Platinum Asset Pty. Limited
A.B.N. 29 062 954 796

Financial Report for the Year Ended 30 June 2005

Contents

Platinum Asset Pty. Limited

A.B.N. 29 062 954 796

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 2005.

Directors

The following persons were directors of Platinum Asset Pty Limited 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 for the period 1 July 2004 to 28 February 2005 was to act as an Investment Company. From 1 March 2005 the consolidated entity took over the responsibility of providing investment management services and products.

Trading Results

The consolidated profit of Platinum Asset Pty Limited for the year was $121,493,241 (2004: $81,334,907) after income tax expense of $51,619,036 (2004: $34,664,352).

Dividends

Platinum Asset Pty Limited paid a fully franked interim dividend of $49.843442 per share on 27 August 2004.
No final dividend has been proposed.

Review of Operations

The consolidated operating profit before tax was $173,112,277 (2004: $115,999,259) and $121,493,241 (2004: $81,334,907) after tax. Consolidated income tax expense for the year was $51,619,036 (2004: $34,664,352).

Directors' Indemnity Insurance

During the year a premium of $58,125 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 2005 and for the results for the year ended on that date.

Likely Developments

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.

Executives

The consolidated entity has no executives other than the Directors disclosed in this report.

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

K Neilson
Director

M Halstead
Director

Sydney
19 August 2005

Platinum Asset Pty. Limited

A.B.N. 29 062 954 796

Auditors' Independence Declaration

As lead auditor for the audit of Platinum Asset Pty Limited for the year ended 30 June 2005, 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.

PK Merrett
Partner
PricewaterhouseCoopers

Sydney
19 August 2005

Liability is limited by the Accountants Scheme under the Professional Standard Act 1994 (NSW).

Platinum Asset Pty. Limited

A.B.N. 29 082 954 796

Statement of Financial Performance

For the Year ended 30 June 2005

	Notes	Consolidated 2005	Consolidated 2004	Parent entity 2005	Parent entity 2004
		$	$	$	$
Revenue from ordinary activities					
Operating revenue		194,472,221	116,921,259	126,913,370	116,921,259
Interest income		4,334,902	122,734	65,535	122,734
Dividend income		10,484	-	5,147	-
Investment income		247,045	-	(102,118)	-
Total revenue from ordinary activities		199,064,652	116,043,993	126,884,934	116,043,993
Expenses					
Operating expenses		23,829,897	-	-	-
Depreciation		603,975	-	-	-
Professional:					
- Audit		263,776	3,980	16,576	3,980
- Tax		452,356	3,170	13,710	3,170
- Accountancy		-	35,000	-	35,000
Compliance costs		520,222	200	212	200
Interest Expense		256,279	-	24,409	-
Sundry expenses		33,070	2,364	10,285	2,364
Total Expenses		25,952,375	44,734	65,204	44,734
Profit from ordinary activities before related income tax expense		**173,112,277**	**115,999,259**	**126,819,730**	**115,999,259**
Income tax expense	2	(51,619,036)	(34,664,352)	(38,021,234)	(34,664,352)
Profit from ordinary activities after related income tax expense		**121,493,241**	**81,334,907**	**88,798,496**	**81,334,907**

The above Statement of Financial Performance should be read in conjunction with the accompanying notes

Platinum Asset Pty. Limited

A.B.N. 29 062 954 796

Statement of Financial Position

As at 30 June 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Current assets					
Cash on deposit	13	133,792,370	5,332,502	7	281,496
Trade debtors		14,773,877	-	-	-
Investment income receivable		-	115,921,259	-	115,921,259
Related party account		2,550	-	101,943,642	-
Interest Receivable		33,070	2,401	-	1,480
Prepayments		512,270	-	-	-
Income tax receivable		282,403	243	-	-
Deferred tax assets		477,348	2,745	22,290	1,890
Total current assets		149,873,888	121,259,150	101,965,939	116,206,125
Non current assets					
Investments					
Investment in securities		1,163,625	3,195,911	-	3,195,911
Investment in associated entities		-	2,085,223	-	2,085,223
Investment in controlled entities		-	-	14,105,231	51,005
Total investments		1,163,625	5,281,134	14,105,231	5,332,139
Fixed Assets	3	1,812,582	-	-	-
Total non current assets		2,976,207	5,281,134	14,105,231	5,332,139
Total assets		152,850,095	126,540,284	116,071,170	121,538,264
Current liabilities					
Payables	4	3,144,375	24,498	8,448	23,800
Related party account		-	17,692,806	-	17,691,761
Payable for investment		-	3,597,800	-	3,597,800
Income tax payable		14,159,054	8,234,419	14,159,054	8,234,419
Deferred tax liabilities		9,921	278	-	-
Provisions	5	885,741	-	-	-
Total current liabilities		18,199,091	29,549,800	14,167,502	29,547,780
Non current liabilities					
Provisions	5	52,591	-	-	-
Subordinated debt		-	5,000,000	-	-
Total non current liabilities		52,591	5,000,000	-	-
Total liabilities		18,251,682	34,549,800	14,167,502	29,547,780
Net assets		134,598,413	91,990,484	101,903,668	91,990,484
Shareholders' equity					
Contributed equity	7	13,105,172	10,655,577	13,105,172	10,655,577
Retained profits	8	121,493,241	81,334,907	88,798,496	81,334,907
Total shareholders' equity		134,598,413	91,990,484	101,903,668	91,990,484

