

Platinum Asset Pty Limited  
A.B.N. 29 062 854 796

Financial Report for the Year Ended 30 June 2006

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# Platinum Asset Pty Limited

A.B.N. 29 062 954 799

## Directors' Report

The Directors present their report on the consolidated entity consisting of Platinum Asset Pty Limited and the entities it controlled at the end of, or during the year ended 30 June 2006.

### Directors

The following persons were Directors of Platinum Asset Pty Limited (the Company) during the whole of the financial year and up to the end of this report.

K Neilson  
A Clifford  
M Halstead

### Principal Activity

The principal activity of the consolidated entity is to provide investment management services and products.

### Trading Results

The consolidated net profit of Platinum Asset Pty Limited for the year was \$187,566,121 (2005: \$121,463,241) after income tax expense of \$80,399,945 (2005: \$51,619,036).

### Dividends

Platinum Asset Pty Limited paid a fully franked interim dividend of \$69,449,980,772 per share on 19 August 2005. No final dividend has been proposed.

### Review of Operations

The consolidated operating profit before tax was \$267,963,066 (2005: \$173,112,277) and \$187,566,121 (2005: \$121,463,241) after tax. Consolidated income tax expense for the year was \$80,399,945 (2005: \$51,619,036).

### Directors' Indemnity Insurance

During the year a premium in respect of a contract insuring the directors of the consolidated entity was paid by Platinum Asset Management Limited.

### Changes in the state of affairs

There were no significant changes in the State of Affairs of the consolidated entity that occurred during the financial year not otherwise disclosed in this report or financial statements.

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

No significant events have occurred since the balance date which would impact the financial position of the consolidated entity as at 30 June 2006 and for the results for the year ended on that date.

### Likely Developments and expected results of operations

There will be no change in the principal activity of the consolidated entity during the next financial year.

### Environmental Regulation

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

### Auditors Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

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

  
K Neilson  
Director

  
M Halstead  
Director

Sydney  
19 August 2006

# Platinum Asset Pty Limited

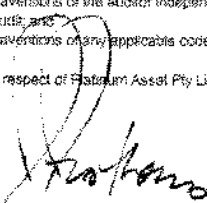
A.B.N. 29 682 954 798

## Auditors' Independence Declaration

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

  
D Prothero  
Partner  
PricewaterhouseCoopers

Sydney  
18 August 2008

*Liability is limited by a Scheme approved under Professional Standards Legislation.*

# Platinum Asset Pty Limited

A.B.N. 29 062 954 786

## Income Statement

For the Year ended 30 June 2006

|  | Consolidated       |                    | Parent entity      |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 30 June 2006       | 30 June 2005       | 30 June 2006       | 30 June 2005       |
| Notes  | \$                 | \$                 | \$                 | \$                 |
| <b>Revenue</b>                                 |                    |                    |                    |                    |
| Operating revenue                              | 289,395,783        | 194,472,221        | 212,684,746        | 126,613,370        |
| Interest income                                | 7,877,393          | 4,334,802          | 22,665             | 68,535             |
| Dividend income                                | 19,371             | 10,484             | -                  | 5,147              |
| Investment income                              | 2,660,895          | 247,045            | -                  | (102,118)          |
| <b>Total revenue</b>                           | <b>299,953,052</b> | <b>199,064,552</b> | <b>212,717,411</b> | <b>126,684,934</b> |
| <b>Expenses</b>                                |                    |                    |                    |                    |
| Operating expenses                             | 22,112,025         | 21,645,423         | -                  | -                  |
| Rental expense                                 | 1,643,587          | 287,364            | -                  | -                  |
| Depreciation                                   | 667,392            | 603,975            | -                  | -                  |
| Professional -                                 |                    |                    |                    |                    |
| - Audit  | 393,811            | 263,776            | 8,865              | 16,578             |
| - Tax  | 301,579            | 452,356            | (6,850)            | 13,710             |
| Customary fees                                 | 6,966,751          | 1,587,880          | -                  | -                  |
| Compliance costs                               | 402,220            | 520,222            | 277                | 212                |
| Interest expense                               | -                  | 256,279            | -                  | 24,409             |
| Transaction costs                              | 3,853              | -                  | -                  | -                  |
| Sundry expenses                                | 68,669             | 33,070             | 917                | 10,295             |
| <b>Total expenses</b>                          | <b>31,929,690</b>  | <b>23,552,375</b>  | <b>609</b>         | <b>65,264</b>      |
| <b>Profit/(Loss) before income tax expense</b> | <b>267,963,066</b> | <b>173,112,277</b> | <b>212,716,602</b> | <b>126,619,730</b> |
| Income tax expense                             | (80,366,845)       | (91,819,036)       | (30,224)           | (39,021,234)       |
| <b>Profit/(Loss) after income tax expense</b>  | <b>187,596,121</b> | <b>121,493,241</b> | <b>212,686,378</b> | <b>88,798,496</b>  |

