

25 August 2009

Chairman's Report

Financial result for year ended 30 June 2009

Premium continued to receive a steady flow of dividend, interest and trading income through the last financial year, but will not be paying a dividend for the six months to 30 June 2009. The Company, as with all listed investment companies, is prohibited by Corporations Act from paying a dividend to shareholders while retained earnings are negative and the Company reports a loss in a financial period. The Board of Premium hopes to be in a position to pay a dividend again, when global financial markets demonstrate a sustained recovery.

The Company incurred a net loss after tax of \$39.4m (2008: \$29.2m). This was mainly due to the decline in global investment markets resulting in the recognition of realized losses of \$50.7m. In addition, \$15.8m of deferred tax assets have been written back, comprising of \$8.9m relating to realized tax losses and \$6.9m on unrealized tax losses. This has been determined in consultation with the Company's auditors in relation to the application of the accounting standard AAB 112 "Income Taxes" and the ability of the Company to be able to utilize the losses in a reasonable period. The Board has considered this in light of the 65% equal access-buyback and on market buy-back approved by shareholders on 19 August 2009.

The capital management program approved by shareholders on 19 August 2009 provides for an off-market buyback of up to 65% of the Company's shares through September 2009, and a further off-market buy-back of up to 15% of the issued capital over the next 12 months.

The buy-backs are aimed at addressing the difference between the Company's share price and net tangible asset backing per share (NTA). Premium's share price moved further away from its relatively robust NTA as global sharemarkets fell through 2008 and early 2009. The Board has taken a number of steps to address the divergence over the past year, including more frequent and potent communication with shareholders and proactive communication with the media to build the Company's profile. These initiatives are intended to have a long term positive impact on the relationship between the price and NTA.

The off-market buyback was determined by the Board to be the most equitable way to provide shareholders who wanted to realize their shareholding in the short term with the opportunity to do so, with minimal impact on those shareholders who want to remain invested in Premium. Events of the past few months have given the Board an opportunity to hear from a large number of shareholders and shareholder representatives and we know there is strong support for our Company.



This support is not surprising given the uniqueness of Premium as an investment vehicle. Premium is currently the only listed investment vehicle that gives shareholders exposure to both Australian and overseas markets, in a portfolio that benefits from the experience and expertise of some of Australia's leading boutique equity managers. With a portfolio that is well diversified by country, industry and management style, Premium is well placed to benefit from a recovery in the Global economies and markets.

Summary financial results for the period ended 30 June 2009:

- Revenue from continuing operations including dividend & interest \$8.7m (2008: \$11.5m)
- Realised losses from investment activities \$50.7m (2008: gain \$21.5m)
- Unrealised gains from investment activities \$9.8m (2008: loss \$73.1m)
- Operating expenses including administration and portfolio management \$2.8m (2008: \$3.6m)
- Net Loss after tax \$39.4m (2008: loss \$29.2m)

Tom Collins

A handwritten signature in black ink, appearing to read "Tom Collins", with a stylized flourish at the end.

Chairman

Appendix 4E

1. Preliminary final report

Name of entity

Premium Investors Limited

ABN: 47 106 259 885

Report for the year ended 30 June 2009

Previous corresponding period
is the financial year ended 30 June 2008

2. Results for announcement to the market

Revenues from continuing operations (item 2.1)	down	24.4%	to	AS'000s \$8,689
Profit (loss) from continuing operations after tax attributable to members (item 2.2)	down	35%	to	(\$39,440)
Net profit (loss) after tax for the period attributable to members (item 2.3)	down	35%	to	(\$39,440)
Dividends (item 2.4)				
No 2009 final dividend will be paid.				
No 2009 interim dividend was paid.				
Fully franked final dividend of 4.0 cents per share in respect the year ended 30 June 2008 paid 26 September 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):				
<p>The net profit for the year ended 30 June 2009 was impacted by the poor returns on global and Australian equity markets. The company incurred a net loss after tax of \$39.44 million as a result of realised losses on investments of \$50.7 million being booked through the profit and loss. In addition, \$15.8m of deferred tax assets have been written back comprising of \$8.9m relating to realised tax losses and \$6.9m on unrealised tax losses. This was decided after consultation with the company's auditors in relation to the application of the accounting standard AASB 112 "Income Taxes" and the ability of the company to be able to utilise these losses in a reasonable period. The Board has considered this in light of the 65% equal access buy back and on market buy back approved on 19 August 2009.</p>				
For the details, please refer to the attached Financial Report for the year ended 30 June 2009. Also, please see attached Chairman Address for detailed commentary.				