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Cash Flows

For the Year ended 30 June 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Cash Flow from Operating Activities					
Income received from investments		115,921,256	53,729,515	242,834,829	53,729,515
Interest received		4,304,233	121,256	70,015	121,256
Dividends received		16,454	-	5,147	-
Income from ordinary activities		179,666,344	-	-	-
Expenses paid for ordinary activities		(21,532,740)	(26,435)	(56,145)	(26,435)
Interest expense		(258,977)	-	(24,409)	-
Income taxes paid		(46,441,518)	(33,165,440)	(32,116,999)	(33,165,440)
Net cash inflow from operating activities	13(b)	231,701,084	20,658,896	210,712,238	20,658,896
Cash flow from investing activities					
Cost of purchases of investments		(11,454,948)	-	(19,688,531)	(51,005)
Proceeds from sale of investments		12,228,030	5,000,000	7,215,519	-
Purchase of plant and equipment		(2,428,485)	-	-	-
Cash flow from financing activities		(1,655,403)	5,000,000	(12,473,012)	(51,005)
Cash Flow from Financing Activities					
Dividends paid		(81,334,907)	(37,352,633)	(81,334,907)	(37,352,633)
Proceeds from issue of shares		2,449,595	7,186,908	2,449,595	7,186,908
Payments (to)/from related party		(17,695,356)	9,838,826	(119,635,403)	9,838,826
Repayment of Subordinated debt		(5,000,000)	-	-	-
Cash flow from financing activities		(101,580,668)	(20,326,899)	(198,520,715)	(20,326,899)
Net increase/(decrease) in cash		128,465,013	5,331,997	(281,489)	280,992
Net cash balances at commencement of the financial year		5,332,501	504	281,496	504
Effects of exchange rate changes on cash		(5,144)	-	-	-
Cash balances at 30 June 2005	13(a)	133,792,370	5,332,501	7	281,496

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

Platinum Asset Pty. Limited
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Notes to the Financial Statements

As at 30 June 2005

1. Summary of Significant Accounting Policies

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. 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.

The Financial Statements have been prepared on the basis of historical cost. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(a) Basis of Accounting

The consolidated entity has applied Accounting Standard AASB 1025 " Application of the Reporting Entity Concept and Other Amendments", which amends the application clauses of all existing standards so that they now apply only to companies that qualify as reporting entities. However, the financial report has been prepared in accordance with AASB 1018 "Statement of Financial Performance", AASB 1034 "Financial Report Presentation and Disclosures", AASB 1040 "Statement of Financial Position" and other applicable Accounting Standards and Urgent Issues Group Consensus Views with the exception of the disclosure requirements in the following:
AASB 1001 "Accounting Policies"
AASB 1017 "Related Party Disclosures"
AASB 1026 "Statement of Cash Flows"
AASB 1033 "Presentation and Disclosure of Financial Instruments"
AASB 1046 "Director and Executive Disclosures by Disclosing Entities"
AASB 1047 "Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards"

(b) Income Recognition

Interest income is recognised on an accruals basis.
Dividend income is recognised on the ex-dividend date applicable to each investment.
Management and Performance fees are recognised as they are earned and all expenses are brought to account on an accruals basis.
Trust Distribution income is recognised on an accruals basis.

(c) Income Tax

Income tax has been brought to account using the liability method of tax effect accounting.

(d) Cash

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

(e) 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 2005 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.

(f) Investments

(i) Classification
Investments have not been classified in the Statement of Financial Position as current or non-current assets. In the opinion of the Directors, having regard to the nature of the business conducted by the consolidated entity, the period of investment is not known at the time of purchase.
(ii) Valuation
Interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost and dividend income is recognised in the statement of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated financial statements as set out in 1(e).

