quantitative measure is supplemented with a qualitative examination, as the facts and the context in which the item arises will influence the determination of materiality.

1.4 Chair of the Board and Managing Director (CEO)

The roles of the Chair and Managing Director are separate roles to be undertaken by different people.
The Chair is responsible for leading the Board, ensuring that the Board's activities are organised and efficiently conducted and for ensuring Directors are properly briefed for meetings.
The Managing Director is responsible for ensuring the Investment Manager and Administrator, Platinum Asset Management, complies with the terms of the Investment Management and Administrative Services Agreement.

Corporate Governance Statement (continued)

1.5 Recommendation 2.4 - Establishment of a Nomination Committee

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

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

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

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

The Board seeks to ensure that:

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

1.6 Director Term of Office

The Company's Constitution specifies that all Directors, other than the Managing Director, must retire from office no later than the third Annual General Meeting ("**AGM"**) following their last election and that one-third of the Directors are to retire from office at each AGM. Where eligible, a Director may stand for re-election.

1.7 Independent Professional Advice

The Board of Directors' Charter provides that the Directors may seek independent professional advice at the Company's expense, after first notifying the Board. The Board will review the estimated costs for reasonableness, but will not impede the seeking of advice.

1.8 Performance Assessment

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

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

The Board ensures each director has the necessary skills, experience and expertise, and the mix remains appropriate for the Board to function effectively. This assessment was undertaken during August 2008.

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

Principle 1.2 of the Governance Principles provides that "companies should disclose the process for evaluating the performance of senior executives".

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

2. Board Committees

The Board may establish committees to assist in the execution of its duties and to allow a detailed consideration of complex issues.

To date, the Board has only found a need to establish an Audit Committee.

2.1 Audit Committee

The Audit Committee consists of three Non-Executive and 'independent' Directors: P Clarke (Chair of the Committee), G Galt, and B Coleman.

Each member of the Committee has the appropriate financial expertise and industry understanding to perform his role. B Coleman is a Chartered Accountant, and P Clarke and G Galt are finance professionals. A summary of the Directors' qualifications and attendance at Audit Committee meetings is provided in the Directors' Report.

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

The Charter sets out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate.

The principal role of the Committee is to assist the Board in fulfilling its responsibilities relating to the financial reporting and accounting practices of the Company. Its key responsibilities are to:

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

All matters determined by the Committee are submitted to the full Board as recommendations for Board decisions. Minutes of a Committee meeting are tabled at the subsequent Board meeting.

Additional requirements for specific reporting by the Committee to the Board are addressed in the Charter.

2.2 Recommendation 8.1 - Establishment of a Remuneration Committee

Recommendation 8.1 of the Governance Principles provides that "the board should establish a remuneration committee". Such a Committee is mandated with reviewing and recommending remuneration, incentive and employment policies for executive directors, other senior executives and non-executive directors.

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

Remuneration Policies

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

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

Further information is provided in the Remuneration Report.

Remuneration Paid

Remuneration Paid to the non-Executive Directors for the 2007/2008 reporting year is set out on page 6 and 7 of the Directors' Report.

Corporate Governance Statement (continued)

3. External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence.
The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.
PricewaterhouseCoopers was appointed as the external Auditor to the Company in 1994.
It is PricewaterhouseCoopers policy to rotate audit engagement partners on listed companies at least every five years.
An analysis of fees paid to the external Auditor, including a break-down of fees for non-audit services, is provided in the Directors' Report.
It is the policy of the external Auditor to provide an annual declaration of its independence to the Audit Committee.
The external Auditor will attend the Company's AGM and be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the Audit Report.

4. Company Policies

4.1 Directors' Code of Conduct

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

4.2 Trading in Company Securities

The purchase and sale of shares in the Company by Directors is only permitted during a period of five business days following the Company's release of its monthly net tangible assets figure to the ASX. Additional blackout periods are enforced as necessary (e.g. during an on-market buy-back of shares on issue). Any and all changes to Director shareholdings are reported to the ASX.
The Investment Manager, Platinum Asset Management, imposes the same rules on itself and its employees.
A copy of the Share Trading Policy is available from the Company's website.

4.3 Financial Reporting

In respect of the year ended 30 June 2008, the Managing Director and Finance Director have made the following certifications to the Board:

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

4.4 Continuous Disclosure

The Board is committed to:

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

The Company Secretary is responsible for coordinating the disclosure of information to Regulators and Shareholders, and ensuring that any notifications/reports to the ASX are promptly posted on the Company's website.
A copy of the Continuous Disclosure Policy is available from the Company's website.

4.5 Shareholder Communication

The Board has adopted a Communications Plan which describes the Board's policy for ensuring Shareholders and potential investors of the Company receive or obtain access to information publicly released by the Company.
The Company's primary portals are its website, Annual Report, AGM, Half-Yearly Report, and monthly notices to the ASX.
The Company Secretary oversees and coordinates the distribution of all information by the Company to the ASX, Shareholders, the media and the public.
A copy of the Communication Plan is available from the Company's website.