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

# Platinum Asset Pty Limited

A.B.N. 29 062 954 796

## Balance Sheet

As at 30 June 2006

|  | Notes | Consolidated       |                    | Parent entity      |                    |
|--|-------|--------------------|--------------------|--------------------|--------------------|
|  |       | 30 June 2006       | 30 June 2005       | 30 June 2006       | 30 June 2005       |
|  |       | \$                 | \$                 | \$                 | \$                 |
| <b>Current assets</b>                                      |       |                    |                    |                    |                    |
| Cash on deposit  | 9(a)  | 256,237,620        | 133,762,370        | 18,138             | 7                  |
| Trade debtors  |       | 21,269,241         | 14,773,677         | -                  | -                  |
| Related party account                                      |       | 12,737             | 2,660              | 79,968,099         | 101,643,642        |
| Interest Receivable  |       | 70,892             | 33,078             | 84                 | -                  |
| Dividend Receivable  |       | -                  | -                  | 180,000,000        | -                  |
| Prepayments  |       | 692,549            | 512,270            | -                  | -                  |
| Income tax receivable                                      |       | -                  | 262,405            | -                  | -                  |
| Deferred tax assets  |       | 567,254            | 477,346            | 1,856              | 22,290             |
| <b>Total current assets</b>                                |       | <b>278,810,283</b> | <b>149,873,688</b> | <b>257,007,971</b> | <b>101,665,938</b> |
| <b>Non current assets</b>                                  |       |                    |                    |                    |                    |
| Financial assets held at fair value through profit or loss |       | 3,564,598          | 1,163,825          | -                  | -                  |
| Investment in controlled entities                          |       | -                  | -                  | 14,105,231         | 14,105,231         |
| Fixed assets   | 3     | 1,646,786          | 1,812,562          | -                  | -                  |
| <b>Total non current assets</b>                            |       | <b>5,211,384</b>   | <b>2,976,207</b>   | <b>14,105,231</b>  | <b>14,105,231</b>  |
| <b>Total assets</b>  |       | <b>284,041,677</b> | <b>152,850,095</b> | <b>271,113,202</b> | <b>116,071,170</b> |
| <b>Current liabilities</b>                                 |       |                    |                    |                    |                    |
| Payables   |       | 3,867,161          | 3,144,375          | 5,500              | 8,448              |
| Income tax payable   | 4     | 61,026,842         | 14,159,054         | 61,056,595         | 14,166,054         |
| Deferred tax liabilities                                   |       | 116,549            | 6,821              | 25                 | -                  |
| Provisions   | 5     | 1,364,613          | 938,332            | -                  | -                  |
| <b>Total current liabilities</b>                           |       | <b>66,365,165</b>  | <b>18,251,882</b>  | <b>61,062,120</b>  | <b>14,167,502</b>  |
| <b>Net assets</b>  |       | <b>217,656,512</b> | <b>134,598,413</b> | <b>210,051,082</b> | <b>101,903,668</b> |
| <b>Shareholders' equity</b>                                |       |                    |                    |                    |                    |
| Contributed equity   | 7     | 30,059,450         | 13,105,172         | 30,059,450         | 13,105,172         |
| Retained profits   | 8     | 187,597,062        | 121,493,241        | 179,991,632        | 88,798,496         |
| <b>Total shareholders' equity</b>                          |       | <b>217,656,512</b> | <b>134,598,413</b> | <b>210,051,082</b> | <b>101,903,668</b> |