Investments are carried at cost, with the exception of monetary items, which are stated at net fair value
Where in the opinion of the consolidated entity, there has been a permanent diminution in the value of an investment, the carrying amount of the investment is written down to its recoverable value.

(g) Receivables

All receivables are recognised as and when they are due.
Proceeds on sale of investments are usually received between 2 and 5 days after trade date.
Interest is usually received within 3 days of becoming receivable and dividends are usually received within approximately 30 days of the ex-dividend date.
Trade debtors are usually received between 7 to 30 days after becoming receivable.
Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(h) Depreciation
Fixed assets are depreciated over their estimated useful lives using the straight line method.

The expected useful lives are as follows:

Computer Equipment	25%
Software	40%
Capitalised Software	40%
Communications Equipment	5 - 25%
Office Fit Out	7.5 - 20%
Office Furniture & equipment	7.5 - 20%

(i) Payables
All payables and trade creditors are recognised as and when they are incurred

(j) Borrowing costs
Borrowing costs are recognised as expenses in the period in which they are incurred.

(k) 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 which are not to be paid or settled within 12 months of balance date, are accrued in respect of all employees at the present values of future amounts. Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

(l) Goodwill
Goodwill is amortised on a straight line basis over a period of 20 years from the date of acquisition. The unamortised balance is reviewed annually to determine the extent that future benefits are probable.

(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 distributed at balance date.

(n) Foreign currency translation
Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign monetary assets and liabilities at balance date are translated at exchange rates current at the balance date. Exchange gains and losses are brought to account in determining the results for the financial year. The consolidated entity does not undertake speculative dealings in foreign currency. Exchange gains and losses on currency hedges are brought to account in determining the results for the financial year.

2. Income Tax

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
The aggregate amount of tax attributable to the financial year differs from the amount prima facie payable on the operating profit.				
Profit from ordinary activities before income tax expense	173,112,277	115,999,259	126,819,730	115,999,259
Prima facie income tax on operating profit at 30%	51,933,683	34,799,778	38,045,919	34,799,778
Tax effect of permanent differences that decrease tax payable				
- Allowable credits	(292,327)	(1,705)	(2,365)	(1,705)
- Quarantined foreign losses now claimable	(183,864)	-	(183,864)	-
Tax effect of permanent differences that increase tax payable				
- Difference between taxable income and distributable income	159,836	(133,722)	159,836	(133,722)
- non deductible expenses	1,708	-	1,708	-
Under/(over) provision of prior period	-	1	-	1
Income tax attributable to operating profit, comprising the current tax provision	51,619,036	34,664,352	38,021,234	34,664,352

The income tax expense comprises:

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Current income tax provision	52,083,993	34,664,591	38,041,634	34,664,591
Deferred income tax	9,645	-	-	-
Future income tax benefit	(474,602)	(240)	(20,400)	(240)
Under/(over) provision of prior period	-	1	-	1
	51,619,036	34,664,352	38,021,234	34,664,352

Platinum Asset Pty. Limited

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Notes to the Financial Statements (continued)

As at 30 June 2005

3. Fixed Assets

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Computer equipment (at cost)	415,904	-	-	-
Less: Accumulated depreciation	(137,412)	-	-	-
	278,492	-	-	-
Purchased software (at cost)	224,243	-	-	-
Less: Accumulated depreciation	(102,176)	-	-	-
	122,067	-	-	-
Capitalised software (at cost)	686,518	-	-	-
Less: Accumulated depreciation	(229,177)	-	-	-
	457,341	-	-	-
Communication equipment (at cost)	128,178	-	-	-
Less: Accumulated depreciation	(41,616)	-	-	-
	84,562	-	-	-
Office premises fit out (at cost)	555,592	-	-	-
Less: Accumulated depreciation	(46,399)	-	-	-
	509,193	-	-	-
Office furniture and equipment (at cost)	403,295	-	-	-
Less: Accumulated depreciation	(42,368)	-	-	-
	360,927	-	-	-
	1,812,582	-	-	-

4. Payables

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Trade creditors (unsecured)	2,102,850	23,800	8,448	23,800
Goods and services tax	1,041,525	-		-
Interest payable	-	696	-	-
	3,144,375	24,496	8,449	23,800

5. Provisions

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Current				
Long service leave	266,449	-	-	-
Annual leave	599,292	-	-	-
	865,741	-	-	-
Non current				
Long service leave	52,591	-	-	-
	52,591	-	-	-

