

# Appendix 4D

## 1. Half yearly report

Name of entity

Premium Investors Limited

ABN:

47 106 259 885

Report for the period

31 December 2008

Previous corresponding period

30 June 08

31 December 2007

## 2. Results for announcement to the market

				A\$'000s
Revenues from ordinary activities (item 2.1)	up/(down)	840%	to	(45,215)
Profit (loss) after tax attributable to members (item 2.2)	up/(down)	1,153%	to	(33,680)
Net profit (loss) for the period attributable to members (item 2.3)	up/(down)	1,153%	to	(33,680)
<b>Dividends (item 2.4)</b>				
It is proposed that no interim dividends will be declared for the half year ended 31 December 2008.				
Record date for determining entitlements to the dividend (item 2.5)		N/A		
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):				
The net loss of the company for the six months ended 31 December 2008 was impacted by continuing deterioration in global financial markets. The company posted realised losses of \$39.87million (2007: \$23.59 million gain) and unrealised losses of \$10.13 million (2007: \$22.84 million loss).				
For details, please refer to the attached Financial Report for the 6-month period ended 31 December 2008. Also, please see attached Chairman Address for detailed commentary.				

3. Net tangible assets per security (item 3)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	85.0¢	103.6¢

4. Dividends (item 5)

	Date of payment	Total amount of dividend
Final dividend – year ended 30 June 2008	26 September 2008	\$8,907,397
Interim dividend – half year ended 31 December 2008	n/a	\$nil

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
<b>Interim dividend:</b> Current year	-¢	n/a	-¢
Previous year	4.00¢	100%	-¢

5. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached), which has been prepared in accordance with Australian equivalent to International Financial Reporting Standards (AIFRS).
6. The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

Sign here:

  
(Company Secretary)

Date: 19 February 2009

Print name: Reema Ramswarup



**Condensed Financial Report  
for the half-year ended  
31 December 2008**

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## Directors' report

The directors of Premium Investors Limited submit herewith the Condensed financial report for the half-year ended 31 December 2008. In order to comply with the provision of the Corporations Act 2001, the directors report as follows:

### Directors

The following persons were directors of Premium Investors Limited during the whole of the half-year and up to the date of this report:

Tom Collins  
John Elfverson  
Kenneth Stout

### Review of operations

Premium Investors Limited is an investment company that operates on the principle of pooled investment and specialises in the management of Australian and overseas marketable securities. There has been no significant change in the nature of the activities during the half-year ended 31 December 2008.

The Company generated an operating loss from ordinary activities after income tax of \$33,679,763 for the six month period ended 31 December 2008. This compares with an operating profit of \$3,196,608 reported for the corresponding period ended 31 December 2007. Basic and diluted earnings per share are (14.97) cents per share (2007: 1.49 cents per share).

Due to the operating loss and negative retained earnings, an interim dividend could not be declared in accordance with the Corporations Act 2001.

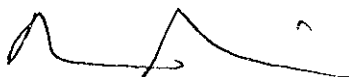
### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

### Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report.

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

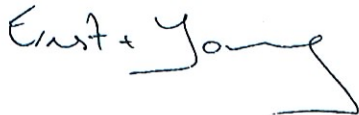


Tom Collins  
Director

Sydney  
19 February 2009

## Auditor's Independence Declaration to the Directors of Premium Investors Limited

In relation to our review of the financial report of Premium Investors Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Sean Balding'.

Sean Balding  
Partner  
19 February 2009

**Premium Investors Limited**  
**ABN 47 106 259 885**  
**Income statement**  
**For the half-year ended 31 December 2008**

		<b>Half-year ended</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2008</b>	<b>2007</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
Revenues	3	4,787	5,357
Realised (losses)/gains on investment at fair value through profit and loss		(39,873)	23,593
Unrealised (losses)/gains on investment at fair value through profit and loss		(10,129)	(22,838)
Expenses	4	(1,550)	(1,918)
<b>Profit before income tax</b>		<b>(46,765)</b>	<b>4,194</b>
Other income tax expense		10,072	(7,646)
Deferred tax expense on unrealised gains		3,013	6,649
<b>Profit for the half-year</b>		<b>(33,680)</b>	<b>3,197</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	11	(14.97)	1.49
Diluted earnings per share	11	(14.97)	1.49
Interim franked dividend per share	8	-	4.0