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

**Platinum Asset Pty Limited**  
A.B.N. 29 062 064 796

**Statement of Changes in Equity**

For the Year ended 30 June 2006

|  | Consolidated       |                    | Parent entity      |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 30 June 2006       | 30 June 2005       | 30 June 2006       | 30 June 2005       |
| <b>Total equity at the beginning of the financial year</b>                     | <b>134,588,413</b> | <b>81,990,484</b>  | <b>101,903,668</b> | <b>81,990,484</b>  |
| Adjustment on adoption of AASB 132 and AASB 139 net of tax to retained profits | 30,942             |                    |                    |                    |
| <b>Profit for the year</b>   | <b>187,566,121</b> | <b>121,488,241</b> | <b>212,886,378</b> | <b>88,796,496</b>  |
| <b>Total recognised income and expense for the financial year</b>              | <b>187,597,063</b> | <b>121,493,241</b> | <b>212,886,378</b> | <b>88,798,456</b>  |
| Transactions with equity holders in their capacity as equity holders:          |                    |                    |                    |                    |
| Contributions of equity, net of transactions costs                             | 16,864,278         | 2,449,595          | 16,954,278         | 2,449,595          |
| Dividends paid   | (121,488,242)      | (81,334,907)       | (121,488,242)      | (81,334,907)       |
|  | (104,623,964)      | (78,885,312)       | (104,533,964)      | (78,885,312)       |
| <b>Total equity at the end of the financial year</b>                           | <b>217,656,512</b> | <b>134,588,413</b> | <b>210,051,082</b> | <b>101,903,668</b> |

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

# Platinum Asset Pty Limited

A.B.N. 29 062 954 798

## Cash Flow Statement

For the Year ended 30 June 2006

| Notes  | Consolidated         |                      | Parent entity      |                      |
|--|----------------------|----------------------|--------------------|----------------------|
|  | 30 June 2006         | 30 June 2005         | 30 June 2006       | 30 June 2005         |
|  | \$                   | \$                   | \$                 | \$                   |
| <b>Cash flow from operating activities</b>                             |                      |                      |                    |                      |
| Income received from investments                                       | -                    | 115,921,259          | 32,834,746         | 242,634,629          |
| Interest received  | 7,035,100            | 4,334,333            | 22,580             | 70,915               |
| Dividends received   | 75,971               | 10,484               | -                  | 5,147                |
| Income from operating activities                                       | 282,840,419          | 179,585,344          | -                  | -                    |
| Expenses paid for operating activities                                 | (30,192,745)         | (21,532,740)         | (3,759)            | (56,145)             |
| Interest expense   | -                    | (258,977)            | -                  | (24,409)             |
| Income taxes paid  | (33,535,700)         | (46,441,519)         | (28,469,272)       | (32,116,969)         |
| <b>Net cash inflow from operating activities</b>                       | <b>226,183,144</b>   | <b>231,701,664</b>   | <b>4,224,295</b>   | <b>216,712,235</b>   |
| <b>Cash flow from investing activities</b>                             |                      |                      |                    |                      |
| Cost of purchases of investments                                       | (11,625,209)         | (11,454,949)         | -                  | (19,688,501)         |
| Proceeds from sale of investments                                      | 13,087,193           | 12,228,030           | -                  | 7,215,519            |
| Purchase of plant and equipment  | (546,829)            | (2,428,465)          | -                  | -                    |
| <b>Cash flow from investing activities</b>                             | <b>711,955</b>       | <b>(1,655,483)</b>   | <b>-</b>           | <b>(12,473,012)</b>  |
| <b>Cash flow from financing activities</b>                             |                      |                      |                    |                      |
| Dividends paid   | (121,483,242)        | (61,334,907)         | (121,493,242)      | (61,334,907)         |
| Proceeds from issue of shares  | 16,954,278           | 2,449,595            | 16,954,278         | 2,449,595            |
| Payments (to)/from related party                                       | -                    | (17,695,356)         | 100,332,800        | (118,835,403)        |
| Repayment of Subordinated debt   | -                    | (5,000,000)          | -                  | -                    |
| <b>Cash flow from financing activities</b>                             | <b>(104,528,964)</b> | <b>(101,580,668)</b> | <b>(4,206,164)</b> | <b>(188,520,715)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>            | <b>122,356,045</b>   | <b>128,465,013</b>   | <b>18,131</b>      | <b>(281,489)</b>     |
| Cash and cash equivalents held at the beginning of the financial year  | 133,792,370          | 5,332,501            | 7                  | 281,495              |
| Effects of exchange rate changes on cash and cash equivalents          | 109,205              | (5,144)              | -                  | -                    |
| <b>Cash and cash equivalents held at the end of the financial year</b> | <b>256,237,620</b>   | <b>133,792,370</b>   | <b>18,138</b>      | <b>7</b>             |