6. Franking Account

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Opening Balance 1 July - converted at 30%	37,560,876	18,903,125	37,559,446	18,903,126
Dividends paid	(34,857,817)	(16,006,271)	(34,857,817)	(16,006,271)
Tax paid / payable	90,082,486	34,664,592	90,082,486	34,664,592
Franking credits arising from consolidation	-	1,430	1,430	-
Estimated Franking Credits Available	92,785,545	37,560,876	92,785,545	37,559,445
Amount of retained profits that could be distributed 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 2005, after deducting franking credits applicable to any proposed dividends.	121,493,241	81,334,907	88,798,496	81,334,907

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Notes to the Financial Statements (continued)

As at 30 June 2005

7. Contributed Equity

(a) Share Capital

	Parent entity 2005 Units	Parent entity 2005 $	Parent entity 2004 Units	Parent entity 2004 $
Ordinary shares, fully paid	1,746,139	13,105,172	1,723,210	9,335,179
Ordinary shares, paid to $74.90	-	-	17,095	1,280,398
Ordinary shares, paid to $11.58	-	-	3,454	40,000
Ordinary shares, zero amount paid	3,226	-	-	-
	1,749,365	13,105,172	1,743,759	10,655,577

(b) Movements in share capital

Date	Details	Number of shares	Issue price	$
30-Jun-03	Opening balance	1,686,889		3,466,569
09-Sep-03	Share issue	22,613	137.00	3,125,361
09-Sep-03	Share issue - partly paid $74.90	17,095	74.90	1,280,398
26-Nov-03	Share issue	13,728	199.82	2,743,129
26-Nov-03	Share issue - partly paid $11.58	3,454	11.58	40,000
		1,743,759		10,655,577
27-Aug-04	Share issue 17,095 - 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	2,380	310.00	737,800
25-Nov-04	Share issue - unpaid	3,226	310.00	0
		1,749,365		13,105,172

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.

8. Retained Profits

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Retained earnings at the beginning of the financial year	81,334,907	37,352,633	81,334,907	37,352,633
Net profit	121,493,241	81,334,907	85,796,496	81,334,907
Dividends paid or payable	(81,334,907)	(37,352,633)	(81,334,907)	(37,352,633)
Retained earnings at the end of the financial year	121,493,241	81,334,907	85,796,496	81,334,907

Notes to the Financial Statements (continued)

As at 30 June 2005

9. Contingent Liabilities

No contingent liabilities exist at balance date with the exception of liabilities incurred by the consolidated entity in its capacity as Trustee of the Trust. The consolidated entity has the right of indemnity out of the Trust's assets.
As a result of the absorption of the business during the year the consolidated entity ceased to act in the capacity of a trustee.

	Consolidated		Parent entity	
	2005	2004	2005	2004
	$	$	$	$
Trustee's liabilities incurred on behalf of the Trust	-	148,235,147	-	-
Assets of the Trust available to meet liabilities	-	161,032,531	-	-

10. Commitments

Total lease expenditure contracted by the consolidated entity at balance date but not provided for in the accounts:

Operating leases				
Payable not later than one year	776,973	-	-	-
Payable later than one, not later than two years	388,486	-	-	-
Payable later than two, not later than five years	-	-	-	-
Payable later than five years	-	-	-	-
	1,165,459	-	-	-

11. Directors Remuneration

No remuneration was paid to Directors during the year or prior period.

12. Subsequent Events

No significant events have occurred since the balance date which would impact the financial position of the consolidated entity as at 30 June 2005 and for the results for the year ended on that date.

13. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, 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 Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:

Cash at bank	6,230	7	7	7
Cash on deposit	133,786,140	5,332,494	-	281,489
	133,792,370	5,332,501	7	281,496

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

Operating profit/(loss) after tax	121,493,241	81,334,907	88,798,496	81,334,907
Depreciation expense	603,975	-	-	-
Loss on disposal of assets	11,928	-	-	-
Non-cash employee benefit expense	66,550	-	-	-
(Gain)/loss on investment income	(252,169)	-	102,118	-
Movement in monetary items	(1,185)	-	-	-
(Increase)/decrease in cash due to exchange rate movements	5,144	-	-	-
Decrease/(increase) in distribution receivable	115,921,259	(62,191,743)	115,921,259	(62,191,743)
Decrease/(increase) in trade debtors	(14,773,877)	-	-	-
Decrease/(increase) in interest receivable	(30,669)	(1,480)	1,480	(1,480)
Decrease/(increase) in prepayments	(512,270)	-	-	-
(Decrease)/increase in accrued expenses	3,119,878	16,300	(16,350)	16,300
(Decrease)/increase in provisions	871,782	-	-	-
Decrease/(increase) in income tax receivable	(282,160)	-	-	-
(Decrease)/increase in income tax payable	5,924,635	1,499,152	5,924,635	1,499,152
(Decrease)/increase in deferred tax assets	(474,803)	(240)	(20,400)	(240)
Decrease/(increase) in deferred tax liabilities	9,645	-	-	-
	231,701,064	20,656,896	210,712,236	20,656,896