4.6 Risk Assessment and Management

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

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

The Executive Directors have reported to the Board as to the effectiveness of the Company's management of its material business risks.
The appointed Investment Manager and Administrator, Platinum Asset Management, has implemented risk management and compliance frameworks based on AS/NZS 4360:2004 Risk Management Standard and AS 3806-2006 Compliance Programs. These frameworks (together with the firm's internal audit function) ensure that:

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

Platinum Asset Management reports periodically to the Audit Committee on the effectiveness of its risk management and compliance frameworks with respect to services undertaken for the Company.
A summary of the Company's and the Investment Manager's risk management practices is available from the Company's website.

4.7 Business Rules of Conduct

The appointed Investment Manager and Administrator, Platinum Asset Management, has established Business Rules of Conduct (" **BROC**") applicable to its Directors and staff.
It communicates the appropriate standards of behaviour, provides a framework for the workplace, and informs staff of their responsibilities with respect to legal compliance, confidentiality and privacy, conflicts of interest, investment activities and operational processes.
Compliance is monitored by the Compliance team. Regular training sessions are provided by the Compliance Manager.
All employees are asked to sign an annual declaration confirming their compliance with the BROC.

Income Statement
for the year ended 30 June 2008

	Notes	2008 $'000	2007 $'000
Investment income			
Dividends		3,185	2,842
Interest		502	560
Net gains/(losses) on equities/derivatives		(34,432)	10,710
Net gains on forward currency contracts		3,043	6,340
Net (losses) on overseas bank accounts		(2,064)	(3,008)
Total investment income		(29,766)	17,444
Expenses			
Management fee		2,888	3,237
Custody		176	185
Share registry		224	264
Directors' fees		169	164
Continuous reporting disclosure		127	143
Auditor's remuneration			
- Auditing and assurance services ($84,319, 2007 $76,480)		84	76
- Taxation services ($52,042, 2007: $35,028)		52	35
Transaction costs		157	157
Withholding tax on foreign dividends		342	273
Other expenses		295	343
Total expenses		4,514	4,877
Profit/(loss) before income tax		(34,280)	12,567
Income tax expense/(benefit)	2(a)	(10,419)	3,456
Profit/(loss) after income tax	8	(23,861)	9,111
Basic earnings per share (cents per share)	7	(19.00)	7.42
Diluted earnings per share (cents per share)	7	(19.00)	7.42

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

Balance Sheet
as at 30 June 2008

	Notes	2008 $'000	2007 $'000
Assets			
Financial assets at fair value through profit or loss	1(c), 3	138,847	192,405
Cash and cash equivalents	9(a)	19,028	21,148
Receivables	4	407	367
Deferred tax assets	2(b)	6,689	114
Income tax receivable		2,415	-
Total assets		167,386	214,034
Liabilities			
Payables	5	642	1,411
Income tax payable		-	1,141
Deferred tax liabilities	2(c)	125	7,565
Total liabilities		767	10,117
Net assets		**166,619**	**203,917**
Equity			
Contributed equity	6	148,533	143,275
Retained profits	8	18,086	60,642
Total equity		**166,619**	**203,917**

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

Statement of Changes in Equity
for the year ended 30 June 2008

	Notes	2008 $'000	2007 $'000
Total equity at the beginning of the financial year		**203,917**	**207,574**
Profit/(loss) for the year		(23,861)	9,111
Total recognised income and expense for the financial year		(23,861)	9,111
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transactions costs		5,258	5,548
Dividends paid	14	(18,695)	(18,316)
		(13,437)	(12,768)
Total equity at the end of the financial year		**166,619**	**203,917**

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

Cash Flow Statement
for the year ended 30 June 2008

	Notes	2008 $'000 Inflows (Outflows)	2007 $'000 Inflows (Outflows)
Cash flows from operating activities			
Dividends received		3,190	2,768
Interest received		528	549
Cost of purchases of financial assets		(109,294)	(129,584)
Proceeds from sale of financial assets		129,980	150,335
Management fees paid		(2,956)	(3,244)
Other expenses		(1,607)	(1,657)
Income tax paid		(7,151)	(10,674)
Net cash from operating activities	9(b)	12,690	8,493
Cash flows from financing activities			
Proceeds from issue of shares		5,258	5,548
Dividends paid		(18,725)	(18,342)
Net cash from financing activities		(13,467)	(12,794)
Net increase/(decrease) in cash and cash equivalents		(777)	(4,301)
Cash and cash equivalents held at the beginning of the financial year		21,148	28,070
Effects of exchange rate changes on cash and cash equivalents		(1,343)	(2,621)
Cash and cash equivalents held at the end of the financial year	9(a)	**19,028**	**21,148**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

(a) Basis of Preparation

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

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

Compliance with IFRS

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements of the Company, and notes thereto, comply with International Financial Reporting Standards (IFRS).

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

(b) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period taxable income based on the current income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Under AASB 112: *Income Taxes* , deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the Balance Sheet and their associated tax bases.

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

Under AASB 139, investments are classified in the Balance Sheet as "financial assets held at fair value through profit or loss". These financial assets are initially recognised at fair value, typically represented by cost excluding transaction costs, which are expensed as incurred. Financial assets are measured at fair value and exclude transaction costs. Investment values are based on quoted "bid" prices on long securities and quoted "ask" prices on securities sold short.