The above Cash flow Statement should be read in conjunction with the accompanying notes

# Platinum Asset Pty Limited

A.B.N. 28 092 954 796

## Notes to the Financial Statements

As at 30 June 2006

### 1. Summary of Significant Accounting Policies

The consolidated entity is not a reporting entity because, in the Directors' opinion it is unlikely that there exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. It is the opinion of the directors that the accounting policies adopted are appropriate to meet the needs of the members.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the *Corporations Act 2001(Cth)* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

#### (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 consolidated financial statements have been prepared under the historical cost convention

The financial report has been prepared in accordance with AASB 101: *Presentation of Financial Statements*, AASB 107: *Cash Flow Statements*, AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1031: *Materiality*, and AASB 1048: *Interpretation and Application of Standards*. These Accounting Standards apply to all entities required to prepare financial reports under the *Corporations Act 2001*, and other applicable Accounting Standards and Urgent Issues Group Consensus Views with the exception of the disclosure requirements of the following:  
AASB 124: *Related Party Disclosures*  
AASB 132: *Financial Instruments: Presentation and Disclosure*

#### Compliance with IFRS

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

*Application of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS)*  
These financial statements are the first annual Platinum Asset Pty Limited financial statements to be prepared in accordance with AIFRS. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

The financial statements of the Company until 30 June 2005 had been prepared in accordance with the previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Company's 30 June 2006 financial statements, management has amended certain accounting and valuation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect to 2005 were restated to reflect these adjustments. The Company has taken the exemption available under AASB 1 to only apply AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* from 1 July 2005.

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

Under AASB 112: *Income Taxes*, deferred tax balances will be 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. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

#### (c) Valuation of financial assets

From 1 July 2004 to 30 June 2005

The Company has taken the exemption available under AASB 1 to only apply AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* from 1 July 2005.

The Company had applied AIFRS with the available exemptions to the comparative information on financial assets within the scope of AASB 132 and AASB 139.

Investments were previously valued at historical cost unless it had been determined that there had been a permanent diminution in the value of an investment in which case, the carrying amount was written down to its recoverable value. Transaction costs were included in the gain or loss on sale of trading securities.

#### Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 is that financial assets will be measured at fair value. Fair value is exclusive of transaction costs. Changes in fair value are taken to the Income Statement. At the date of transition (1 July 2005) changes to carrying amounts were taken to retained profits.

# Platinum Asset Pty Limited

A.B.N. 29 062 954 796

## Notes to the Financial Statements (continued)

As at 30 June 2006

### (c) Valuation of financial assets (continued)

From 1 July 2005

Under AASB 139, investments will be 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 measured at fair value and exclude transaction costs. Financial assets 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.

Controlled entities and associates are accounted for in the consolidated financial statements as set out in 1(b).

### (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 should be 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. The consolidated entity does not undertake speculative dealings in foreign currency. Foreign currency assets and liabilities existing at balance date are translated at balance date. Resulting exchange differences are brought to account in determining profit and loss for the year.

### (f) Revenue Recognition

#### Interest Income

From 1 July 2004 to 30 June 2005

Interest income is recognised on an accruals basis.

From 1 July 2005

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

#### Dividend Income

Dividend income is recognised on the ex-dividend date applicable to each investment.

#### Management and Performance fees

Management and performance fees are recognised as they are earned and all expenses are brought to account on an accruals basis.