3. Dividends (item 6)

	Date of payment	Total amount of dividend
Final dividend -- period ended 30 June 2009	n/a	Nil
Interim dividend -- period ended 30 June 2009	n/a	Nil
Final dividend -- period ended 30 June 2008	26 th September 2008	\$8,907,397

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign sourced dividend
Final dividend: Year ended 30 June 2009	Nil	n/a	-¢
Interim dividend: Year ended 30 June 2009	Nil	n/a	-¢
Final dividend: Year ended 30 June 2008	4.0¢	100%	-¢

4. Details of dividend or distribution reinvestment plans in operation are described below (item 7):

Not applicable, no final dividend will be paid.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

Not applicable

5. Net tangible assets per security (item 9)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	82.6¢*	103.6¢

* including total tax assets in respect to tax on realised losses equating to 2.5 cents per share.

6. **The annual financial report is not subject to audit dispute or qualification.**
(item 17)
7. **The remainder of information requiring disclosure to comply with listing rule 4.3A is contained in the attached 2009 annual report.**

Periodic Disclosure Requirements Compliance Statement

- 1 An annual report for the year ended 30 June 2009 is provided with the Appendix 4E information.
- 2 The annual report has been prepared in accordance with Australian Accounting Standards.
- 3 The Appendix 4E information gives a true and fair view of the matters disclosed in the annual financial report.
- 4 The Appendix 4E information is based on the annual financial report, which has been subject to audit.
- 5 The audit report or review by the auditor is provided with the annual financial report.



Sign here: Date: 25 August 2009
(Company Secretary)

Print name: Reema Ramswarup



**Financial Statements
for the year ended
30 June 2009**

Premium Investors Limited
ABN 47 106 259 885

Corporate Information

Directors

Tom Collins
John Elfverson
Kenneth Stout
Reubert Hayes (Appointed 18 February 2009)

Company Secretaries

Joseph Ferragina (Appointed 1 February 2008, Resigned 4 July 2008)
Reema Ramswarup

Registered Office

Level 5, 50 Margaret Street
Sydney, New South Wales, 2000
Phone (02) 8243 - 0400
Facsimile (02) 8243 - 0410

Banker

Westpac Banking Corporation

Investment Custodian

RBC Dexia Investor Services Trust

Share Register

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, Victoria, 3067
(03) 9415 5000

Auditors

Ernst & Young
8 Exhibition Street
Melbourne, Victoria, 3000

Internet Address

www.premiuminvestors.com.au

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Directors' Report

The Directors present their report together with the financial report of Premium Investors Limited, for the year ended 30 June 2009 and independent audit report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Information on Directors and Company Secretary

The names and details of the Directors in office at any time during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications and special responsibilities

Mr Tom Collins (Chairman)

Diploma of Financial Planning, Diploma of Business (Real Estate Management).

Mr Collins has had 42 years experience in the financial services sector, specialising in the financial planning industry, where he has been widely recognised in industry publications as a commentator, innovator and person of influence.

He is the principal of the Tom Collins Consultancy, a business he founded in 1998 to provide strategic assessments and distribution expertise to the financial services industry.

Mr Collins is a director of FSP Super Pty Limited, which is the trustee for the FSP Superannuation Fund and is Chairman of its Audit and Compliance Committee and a member of its Investment Committee. He is also Chairman of Money Matters Corporation Limited and the Selectus Group of salary packaging companies.

Prior to the commencement of his consultancy, Mr Collins had a long and varied career in the financial services industry. In his time he has been an investment adviser, state manager for a fund manager, the founder of a financial planning company and an executive director of one of the major financial planning groups.

Mr Collins is a member of the Audit Committee.

Mr John Elfverson (Non-Executive Director)

Bachelor of Engineering

Mr Elfverson has extensive experience in listed and unlisted investments, including equity and debt markets and derivatives. Mr Elfverson was previously in a range of management roles for the Australian Stock Exchange including the management of the ASX/Standard and Poor's index relationship, qualitative and technical support to ASX operations and information product development and enhancement. Prior to joining the ASX in 2001 John was Manager of Research at Assirt Pty Limited.