Gains and losses arising from changes in the fair value of the financial assets are included in the Income Statement in the period in which they arise.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

Fair value in an inactive or unquoted market

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

(d) Transaction Costs

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

(e) Foreign Currency Translation

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

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

(f) Investment Income

Interest income

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

Dividend income

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(g) Directors' Entitlements
Liabilities for Directors' entitlements to fees are accrued at nominal amounts calculated on the basis of current fees rates.
Contributions to Directors' superannuation plans are charged as an expense as the contributions are paid or become payable.

(h) Earnings Per Share
Basic and diluted earnings per share is determined by dividing the profit after income tax by the weighted number of ordinary shares outstanding during the financial year.

(i) Cash and Cash Equivalents
For the purposes of the Cash Flow Statement, cash includes deposits at call and cash at bank, which are readily convertible to cash on hand.
Cash at the end of the financial year, as shown in the Cash Flow Statement, is reconciled to the related item in the Balance Sheet.

(j) Receivables
All receivables are recognised as and when they are due.
Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when there is evidence the amount will not be collected.

(k) Payables
All payables and trade creditors are recognised as and when the Company becomes liable.

(l) Contributed Equity
Ordinary shares are classified as equity.

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

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

(o) Goods and Services Tax (GST)
Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST is not recoverable from the tax authority.
In this case, it is recognised as part of the cost of the acquisition of the asset or has been expensed.

(p) New Accounting Standards and Interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2008 reporting period.
Our assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 101: *Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards (AASB 101)*
The revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009.
It requires the presentation of a statement of comprehensive income and makes changes to the statement of comprehensive income and to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If the Company has made prior period adjustments or reclassified items in the financial statements, it will need to disclose a third balance sheet (Statement of Financial Position), as at the beginning of the comparative period.
The Company intends to apply the revised standard from 1 July 2009.

(ii) AASB 8: Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards (AASB 107 & AASB 134)
AASB 8 and AASB 2007-3 are applicable to annual reporting periods beginning on or after 1 January 2009. AASB 8 requires the adoption of a "management approach" to disclosing information about its reportable segments. Generally, the financial information will be reported on the same basis as is used internally by the chief decision maker for evaluating operating segment performance and deciding how to allocate resources to operating segments. The amendments may have an impact on the Company segment disclosures. However, the amendment will not affect any of the amounts recognised in the Company's financial statements. The Company has not adopted this standard early.

2. Income Tax

	2008 $'000	2007 $'000
(a) The income tax expense attributable to profit/(loss) comprises:		
Current income tax provision	3,410	3,542
Deferred tax liabilities	(7,440)	(13)
Deferred tax assets	(6,575)	(38)
Under/(over) provision of prior period tax	186	(35)
	(10,419)	3,456

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

	2008 $'000	2007 $'000
Profit/(loss) before income tax expense	(34,280)	12,567
Prima facie income tax on profit/(loss) at 30%	(10,284)	3,770
Tax effect on temporary differences which:		
Reduce tax payable		
Allowable credits	(321)	(279)
Under/(over) provision of previous period tax	186	(35)
Income tax expense/(benefit)	(10,419)	3,456

(b) Deferred tax assets

The balance comprises temporary differences attributable to:

	2008 $'000	2007 $'000
Auditing and review	17	8
Taxation services	7	6
Preparation of Annual report	50	68
Unrealised losses on financial assets	6,615	-
Accounting/tax cost on investments	-	32
Deferred tax assets	6,689	114

(c) Deferred tax liabilities

The balance comprises temporary differences attributable to:

	2008 $'000	2007 $'000
Dividends receivable	31	33
Accounting/tax cost on investments	94	-
Unrealised gains on financial assets	-	7,532
Deferred tax liabilities	125	7,565

3. Financial Assets at Fair Value Through Profit or Loss

	2008 $'000	2007 $'000
Listed and non-listed securities	136,174	190,937
Derivatives	2,542	502
Foreign currency contracts	131	966
Total financial assets at fair value through profit or loss	138,847	192,405

The fair value of financial assets are measured at "bid" price for listed securities and "ask" price for short sold listed securities excluding transaction costs.

4. Receivables

	2008 $'000	2007 $'000
Proceeds on sale of financial assets	143	1
Dividend receivable	103	107
Interest receivable	21	46
Prepayments	74	87
Sundry debtors	37	56
Goods and Services Tax	29	70
	407	367

Proceeds on sale of financial assets are usually received between two and five days after trade date.
Interest is usually received within three days of becoming due and receivable and dividends are usually received within approximately 30 days of the ex-dividend date.

5. Payables

	2008 $'000	2007 $'000
Payables on purchase of financial assets	1	638
Trade creditors (unsecured)	509	611
Unclaimed dividends payable to shareholders	132	162
	642	1,411

Payables on purchase of financial assets are usually paid between two and five days after trade date.
Trade creditors are unsecured and payable between seven and 30 days after being incurred.
These current payables are non interest bearing.