### (g) Cash and cash equivalents

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

### (h) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Platinum Asset Pty Limited ("company" or "parent entity") as at 30 June 2006 and their results of all controlled entities for the year then ended. Platinum Asset Pty Limited and its controlled entities together are referred to in its financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

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

### (i) Receivables

All receivables are recognised as and when they are due.

Debits 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.

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 receivable and dividends are usually received within approximately 30 days of the ex-dividend date.

Trade debtors are usually received between seven to 30 days after becoming receivable.

# Platinum Asset Pty Limited

A.B.N. 29 082 954 796

## Notes to the Financial Statements (continued)

As at 30 June 2006

### (j) Depreciation

Fixed assets are stated at historical cost less depreciation.  
Fixed assets are depreciated over their estimated useful lives using the straight line method. From June 2006, the depreciation method used has changed to the diminishing balance method.

The expected useful lives are as follows:

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

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

### (k) Payables

All payables and trade creditors are recognised as and when they are incurred.

### (l) Employee entitlements

Liabilities for employees' entitlements to salaries and annual leave are accrued at nominal amounts calculated on the basis of current salary rates. Liabilities for long service leave are accrued in respect of all employees at the present values of future amounts. Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

### (m) Dividends

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

### (n) New accounting standards and IJG interpretations

Certain new accounting standards and IJG interpretations have been published that are not mandatory for 30 June 2006 reporting period. Our assessment of the impact of these new standards and interpretations are set out below:

(i) AASB 7 *Financial Instruments Disclosure* and AASB 2005-10 *Amendments to Australian Accounting Standards* (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 159, AASB 1 AASB 4 AASB 1023 & AASB 1039). AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. AASB 7 requires qualitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The Company has elected not to standard early. Application of this standard will not affect any of the amounts recognised in the financial statements.

(ii) AASB 2005-4 *Amendments to Australian Accounting Standards* (AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1039). AASB 2005-4 is applicable to annual reporting periods beginning on or after 1 January 2006. The amendment restricts the ability to designate financial assets and financial liabilities "at fair value through profit or loss". The Company's financial assets are classified as "held for trading" and this definition has not been changed. Accordingly, the amendment will not affect the Company's financial statements.

## 2. Income Tax

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

|  | Consolidated      |                   | Parent entity |                   |
|--|-------------------|-------------------|---------------|-------------------|
|  | 30 June 2006      | 30 June 2005      | 30 June 2006  | 30 June 2005      |
|  | \$                | \$                | \$            | \$                |
| Profit from ordinary activities before income tax expense                                | 267,903,666       | 173,112,277       | 212,716,602   | 126,819,730       |
| Prima facie income tax on operating profit at 30%  | 80,388,526        | 51,935,683        | 63,814,981    | 38,045,919        |
| Tax effect on temporary differences which:   |                   |                   |               |                   |
| Reduce tax payable   |                   |                   |               |                   |
| - Allowable credits  | -                 | (292,327)         | -             | (2,365)           |
| - Quarantined foreign losses now claimable   | -                 | (183,864)         | 19,753        | (183,864)         |
| Increase tax payable   |                   |                   |               |                   |
| - Difference between taxable income and distributable income                             | -                 | 150,836           | -             | 150,836           |
| - non deductible expenses  | 4,111             | 1,706             | -             | 1,706             |
| Tax offset for franked dividends   | -                 | -                 | (63,808,424)  | -                 |
| Under/(over) provision of prior period   | 3,914             | -                 | -             | -                 |
| <b>Income tax attributable to operating profit, comprising the current tax provision</b> | <b>80,396,545</b> | <b>51,619,036</b> | <b>30,224</b> | <b>38,021,234</b> |

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

|  |                   |                   |               |                   |
|--|-------------------|-------------------|---------------|-------------------|
| Current income tax provision           | 80,396,545        | 52,053,893        | 5,645         | 38,041,634        |
| Deferred tax liabilities               | 106,028           | 8,645             | 25            | -                 |
| Deferred tax assets                    | (108,856)         | (474,802)         | 20,840        | (20,403)          |
| Under/(over) provision of prior period | 3,914             | -                 | 3,914         | -                 |
|  | <b>80,396,545</b> | <b>51,619,036</b> | <b>30,224</b> | <b>38,021,234</b> |