Notes to the Financial Statements (continued)

As at 30 June 2005

14. Investments in controlled entities

Name of entity	Country of incorporation	Class of Shares	Equity Holding 2005	Equity Holding 2004
Platinum Asset Management Limited	Australia	Ordinary	100%	100%

Acquisition of controlled entity

On 26 June 2004 the parent entity acquired 51,005 of the issued capital of Platinum Asset Management Limited for $51,005. The operating results of this newly controlled entity have been included in the consolidated statement of financial performance since the date of acquisition

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Fair value of identifiable net assets of controlled entity acquired				
Cash				
Receivables	-	-	-	5,051,005
Payables	-	-	-	2,020
Subordinate debt	-	-	-	(2,020)
	-	-	-	(5,000,000)
Cash consideration				
	-	-	-	51,005
Outflow of cash to acquire controlled entity, net of cash acquired				
Cash consideration				
Less: Cash acquired	-	-	-	(51,005)
	-	-	-	5,051,005
Inflow of cash				
	-	-	-	5,000,000

15. The Company

Platinum Asset Pty Limited (the Company) is a company limited by shares, incorporated and domiciled in New South Wales. Its registered office and principal place of business is Level 4, 55 Harrington Street, 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.

16. Subordinated debt

On the 12 May 2005 the deed of subordination between the Platinum Asset Management Limited, the Lender and the Australian Securities and Investments Commission ("ASIC") entered into was cancelled at which time the borrowings were repaid. There are now sufficient funds in the consolidated entity to meet the conditions and requirements of the of the Australian Financial Services Licence.

17. Segment Reporting

The consolidated entity operates solely within Australia and its income is derived in Australia

18. Director and Executive Disclosures

Directors

The names of persons who were directors of the Company at any time during the financial year are as follows:
K Neilson
A Clifford
M Halstead

Principles used to determine the nature and amount of remuneration

No Director, or entity either controlled by a Director or of which a Director is a member or in which the Director has a substantial financial interest, has received or become entitled to receive a benefit by reason of a contract made by the consolidated entity.

Retirement benefits for Directors

No retirement benefits are provided to Directors

Other benefits and incentives

No other benefits and incentives are paid to Directors.

Details of remuneration

The Executive Directors (K Neilson, A Clifford & M Halstead) are remunerated by the consolidated entity.
The consolidated entity paid: K Neilson a salary of $250,000 (2004:$200,000) and superannuation of $11,584 (2004:$11,002);
A Clifford a salary of $200,000 (2004:$170,000), a bonus of nil (2004:$200,000) and superannuation of $11,584 (2004:$11,002);
M Halstead a salary of $200,000 (2004:$170,000), a bonus of nil (2004:$200,000) and superannuation of $11,584 (2004:$11,002).

19. Related Party information

Directors

Disclosures relating to directors are set out in note 18.

Related parties

Interest expense paid to a director related entity of K Neilson amounted to $233,670 (2004: $258,315).

Notes to the Financial Statements (continued)

As at 30 June 2005

20. Risk Management

Counterparty Risk

The consolidated entity is exposed to counterparty risks - the possibility of losing money owing to the default of a deposit taking institution. This risk is managed by lending to low risk deposit taking institutions that have high credit ratings.

The consolidated entity is exposed to interest rate risks - the possibility of losing money owing to changes in interest rates.

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 Corporation Act 2001.

The consolidated entity has applied Accounting Standard AASB 1025: "Application of the Reporting Entity Concept 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 2005 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

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

K Neilson
Director

M Halstead
Director

Sydney
19 August 2005

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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 2005 and of their 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 statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Platinum Asset Pty Limited (the company) and for the Platinum Asset Pty Limited Group (the consolidated entity), for the year ended 30 June 2005. 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*and the needs of the members.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members. 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

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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 their performance as represented by the results of their operations 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

PK Merrett
Partner

Sydney
19 August 2005