6. Contributed Equity

		2008 Quantity	2008 $'000	2007 Quantity	2007 $'000
Opening balance		124,004,583	143,275	121,599,656	137,727
Reinvestment of unclaimed dividends	31-Aug-06	-	-	7,635	18
Dividend reinvestment plan	17-Nov-06	-	-	1,519,329	3,616
Dividend reinvestment plan	1-Mar-07	-	-	861,444	1,878
Reinvestment of unclaimed dividends	23-May-07	-	-	16,519	36
Reinvestment of unclaimed dividends	6-Sep-07	8,210	17	-	-
Dividend reinvestment plan	14-Nov-07	1,892,923	3,445	-	-
Dividend reinvestment plan	4-Mar-08	1,223,327	1,761	-	-
Reinvestment of unclaimed dividends	15-May-08	21,015	35	-	-
Closing balance		127,150,058	148,533	124,004,583	143,275

Shares are issued under the Dividend Reinvestment Plan at a 5% discount to the market price.
For reinvestment of unclaimed dividends, additional shares are issued at the last sale price of the Company's shares on the first business day following the expiration six months from the date of payment of the relevant dividend.

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

7. Earnings per share

	2008	2007
Basic earnings per share - cents per share	(19.00)	7.42
Diluted earnings per share - cents per share	(19.00)	7.42
Weighted average number of Ordinary Shares on issue used in the calculation of basic and diluted earnings per share	125,601,279	122,836,450
	$'000	$'000
Earnings used in the calculation of basic and diluted earnings per share	(23,861)	9,111

As there are no potential Ordinary Shares, diluted earnings per share equals basic earnings per share.

8. Retained Profits

	Notes	2008 $'000	2007 $'000
Retained earnings at the beginning of the financial year		60,642	69,847
Net profit/(loss)		(23,861)	9,111
Dividends provided for or paid	14	(18,695)	(18,316)
Retained earnings at the end of the financial year		18,086	60,642

9. Notes to the Cash Flow Statement

(a) Reconciliation of Cash

	2008 $'000	2007 $'000
Cash at bank *	150	172
Cash on deposit **	18,878	20,976
	19,028	21,148

* Includes $130,000 (2007: $157,000) held in respect of unclaimed dividends on behalf of Shareholders.
** Includes $8,102,000 (2007: $9,457,000) on deposit to 'cash cover' derivative contracts' deposits and margin calls. These amounts are held by the relevant derivative exchanges and counterparties as security and are not available for use by the Company until the derivative contracts are closed out. If losses are realised on the close out of derivative contracts, the cash balances are set off against those losses. If profits are realised on the close out of derivative contracts, the money is returned to the Company.

The Company maintains bank accounts at various locations throughout the world to enable the settlement of purchases and sales of investments and to conduct other normal banking transactions. All accounts are at call and the majority bears floating interest rates in the range of 0.20% to 0.85% (2007: 0.05% to 0.85%).

	2008 $'000	2007 $'000
(b) Reconciliation of Net Cash from Operating Activities to Profit/(Loss) after Income Tax		
Profit/(loss) after income tax	(23,861)	9,111
Decrease/(increase) in investment securities and forward currency contracts	53,558	3,305
(Increase)/decrease in cash due to exchange rate movements	1,343	2,621
Decrease/(increase) in settlements receivable	(142)	43
Decrease/(increase) in dividends receivable	4	(26)
Decrease/(increase) in interest receivable	25	(10)
Decrease/(increase) in Goods and Services Tax receivable	41	(36)
Decrease/(increase) in sundry debtors	19	99
Decrease/(increase) in prepayments	13	(20)
(Decrease)/increase in accrued expenses	(102)	31
(Decrease)/increase in settlements payable	(637)	592
(Decrease)/increase in income tax payable	(3,556)	(7,166)
(Increase)/decrease in deferred tax assets	(6,575)	(38)
Increase/(decrease) in deferred tax liabilities	(7,440)	(13)
Net cash from operating activities	12,690	8,493

10. Statement of Net Asset Value

	2008 $'000	2007 $'000
Reconciling Net Asset Value in accordance with AIFRS to that reported to the ASX*		
Net Asset Value per Balance Sheet	166,619	203,917
Add:		
Difference between bid price under AIFRS and last sale price	163	(267)
Less:		
Deferred Income tax asset on revaluation of investments not recognised in Net Asset Value	(3,106)	-
Deferred income tax asset on movements on AIFRS and last sale price	(49)	80
Net Asset Value	163,627	203,730
Net Asset Value - cents per share	128.69	164.29