# Platinum Asset Pty Limited

A.B.N. 29 062 854 796

## Notes to the Financial Statements (continued)

As at 30 June 2006

### 3. Fixed Assets

|  | Consolidated     |                  | Parent entity |              |
|--|------------------|------------------|---------------|--------------|
|  | 30 June 2006     | 30 June 2005     | 30 June 2006  | 30 June 2005 |
|  | \$               | \$               | \$            | \$           |
| Computer equipment (at cost)             | 526,274          | 415,934          | -             | -            |
| Less: Accumulated depreciation           | (258,871)        | (137,412)        | -             | -            |
|  | 267,403          | 278,522          | -             | -            |
| Purchased software (at cost)             | 442,326          | 224,243          | -             | -            |
| Less: Accumulated depreciation           | (219,826)        | (102,178)        | -             | -            |
|  | 222,500          | 122,065          | -             | -            |
| Capitalised software (at cost)           | 749,446          | 686,518          | -             | -            |
| Less: Accumulated depreciation           | (535,574)        | (229,377)        | -             | -            |
|  | 213,872          | 457,141          | -             | -            |
| Communication equipment (at cost)        | 134,925          | 126,178          | -             | -            |
| Less: Accumulated depreciation           | (77,789)         | (41,618)         | -             | -            |
|  | 57,136           | 84,560           | -             | -            |
| Office premises fit out (at cost)        | 601,460          | 555,592          | -             | -            |
| Less: Accumulated depreciation           | (97,118)         | (48,389)         | -             | -            |
|  | 504,342          | 507,203          | -             | -            |
| Office furniture and equipment (at cost) | 475,825          | 403,295          | -             | -            |
| Less: Accumulated depreciation           | (90,310)         | (42,388)         | -             | -            |
|  | 385,515          | 360,907          | -             | -            |
|  | <b>1,848,788</b> | <b>1,812,562</b> | -             | -            |

### 4. Payables

|                             |                  |                  |              |              |
|-----------------------------|------------------|------------------|--------------|--------------|
| Trade creditors (unsecured) | 2,151,840        | 2,102,850        | 5,500        | 6,446        |
| Goods and Services Tax      | 1,715,321        | 1,041,525        | -            | -            |
|                             | <b>3,867,161</b> | <b>3,144,375</b> | <b>5,500</b> | <b>6,446</b> |

### 5. Provisions

| Current            |                  |                |   |   |
|--------------------|------------------|----------------|---|---|
| Long service leave | 576,318          | 339,040        | - | - |
| Annual leave       | 788,265          | 599,292        | - | - |
|                    | <b>1,364,583</b> | <b>938,332</b> | - | - |

### 6. Franking Account

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| Opening Balance 1 July - converted at 30%  | 92,785,545        | 37,680,876        | 92,785,545        | 37,559,446        |
| Dividends paid   | (52,068,532)      | (34,857,817)      | (52,068,532)      | (34,857,817)      |
| Tax paid or payable  | 42,401,732        | 90,082,486        | 42,401,732        | 90,082,486        |
| Franking credits arising from consolidation  | -                 | -                 | -                 | 1,430             |
| <b>Estimated Franking Credits Available</b>  | <b>83,118,745</b> | <b>92,785,545</b> | <b>83,118,745</b> | <b>92,785,545</b> |
| Amount of retained profits that could be paid as dividends and be franked out of existing credits or out of franking credits arising from the payment of income tax in the period subsequent to 30 June 2006, after deducting franking credits applicable to any proposed dividends. | 83,118,745        | 121,493,251       | 83,118,745        | 80,798,496        |

# Platinum Asset Pty Limited

A.B.N. 29 062 954 795

## Notes to the Financial Statements (continued)

As at 30 June 2008

### 7. Contributed Equity

#### (a) Share Capital

Ordinary shares, fully paid  
Ordinary shares, zero amount paid

| Parent entity    |                   | Parent entity    |                   |
|------------------|-------------------|------------------|-------------------|
| 30 June 2008     | 30 June 2008      | 30 June 2005     | 30 June 2005      |
| Quantity         | \$                | Quantity         | \$                |
| 1,782,200        | 30,059,430        | 1,749,139        | 13,185,172        |
| -                | -                 | 3,226            | -                 |
| <b>1,782,200</b> | <b>30,059,430</b> | <b>1,749,365</b> | <b>13,185,172</b> |