*The above income statement should be read in conjunction with the accompanying notes.*

Premium Investors Limited  
ABN 47 106 259 885  
Balance sheet  
As at 31 December 2008

		31 December 2008 \$'000	30 June 2008 \$'000
	Notes		
<b>ASSETS</b>			
Cash and cash equivalents	5	29,866	43,147
Trade and other receivables		1,041	4,656
Other current assets		140	101
Financial assets at fair value through profit or loss	6	139,669	186,463
Deferred tax assets		<u>23,120</u>	<u>9,794</u>
<b>Total assets</b>		<u>193,836</u>	<u>244,161</u>
<b>LIABILITIES</b>			
Trade and other payables		619	4,562
Current tax liabilities		<u>2</u>	<u>7,191</u>
<b>Total liabilities</b>		<u>621</u>	<u>11,753</u>
<b>Net assets</b>		<u>193,215</u>	<u>232,408</u>
<b>EQUITY</b>			
Contributed equity	7	222,914	219,520
Retained profits		<u>(29,699)</u>	<u>12,888</u>
<b>Total equity</b>		<u>193,215</u>	<u>232,408</u>

*The above balance sheet should be read in conjunction with the accompanying notes.*



**Premium Investors Limited**  
**ABN 47 106 259 885**  
**Statement of recognised income and expense**  
**For the half-year ended 31 December 2008**

	31 December 2008 \$'000	31 December 2007 \$'000
Notes		
Profit for the period	<u>(33,680)</u>	<u>3,197</u>
Total recognised income and expense for the half-year is attributable to: Members of Premium Investors Limited	<u>(33,680)</u>	<u>3,197</u>

*The above statement of recognised income and expense should be read in conjunction with the accompanying notes.*

Premium Investors Limited  
ABN 47 106 259 885  
Cash flow statement  
For the half-year ended 31 December 2008

Notes	Half-year ended	
	31 December	31 December
	2008	2007
	\$'000	\$'000

**Cash flows from operating activities**

Payments to suppliers	(1,703)	(4,397)
Dividends and distributions received	4,591	4,019
Interest received	1,218	1,606
Other income received	16	140
Income taxes paid	(7,415)	(10,744)
<b>Net cash (outflow) from operating activities</b>	<b>(3,293)</b>	<b>(9,376)</b>

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**Cash flows from investing activities**

Proceeds from sale of financial assets	93,511	145,775
Purchase of financial assets	(97,986)	(146,808)
<b>Net cash (outflow) from investing activities</b>	<b>(4,475)</b>	<b>(1,033)</b>

**Cash flows from financing activities**

Proceeds from issues of ordinary shares	3,394	3,981
Dividends paid	(8,907)	(6,799)
<b>Net cash (outflow) from financing activities</b>	<b>(5,513)</b>	<b>(2,818)</b>

**Net (decrease) in cash and cash equivalents**

	(13,281)	(13,227)
Cash and cash equivalents at the beginning of the half-year	43,147	55,293
<b>Cash and cash equivalents at end of the half-year</b>	<b>29,866</b>	<b>42,066</b>

*The above cash flow statement should be read in conjunction with the accompanying notes.*

## 1 Summary of significant accounting policies

### (a) Basis of preparation of half-year financial report

The half-year condensed financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting and other mandatory reporting requirements.

The half-year condensed financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that the half-year condensed financial report be read in conjunction with the Annual Financial Report of Premium Investors Ltd as at 30 June 2008. It is also recommended that the half-year condensed financial report be considered together with any public announcements made by the Company during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX Listing Rules.

The half-year condensed financial report has been prepared on a historical cost basis except for certain investments which have been measured at fair value.

The board authorised the report for issue on 19 February 2009.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

Premium Investors Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

For the purpose of preparing the half-year condensed financial report, the half-year has been treated as a discrete reporting period.

### (b) Changes in accounting policies

The accounting policies applied are consistent with the most recent financial report for the year ended 30 June 2008.

### (c) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

## 2 Segment information

The Company operates in one business segment, being investing, solely in Australia.