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

	Quantity	2008 Fair Value $'000
11. Investment Portfolio		
Japan		
Advantest	11,900	261
Ajinomoto	34,183	336
Alpine Electronics	61,600	677
Denso	81,330	2,916
Hamamatsu Photonics	27,200	733
Inpex Holdings	19	248
JGC	136,400	2,786
Kajima	128,400	468
Mitsubishi Tokyo Financial	511,700	4,729
Mitsui Sumitomo Insurance	13,300	478
Murata Manufacturing	21,268	1,032
Nagano Bank	2,100	6
Nitto Denko	13,300	530
Nomura Securities	16,000	247
Obayashi	451,700	2,134
Obic	3,710	649
Sekisui House	113,800	1,108
Shimizu	126,900	627
SMC	6,555	746
Sony	26,020	1,155
Sumitomo Mitsui	121	950
Tokyo Electron	17,100	1,026
Toyota Industries	58,600	1,957
Ulvac	10,400	380
Ushio Denki	61,500	1,048
Yamanashi Chuo Bank	67,395	366
Yokogawa Electric	173,500	1,651
Total Japan		**29,244**
Other Asia		
China		
Bank of China - H	4,242,100	1,964
Denway Motors	1,862,695	750
Dongfeng Motor Group - H	1,182,900	494
EcoGreen Fine Chemicals Group	3,160,000	968
Shui on Land	1,037,200	894
Travelsky Technology - H	1,003,700	688
		5,758
Hong Kong		
Computime Group	5,186,300	555
Galaxy Entertainment Group	314,500	212
Henderson Land Development	402,900	2,615
Hutchison Whampoa	434,300	4,561
		7,943
India		
S&P CNX Jul 08 Future - Sold Short	(155)	52
		52

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2008

11. Investment Portfolio (continued)

	Quantity	2008 Fair Value $'000
Other Asia (continued)		
Korea		
Kangwon Land	55,313	1,220
Korea Investment Holdings	16,132	662
Samsung Electronics	5,371	3,323
		5,205
Malaysia		
Gamuda Bhd	769,400	573
		573
Taiwan		
Far Eastone Telecom	348,227	577
Polaris Securities	3,975,274	2,479
SinoPac Financial Holdings	3,270,000	1,478
Taiwan Semiconductor Manufacturing	150,000	334
Yuanta Financial Holding	442,131	323
Yuanta Financial Holding P-Note	1,099,009	796
		5,987
Singapore		
Singapore Airlines	162,220	1,829
		1,829
Thailand		
Airports of Thailand - Foreign	456,000	683
Bangkok Bank - Foreign	197,024	725
Bangkok Bank - NVDR	635,760	2,340
		3,748
Total Other Asia		**31,095**
Australia		
SPI 200 Sept 08 Future - Sold Short	(19)	87
Total Australia		**87**
Europe ~ Euro		
France		
Areva	1,093	1,335
Credit Agricole	52,680	1,124
European Aeronautic Defence & Space	25,799	510
Lagardere	23,300	1,384
Pernod Ricard	23,048	2,468
PPR	18,111	2,103
Sanofi-Aventis	37,000	2,580
Schneider Electric	19,290	2,175
		13,679
Germany		
Adidas	15,800	1,043
Bayerische Moteren Werke	46,000	2,308
DAX Index Future Sept 08 - Sold Short	(13)	215
Henkel KGAA - Vorzug	52,591	2,187
Hornbach Baumarkt	45,600	2,923
Hornbach Holdings	11,860	1,156
Infineon Technologies	144,200	1,292
MTU Aero Engines Holdings	19,000	644
Qiagen	21,968	459
SAP	50,352	2,755
Siemens	37,249	4,312
		19,294
Netherlands		
ArcelorMittal - Sold Short		

	Quantity	2008 Fair Value $'000
11. Investment Portfolio (continued)		
Europe ~ Other		
Sweden		
Ericsson - B	139,500	1,519
		1,519
United Kingdom		
Reed Elsevier	61,116	731
SABMiller	1,200	29
		760
Total Europe ~ Other		**2,279**
North America		
Canada		
Bombardier	559,400	4,234
Cameco	10,000	446
Canfor Pulp Income Fund	58,000	694
Domtar	190,600	1,018
Iamgold	45,100	281
Kincross Gold	10,000	246
		6,919
United States		
Advanced Micro Devices	103,000	624
American International Group - Call Option	52,467	74
Amdocs	15,700	481
AMR	75,600	404
Barrick Gold	46,800	2,222
Best Buy - Sold Short	(4,000)	16
Caliper Life Sciences	63,114	170
CH Robinson Worldwide - Sold Short	(3,000)	3
Cisco Systems	133,600	3,242
Citigroup - Call Option	123,551	49
Continental Airlines	30,600	323
Cummins Inc - Sold Short	(5,000)	(4)
Delta Air Lines	63,000	375
eBay	55,900	1,592
Far East Energy	888,000	621
General Growth Properties - Sold Short	(1,400)	2
Goldman Sachs Group - Sold Short	(7,609)	38
Incyte	42,046	334
International Paper	147,966	3,595
Ishares Emerging Markets Index Fund - Sold Short	(32,600)	55
Ishares MSCI Emerging Markets Index Fund - Sold Short	(20,000)	122
Ishares Real Estate ETF - Sold Short	(60,000)	381
Ishares S&P 600 Cap Index Fund - Sold Short	(68,900)	101
JB Hunt Transport Services - Sold Short	(7,000)	(7)
Johnson & Johnson	42,000	2,816
KBR	18,784	683
Mercer International	89,000	694
Micron Technology	254,200	1,586
Microsoft	176,500	5,069
Newmont Mining	43,050	2,340
News Corp - CDI	105,279	1,721
Research In Motion Ltd - Sold Short	(13,000)	374
Russell Mini September 08 Future - Sold Short	(133)	603
Smurfit-Stone Container	225,000	953
Southwest Airlines	23,000	313
T Rowe Price Group - Sold Short	(44,200)	258
Temple-Inland	22,400	264
VEECO Instruments	36,636	615
XOMA		