#### (b) Movements in share capital

| Date      | Details                                    | Number of shares | Issue price | \$                |
|-----------|--|------------------|-------------|-------------------|
| 30-Jun-04 | Opening balance                            | 1,743,759        |             | 10,658,577        |
| 27-Aug-04 | Share issue 17,035 - balance paid \$62.10  |                  | 62.10       | 1,061,614         |
| 27-Aug-04 | Share issue 3,454 - balance paid \$188.24  |                  | 188.24      | 650,181           |
| 25-Nov-04 | Share issue                                | 2,360            | 310.00      | 737,800           |
| 25-Nov-04 | Share issue - unpaid                       | 3,226            | 310.00      | -                 |
|           |  | <b>1,749,365</b> |             | <b>13,185,172</b> |
| 25-Nov-04 | Share issue 3,226 - balance paid \$310.00  |                  |             | 1,000,000         |
| 02-Dec-05 | Share issue 32,835 - balance paid \$485.89 | 32,835           | 485.89      | 15,954,218        |
|           |  | <b>1,782,200</b> |             | <b>30,059,430</b> |

#### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of Platinum Asset Pty Limited in proportion to the number of and amounts paid on the shares held.

### B. Retained Profits

Retained earnings at the beginning of the financial year

Adjustment on adoption of AASB 132 and AASB 139 net of tax to retained profits

Net profit

Dividends paid or payable

Retained earnings at the end of the financial year

| Consolidated       |                    | Parent entity      |                   |
|--------------------|--------------------|--------------------|-------------------|
| 30 June 2008       | 30 June 2005       | 30 June 2008       | 30 June 2005      |
| \$                 | \$                 | \$                 | \$                |
| 121,493,241        | 81,334,907         | 88,798,498         | 81,334,907        |
| 30,942             | -                  | -                  | -                 |
| 187,568,121        | 121,493,241        | 212,688,378        | 88,798,498        |
| (121,493,242)      | (81,334,907)       | (121,493,242)      | (81,334,907)      |
| <b>187,597,062</b> | <b>121,493,241</b> | <b>178,891,632</b> | <b>88,798,498</b> |

# Platinum Asset Pty Limited

A.B.N. 29 082 954 796

## Notes to the Financial Statements (continued)

As at 30 June 2006

### 9. Notes to the Cash Flow Statement

#### (a) Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash includes deposits at call and cash at bank which are used in the daily management of the consolidated entity's cash requirement. Cash at the end of the financial year, as shown in the Cash Flow Statement, is reconciled to the related items in the Balance sheet as follows.

|                 | Consolidated       |                    | Parent entity |              |
|-----------------|--------------------|--------------------|---------------|--------------|
|                 | 30 June 2006       | 30 June 2005       | 30 June 2006  | 30 June 2005 |
|                 | \$                 | \$                 | \$            | \$           |
| Cash at bank    | 30,592             | 6,230              | 7             | 7            |
| Cash on deposit | 259,207,026        | 193,768,140        | 18,131        | -            |
|                 | <b>256,237,628</b> | <b>193,768,370</b> | <b>18,138</b> | <b>7</b>     |