## 3 Revenue

	Half-year ended	
	31 December 2008 \$'000	31 December 2007 \$'000
<b>Revenues</b>		
Dividends	3,674	3,733
Interest	1,097	1,526
Other revenue	16	98
	<u>4,787</u>	<u>5,357</u>

#### 4 Expenses

	Half-year ended	
	31 December	31 December
	2008	2007
	\$'000	\$'000
Administration costs	366	276
ASX and share registry costs	145	163
Fund management fees	1,039	1,479
	<u>1,550</u>	<u>1,918</u>

#### 5 Cash and cash equivalents

	31 December	30 June
	2008	2008
	\$'000	\$'000
Cash at bank	806	1,587
Cash held for investment	29,060	41,560
	<u>29,866</u>	<u>43,147</u>

#### 6 Financial assets at fair value through profit or loss

	31 December	30 June
	2008	2008
	\$'000	\$'000
Equities	131,710	171,465
Stapled Securities	6,219	11,269
Equity Trusts	1,632	3,605
Convertible Notes	-	70
Derivatives	108	54
	<u>139,669</u>	<u>186,463</u>

Terms and conditions relating to the above financial assets:

Listed securities are readily saleable with no fixed terms. However, it is the Directors' intention to hold the investments for the long term.

There would be a capital loss of \$44,001,167 if these assets were sold at the reporting date. The unrealised losses on the above securities are tax affected at the current statutory tax rate, which generates a deferred tax benefit and correlating deferred tax asset.

## 7 Contributed equity

	31 December 2008 Shares	30 June 2008 Shares	31 December 2008 \$'000	30 June 2008 \$'000
(a) Share capital				
Ordinary shares				
Fully paid	<u>227,207</u>	<u>222,685</u>	<u>222,914</u>	<u>219,520</u>
			<u>222,914</u>	<u>219,520</u>

### (b) Movements in ordinary share capital:

Date	Details	Number of shares	\$
1 July 2007	Opening balance	212,301,428	208,926,
	Dividend reinvestment plan issues	4,388,520	4,509,
	Share placement	5,994,975	6,084,
30 June 2008	Balance	<u>222,684,923</u>	<u>219,520,</u>
1 July 2008	Opening balance	222,684,923	219,520
	Dividend reinvestment plan issues	2,861,259	2,344
	Share placement	1,661,208	1,049
31 December 2008	Balance	<u>227,207,390</u>	<u>222,913,</u>

## 8 Dividends

	Half-year ended	
	31 December 2008 \$'000	31 December 2007 \$'000

Dividends paid or provided for in the current and comparative periods by Premium Investors Limited are:

### a) Dividends paid during the half year

Final fully franked dividends (4.0 cents per share; 2007: 4.5 cents) per share	<u>8,907</u>	<u>9,554</u>
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### b) Dividends proposed and not recognised as a liability\*

Interim fully franked dividends (0.0 cents per share, 2007: 4.0 cents) per share	<u>-</u>	<u>8,728</u>
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## 9 Commitments and Contingencies

At reporting date the Company does not have any significant commitments or contingencies.

## 10 Events occurring after the balance sheet date

The Directors note that there has been a continued decline in the markets in which the Company invests between balance date and the date of this report. Changes in the value of the Company's investments are reflected in the Company's Net Tangible Assets per share which is reported to the Australian Securities Exchange on a monthly basis and is available on the Company's website.

## 11 Earnings per share

	Half-year ended	
	31 December	31 December
	2008	2007

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

Profit from continuing operations	<u>(33,679,763)</u>	<u>3,196,508</u>
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*Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share*

<u>224,946,157</u>	<u>214,523,303</u>
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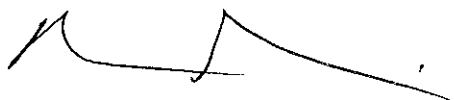
There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 2 to 10 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 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Premium Investor Limited will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Tom Collins  
Director

Sydney  
19 February 2009

To the members of Premium Investors Limited

## Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Premium Investors Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Premium Investors Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

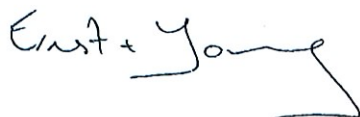
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Premium Investors Limited is not in accordance with the *Corporations Act 2001*, including:

- i giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A stylized, handwritten signature of 'Ernst & Young' in blue ink.

Ernst & Young

A handwritten signature in blue ink, appearing to read 'Sean Balding'.

Sean Balding  
Partner  
Melbourne  
19 February 2009