	Quantity	2008 Fair Value $'000
11. Investment Portfolio (continued)		
South America		
Brazil		
Ishares MSCI Brazil Index Fund - Sold Short	(58,000)	115
		115
Peru		
Bayer Peru - Trabajo	77,287	143
Peru Holding De Turismo - Trabajo	1,667,523	111
		254
Total South America		**369**
South Africa		
Anglogold Ashanti - ADR	22,470	794
Total South Africa		**794**
Liquids		
Outstanding settlements		245
Forward currency contracts		131
Cash on deposit		18,878
Total Liquids		**19,254**
Total Investment Portfolio Notes 12(b) and 12(c)		**157,970**
Accounted for in payables (payables on purchase of investments)		1
Accounted for in receivables (proceeds on sale of investments)		(143)
Accounted for in receivables (dividends receivable)		(103)
Accounted for in Financial Assets (Note 3) and Cash on Deposit (Note 9(a))		**157,725**

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

Number of transactions - 1,957 Total brokerage paid - $341,327

12. Financial Risk Management

(a) Financial Risk Management Objectives, Policies and Processes

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

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

Derivatives (which include futures and shorts) are utilised for risk management purposes and to take opportunities to increase returns. However, the underlying value of derivatives held by the Company may not exceed 100% of the net asset value. The underlying value of long stocks and derivative contracts may not exceed 150% of the portfolio value.

12. Financial Risk Management (continued)

(b) Investments at Fair Value and Derivative Exposure

	2008		2007	
	Physical	**Net Exposure**	**Physical**	**Net Exposure**
	$'000	**$'000**	**$'000**	**$'000**
Japan	29,244	29,244	51,632	51,632
Other Asia	31,095	30,300	36,644	30,710
Australia	87	(2,467)	48	(6,278)
Europe - Euro	34,602	30,045	36,982	31,369
Europe - Other	2,279	2,279	7,424	7,424
North America	40,246	7,228	57,211	12,246
South America	369	(5,173)	233	233
South Africa	794	794	1,265	1,265
	138,716	92,250	191,439	128,601
Cash and accruals	19,254	65,720	21,412	84,250
Total	157,970	157,970	212,851	212,851

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

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

(c) Market Risk

(i) Foreign Exchange Risk

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

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

Currency hedging is an integral part of the management of currency risk. The Investment Manager may position the Company's Portfolio in what it believes will be a stronger currency(ies). At 30 June 2008, the Company's principal currency exposure was the US Dollar (25%).

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

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

12. Financial Risk Management (continued)

(i) Foreign Exchange Risk (continued)

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

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

2007	Physical $'000	Bought $'000	Sold $'000	Net Exposure $'000
Japan	52,790	10,641	(8,313)	55,118
Other Asia	38,114	-	-	38,114
Australia	1,176	50,189	-	51,365
Europe - Euro	41,282	4,418	(14,191)	31,509
Europe - Other	7,441	-	-	7,441
North America	70,550	11,224	(53,968)	27,806
South America	233	-	-	233
South Africa	1,265	-	-	1,265
Total	212,851	76,472	(76,472)	212,851

Forward foreign currency contracts and options on forward currency contracts are adjusted against the "physical" column to arrive at a net exposure to each currency grouping.
The Company generally utilises short dated (90 day maturities) currency agreements with high-credit rated counterparties. The existing forward currency contract positions' maturity dates range from 15 days to 75 days.

Foreign exchange risk sensitivity analysis

At 30 June 2008, had the Australian Dollar weakened/strengthened by 10% against the Japanese Yen with all other variables held constant, net profit would have been A$3,889,477/A$3,271,991 higher/lower (2007: A$5,808,478/A$5,326,494 higher/lower). Similarly, had the Australian Dollar weakened/strengthened by 10% against the US Dollar with all other variables held constant, net profit would have been A$4,714,869/A$2,180,496 higher/lower (2007:A$3,242,933/A$853,449 higher/lower).

The sensitivity analysis is based on the impact of foreign currency movements on monetary assets and liabilities, held at reporting date, such as cash and forward contracts, as well as non-monetary assets, such as equities.
The sensitivity analysis shows that the Company is materially affected by exchange rate movements (other things being equal) given the global nature of the investments held.

During 2007/2008, the Australian Dollar remained strong against various major currencies, and because we were underweight in the Australian Dollar, this impacted adversely on the Company's return.

(ii) Interest Rate Risk

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

The overwhelming majority of the Company's financial assets and liabilities are non-interest bearing as the Company has a policy of not borrowing, other than for settlement of trades.
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 2008 and 2007, if interest rates had changed by -/+ 100 basis points with all other variables held constant, the direct impact on interest receivable would not be significant for the Company.