#### (b) Reconciliation of Net Cash from Operating Activities to Operating Profit after Income Tax

|  |                    |                    |                  |                    |
|--|--------------------|--------------------|------------------|--------------------|
| Operating profit/(loss) after income tax                   | 187,566,121        | 121,483,241        | 212,668,378      | 86,798,496         |
| Adjustment to operating profit for AIFRS                   | 30,942             | -                  | -                | -                  |
| Depreciation expense                                       | 697,392            | 803,975            | -                | -                  |
| Loss on disposal of assets                                 | 14,434             | 11,528             | -                | -                  |
| Non-cash employee benefit expense                          | -                  | 66,559             | -                | -                  |
| (Gain)/loss on investment income                           | (5,399,464)        | (252,188)          | -                | 102,118            |
| Movement in monetary items                                 | -                  | (1,185)            | -                | -                  |
| (Increase)/decrease in cash due to exchange rate movements | (109,205)          | 5,144              | -                | -                  |
| Decrease/(increase) in distribution receivable             | -                  | 115,921,256        | -                | 115,921,259        |
| Decrease/(increase) in dividend receivable                 | -                  | -                  | (180,000,000)    | -                  |
| Decrease/(increase) in trade debtors                       | (6,496,594)        | (14,773,977)       | -                | -                  |
| Decrease/(increase) in interest receivable                 | (37,622)           | (30,669)           | (84)             | 1,480              |
| Decrease/(increase) in prepayments                         | (126,279)          | (912,270)          | -                | -                  |
| Decrease/(increase) in related party account               | (10,187)           | -                  | -                | -                  |
| (Decrease)/increase in trade creditors                     | 48,960             | 2,678,352          | (2,946)          | (15,350)           |
| (Decrease)/increase in Goods and Services Tax payable      | 673,796            | 1,041,526          | -                | -                  |
| (Decrease)/increase in provisions                          | 426,261            | 671,762            | -                | -                  |
| Decrease/(increase) in income tax receivable               | 282,403            | (282,160)          | -                | -                  |
| (Decrease)/increase in income tax payable                  | 46,595,364         | 6,824,635          | (26,479,716)     | 5,824,635          |
| Decrease/(increase) in deferred tax assets                 | (109,906)          | (474,603)          | 29,540           | (20,400)           |
| (Decrease)/increase in deferred tax liabilities            | 106,626            | 9,645              | 25               | -                  |
|  | <b>224,183,144</b> | <b>231,701,084</b> | <b>4,224,295</b> | <b>216,712,336</b> |

## Independent audit report to the members of Platinum Asset Pty Limited

### Audit opinion

In our opinion, the financial report of Platinum Asset Pty Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Platinum Asset Pty Limited and the Platinum Asset Pty Limited Group (defined below) as at 30 June 2006 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements, and
- is presented in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia to the extent described in Note 1 to the financial statements, the *Corporations Act 2001* and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

### Scope

#### The financial report and directors' responsibility

The financial report, being a special purpose financial report, comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for both Platinum Asset Pty Limited (the company) and Platinum Asset Pty Limited Group (the consolidated entity), for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year. It has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

The directors have determined that the accounting policies used and described in Note 1 to the financial statements, including the basis of accounting, which forms part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001*. The members have agreed that these policies are appropriate to meet their needs.

### Audit approach

We conducted an independent audit of the financial report in order to express an opinion to the members of the company on its preparation and presentation in accordance with the accounting policies described in Note 1. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which they were prepared.

Our audit was conducted in accordance with Australian Auditing Standards. The nature of an audit

is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and the accounting policies described in Note 1 to the financial statements, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and its performance as represented by the results of its operations, changes in equity and cash flows. These policies do not require the application of all Accounting Standards and other mandatory financial reporting requirements in Australia.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the reasonableness of significant accounting estimates made by the directors.

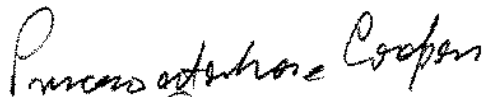
Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

## Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



DA Prothero  
Partner

Sydney  
18 August 2006

# Platinum Asset Pty Limited

A.B.N. 29 062 954 796

## Directors' Declaration

As stated in Note 1 to the financial statements, the consolidated entity is not a reporting entity because, in the Directors' opinion, it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. This is a special purpose financial report that has been prepared to meet *Corporations Act 2001*.

The consolidated entity has applied Accounting Standard AASB 127 *Consolidated and Separate Financial Statements* and Other Amendments and other Accounting Standards and mandatory professional reporting requirements, to the extent described in note 1.

The Directors declare that the financial statements and notes set out on pages 4 to 13:

- (a) comply with Accounting Standards, as detailed above, and the *Corporations Regulations 2001*; and
- (b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and their performance, as represented by the rest of its operation and its cash flow, for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statement and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



K Neilson  
Director



M Halstead  
Director

Sydney  
18 August 2006