Mr Kenneth Stout (Non-Executive Director)

Australian Chartered Accountant, Diploma Business (Accounting), Graduate Diploma of Bus (Accounting), Chartered Secretary

Mr Stout has over 26 years commercial experience, 13 years as a partner of Ernst and Young Corporate Services where he specialised in corporate recovery, advisory and litigation support. Mr Stout has extensive experience in the conduct of prudential financial risk reviews of numerous businesses, in particular for lead syndicate financiers and funding underwriters. He conducted lending risk review programs for various main stream lenders, concentrating on lending risks in new or non-traditional areas. Mr Stout currently provides specialist financial and corporate advisory services to small and medium businesses.

Directors' Report (Cont'd)

Mr Stout is an Associate of the Institute of Chartered Accountants in Australia, an Associate of the Chartered Institute of Company Secretaries in Australia, an Associate Member of the Insolvency Practitioners Association of Australia and an Associate and Graded Arbitrator of the Institute of Arbitrators and Mediators Australia.

Mr Stout is a Chair of the Audit Committee.

Reubert Hayes (Non-Executive Director) (Appointed 18 February 2009)

SF, Fin, FAICD

Mr Hayes has over 41 years experience in investment management and stockbroking research. He was a founder and CEO of Ausbil Dexia Limited, a specialist wholesale boutique asset management operation, and in 1984 was a joint founder of Barclays Bank investment operations. Mr Hayes was CEO of Barclays Investment Management in Australia for 12 years until 1996. Prior to 1984 Mr Hayes was a Member of the Australian Stock Exchange and was Research Partner of an institutional specialist stockbroking house for six years. Prior to this he held senior investment roles with AMP and Westpac.

Mr Hayes has been a Director of Treasury Group Limited since 22 February 2007 and was previously a Director of Emerging Leaders Investment Limited. He is a Senior Fellow of the Financial Services Institute of Australia and Finance, and a Fellow of the Australian Institute of Company Directors.

Mr Joseph Ferragina (Company Secretary appointed 1 February 2008, resigned 4 July 2008)

A Chartered Accountant, a Fellow Member of the Taxation Institute of Australia and a Graduate of the Australian Institute of Company Directors.

Mr Ferragina has gained specialised experience in a range of funds management companies including Colonial First State Investment Managers and AMP Henderson Global Investors Ltd, which led him to a position as CFO of Ronin Property Group, a spin off from AMP. He then became the CFO of Treasury Group Limited in October 2005.

Reema Ramswarup (Company Secretary)

BA (Justice Administration)

Ms Ramswarup commenced with Treasury Group Investment Services Limited in March 2008. Ms Ramswarup has worked in company secretarial roles at WattyI and AMP and has secretariat experience in local government and professional services. Ms Ramswarup has completed her Graduate Diploma in Applied Corporate Governance through Chartered Secretaries Australia.

Interests in the shares and options of the Company

As at the date of this report, the interests of the Directors in the shares of Premium Investors Limited were:

	Ordinary shares fully paid	
	<i>Number</i>	
Tom Collins	71,631	
John Elfverson	10,000	
Kenneth Stout	11,136	
Earnings Per Share		Cents
Basic earnings per share		(17.65)
Diluted earnings per share		(17.65)

Directors' Report (Cont'd)

Dividends	Cents	\$
Final dividends recommended:		
On ordinary shares fully franked	nil	nil
Final dividends for 2008 shown as recommended in the 2008 report:		
On ordinary shares fully franked	4.0	8,907,397
Dividends paid in the financial period:		
<i>Interim for the financial period</i>		
On ordinary shares fully franked	nil	nil

Corporate information

Corporate structure

Premium Investors Limited is an ASX Listed company limited by shares that is incorporated and domiciled in Australia.

Nature of operations and principal activities

Premium Investors Limited is an investment company that operates on the principle of pooled investment and specialises in the management of marketable securities. There has been no significant change in the nature of the activities during the year ended 30 June 2009.

Business strategies and prospects for future financial years

Premium Investors Limited will continue to focus on the management and investment of listed securities both domestically and internationally using the expertise of boutique asset managers.

Employees

The Company procures services under a management agreement as disclosed in Note 15 to the financial statements and as such has no direct employees.

Operating results for the year ended 30 June 2009

Review of operations

The Company incurred a net loss after tax of \$39.4m (2008: \$29.2m). This was mainly due to the decline in global investment markets resulting in the recognition of realised losses of \$50.7m (2008: Gains \$21.5m) in the Income Statement.