12. Financial Risk Management (continued)

(iii) Price Risk

As nearly all of the non-monetary investments held by the Company are denominated in currencies other than the Australian Dollar, market prices fluctuate because of a range of factos specific to the individual investments or its issuer, or factors affecting the market in general. (Prices will also fluctuate on the basis of exchange rate movements as discussed above).

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

An additional risk management tool is that the Company may enter into short positions to protect against market movements. At 30 June 2008, the Company maintained short positions against various indices, such as the German DAX index and the Indian Nifty index. This allowed the Company to invest in particular companies in those markets whilst providing some degree of protection against more general adverse market price movements.

At 30 June 2008, the Company was 30% short individual shares and index futures.

Price risk sensitivity analysis

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

At 30 June 2008 if the United States S&P index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased profit of the Company by approximately $1,563,136 (2007: $2,405,092). Similarly, if the Japanese Nikkei 225 index had increased/decreased by 5% with all other variables held constant, this would have increased/decreased profit of the Company by approximately $1,462,216 (2007: $2,581,569).

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

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

(d) Credit Risk

Credit risk measures total counterparty exposure for all counterparties that deal with "non-equity" financial instruments with Platinum. Equities are fully owned by the Investment Manager and there is no risk of default by a counterparty.

For management reporting purposes, the exposure to credit risk for futures, shorts, and forward currency contracts is any unrealised profit on the positions (the money the Company would lose if the counterparty defaulted) at reporting date. For cash, margins, warrants and options, the exposure to credit risk is the full market value of the investment at reporting date.

12. Financial Risk Management (continued)

(d) Credit Risk (continued)

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

Ratings

	2008 $'000	2007 $'000
AA+ / Stable / A-1+	-	2,210
AA / Stable / A-1+	2,885	1,093
AA- / Positive / A-1+	-	3,270
AA- / Stable / A-1+	11,099	12,321
AA- / Negative / A-1+	6,075	-
A+ / Negative / A-1	2,210	-
A	-	740
A-1+	-	2,751
Total description	22,269	22,385

Source: Platinum and Standard & Poor's

The Company implements the following procedures in order to manage its exposure to credit risk:

(i) the Investment Manager only approves counterparties after an assessment of their credit standing. Only counterparties/brokers with high credit ratings are engaged;
(ii) maximum exposure limits are established for each counterparty, to ensure that credit risk is spread amongst a number of counterparties to minimise the risk of default.;
(iii) independent monitoring is undertaken of exposure to counterparties;
(iv) legal agreements are entered into for each counterparty;
(v) legal documentation is securely held, independently of the persons responsible with implementing Platinum's investment process; and
(vi) the credit positions of the Company are monitored on a daily basis.

Transactions in listed securities and investments generally, are only entered into with approved brokers. Payment is only made once a broker has received securities and delivery of securities sold only occurs once the broker receives payment. No collateral is held as security or are any other credit enhancements.

Ageing analysis

The Company's ageing analysis of receivable at 30 June 2008 is $287,769 (0-30 days), $16,773 (31-60 days), $15,892 (61-90 days), $2,501,276 (90+ days). Amounts greater than 61 days are overdue but none are considered to be impaired.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This includes the risk that the Company:
(i) will not have sufficient funds to settle a transaction on the due date; and
(ii) will be forced to sell financial assets at a value which is less than they are worth.

As at 30 June 2008, the contractual maturity for amounts payable within three months for unsettled trades is $1,141 (2007: $638,078), for other payables including trade creditors and dividends payable is $641,024 (2007: $772,989). The Company has sufficient funds to meet these liabilities as the value of assets realisable in one year or less is $ 164,136,000 (2007: $213,606,000).

As at 30 June 2008, contractual maturity for settlement of derivative contracts is $nil for amounts payable within one month (2007: $31,629), $nil for amounts payable greater than one month but less than three months (2007: $182,662), $24,525 for amounts payable between three and twelve months (2007: $182,006) and $nil for amounts payable greater than one year but less than five years (2007: $123,984).

(f) Fair Value Estimation

Please refer to Note 1 (c).

(g) Capital Risk Management

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

The Company's objective is to seek long-term capital growth by investing in undervalued securities across the world, so to continue to provide returns to shareholders. The Directors have a policy of smoothing dividend payments over time, but this is subject to the return over time from the investment portfolio.

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

13. Franking Account

	2008 $'000	2007 $'000
Opening balance based on tax paid and franking credits attached to dividends paid - converted at 30%	22,870	27,377
On tax paid and payable:		
2006/2007	-	3,378
2007/2008	3,409	-
Prior year tax provision - franking adjustment	186	(35)
Dividend paid - franked @ 30%	(8,012)	(7,850)
	18,453	22,870

14. Dividends (fully franked)

	2008 cps	2008 $'000	2007 cps	2007 $'000
Paid - Interim fully franked @ 30%	5.00	6,295	5.00	6,156
Paid - Final fully franked @ 30%	10.00	12,400	10.00	12,160
	15.00	18,695	15.00	18,316

Dividends not recognised at year-end

	2008 $'000	2007 $'000
In addition to the above dividends, since year-end the Directors have recommended the payment of a final dividend of 5 cents per fully paid Ordinary Share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 14 November 2008 but not recognised as a liability at year-end.	6,358	12,400

15. Investment Manager

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

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

The pre-tax performance of the Portfolio for the year to June 2008 was negative 15.97% and the corresponding MSCI's performance was negative 19.79%. Even though there is an outperformance of 3.82% against the MSCI there is a brought forward net underperformance amount of 4.50%. This does not represent an outperformance after the 5% MSCI hurdle. Accordingly a Performance fee is not payable.

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

	2008 $'000	2007 $'000
Management fee	2,888	3,237
Performance fee	-	-
Amounts paid and payable to the Investment Manager for the year	2,888	3,237

15. Investment Manager (continued)

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

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

(i) invest and manage the Portfolio in accordance with the Agreement;

(ii) confer with the Board of the Company at regular intervals in respect of the investment and management of the Portfolio;

(iii) exercise all due diligence and vigilance in carrying out its functions, powers and duties under the Agreement;

(iv) promptly notify the Board of any instructions given to it by the Company which have not been complied with; and

(v) appoint Mr Neilson as Managing Director of the Company.

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

(i) becomes subject to a receiver, receiver and manager, administrative receiver or similar person;

(ii) goes into liquidation;

(iii) ceases to carry on business in relation to its activities as an Investment Manager;

(iv) breaches a material provision of the Agreement, or fails to observe or perform any representation, warranty or undertaking given by the Investment Manager under the Agreement; or

(v) sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of the Investment Manager or beneficial interest therein, other than to a related body corporate for purposes of corporate reconstruction on terms previously approved in writing by the Company.

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

16. Contingent Assets, Liabilities and Commitments for Expenditure

No contingent assets or liabilities exist at balance date.
The Company has no commitments for uncalled share capital on investments.

17. Segment Information

The Company operates solely in Australia.
While the Company only operates in Australia (the geographical segment), it has investment exposures in different countries.
The geographical locations of those exposures are outlined below.

	2008 $'000 Segment Revenue	2008 $'000 Segment Result	2007 $'000 Segment Revenue	2007 $'000 Segment Result
Japan	(13,685)	(13,745)	(4,956)	(5,021)
Other Asia	(2,352)	(2,441)	3,864	3,737
Australia	1,749	1,749	(1,318)	(1,318)
Europe ~ Euro	(11,285)	(11,477)	7,425	7,317
Europe ~ Other	(2,829)	(2,869)	1,171	1,153
North America	(3,808)	(3,927)	5,476	5,361
South America	(397)	(397)	-	-
South Africa	(202)	(202)	(558)	(558)
Unallocated Revenue - Net gains/(losses) on forward currency contracts	3,043	3,043	6,340	6,340
Unallocated Expenses	-	(4,014)	-	(4,444)
Total	(29,766)	(34,280)	17,444	12,567

	2008 $'000 Segment Assets	2008 $'000 Segment Liabilities	2007 $'000 Segment Assets	2007 $'000 Segment Liabilities
Japan	35,449	-	55,118	-
Other Asia	43,554	(29)	38,499	(343)
Australia	22,909	(738)	51,816	(9,464)
Europe ~ Euro	25,264	-	31,511	-
Europe ~ Other	(982)	-	7,441	-
North America	40,029	-	28,151	(310)
South America	369	-	233	-
South Africa	794	-	1,265	-
Total	167,386	(767)	214,034	(10,117)

18. Events occurring after reporting date

No significant events have occurred since balance date which would impact the Balance Sheet of the Company as at 30 June 2008 and the results for the year ended on that date.

19. Related Party Information

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

20. The Company

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

Level 8, 7 Macquarie Place
Sydney NSW 2000

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

DIRECTORS' DECLARATION

In the Directors' opinion,

(a) the financial statements and notes set out on pages 12 to 31 are in accordance with the *Corporations Act 2001* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that Platinum Capital Limited will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 6 to 7 of the Director's Report comply with AASB 124: *Related Party Disclosures* and the *Corporations Regulations 2001*.

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

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

Graeme Galt
Director

Kerr Neilson
Director

Sydney
8 August 2008

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

Report on the financial report

We have audited the accompanying financial report of Platinum Capital Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Platinum Capital Limited.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

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

Independence

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

PRICEWATERHOUSECOOPERS

Independent auditor's report (continued)

Auditor's opinion

In our opinion:

(a) the financial report of Platinum Capital Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 7 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Platinum Capital Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Platinum Capital Limited (the company) for the year ended 30 June 2008 included on Platinum Capital Limited's web site. The company's directors are responsible for the integrity of the Platinum Capital Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

AJ Wilson
Partner

Sydney
8 August 2008

DIRECTORY

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Graeme Galt
Peter Clarke
Bruce Coleman
Kerr Neilson
Andrew Clifford
Malcolm Halstead

Secretary
Malcolm Halstead

Investment Manager
Platinum Investment Management Limited

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

Website
http://www.platinumcapital.com.au

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