As at 30 June 2009, \$15.8m of deferred tax assets have been written back comprising of \$8.9m relating to realised tax losses and \$6.9m on unrealised tax losses. This has been determined in consultation with the Company's auditors in relation to the application of the accounting standard AASB 112 "Income Taxes" and the ability of the Company to be able to utilise these losses in a reasonable period. The Board has considered this in light of the 65% equal access buy-back and on market buy-back approved by shareholders on 19 August 2009.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial period under review.

Significant events after the balance date

On 16 June 2009 the Company was requested to hold a general meeting to consider various resolutions proposed and recommended by Dixon Advisory. The meeting was held on 19 August 2009. In preparing for the meeting and obtaining various legal and corporate advice, the Company to date has incurred approximately \$390,000. This will be reflected in the 2009/2010 financial results.

Directors' Report (Cont'd)

On 6 July 2009, the Company announced it will be undertaking an on market buy-back program from 26 August 2009 until 29 October 2009 or until approximately 8 per cent of fully paid ordinary shares have been acquired.

As a result of the resolutions passed at the 19 August 2009 general meeting the Company has announced an off market equal access buy-back for up to 65% of the issued capital of the company equating to a maximum possible buy-back of 145.8 million shares on issue at a 1.75% discount to the Net Tangible Assets at the time of the completion of the buy-back, which is yet to be determined.

Furthermore from the 19 August 2009 general meeting a resolution was also passed for a further on market buy-back of up to 15% of issued capital over the next 12 months. The Company will include any securities bought back under on market buy-back announced on 6 July 2009 for the purposes of determining the buy-back limit for the on market buy-back approved at the 19 August 2009 general meeting.

Likely developments and expected results

In the opinion of the Directors, disclosure of information regarding likely developments in the operations of the Company and the expected results of those operations other than matters referred in the Chairman's address would prejudice the Company's interest. Accordingly no further information is included in this report.

Environmental regulation and performance

The Company's operations are not presently subject to significant environmental regulation under the law of the Commonwealth and State.

Indemnification and insurance of Directors, Officers and Auditors

The Company has entered into an agreement for the purpose of indemnifying Directors and officers of the Company against all losses and liabilities incurred by the Directors or officers on behalf of the Company.

The following liabilities, except for a liability for legal costs, are excluded from the above indemnity:

- A liability owed to the Company or related body corporate;
- A liability for pecuniary penalty order under section 1317G or a compensation order under section 1317H of the Corporations Act;
- A liability owed to someone other than the Company or a related body corporate and did not arise out of conduct in good faith;
- Any other liability against which the Company is precluded by law from indemnifying the Director.

The insurance contract prohibits the disclosure of the insurance premium for insuring officers of the Company against a liability which may be incurred in that person's capacity as an officer of the Company. No indemnities have been given, or insurance premiums paid for auditors of the Company.

Proceedings on behalf of the Company body

No person has applied for leave of court to bring proceedings on behalf of the Company.

Remuneration report (Audited)

Remuneration policy

The full Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board. No component of remuneration is directly related to performance and no Key Management Personnel are employed under contract.

Remuneration report (Audited) (Cont'd)

Details of the nature and amount of each element of the remuneration of each Director of the Company are as follows:

	Annual Remuneration Short Term - Base fees	Post Employment Benefits Superannuation	Total
	\$	\$	\$
30 June 2009			
Tom Collins (Chairman)	64,220	5,780	70,000
John Elfverson (Non-Executive Director)	36,697	3,303	40,000
Kenneth Stout (Non-Executive Director)	36,697	3,303	40,000
Reubert Hayes (Non-Executive Director) (appointed 17 February 2009)	13,361	1,203	14,564
Total	150,975	13,589	164,564
30 June 2008			
Tom Collins (Chairman)	55,000	-	55,000
John Elfverson (Non-Executive Director)	40,789	3,670	44,459
Kenneth Stout (Non-Executive Director)	32,109	2,891	35,000
Don Sharp (Non-Executive Director) (resigned 31 October 2007)	20,000	-	20,000
Total	147,898	6,561	154,459

The Company Secretaries did not receive any remuneration from the Company. The services of the Company Secretary are outsourced to Treasury Group Investment Services Limited. There are no other key management personnel.

Treasury Group Investment Services Limited is part of the Key Management Personnel and received fund management and performance fees of \$1,743,722 (2008: \$5,454,573). They also received management fees, accounting fees and compliance fees of \$220,380 (2008: \$439,120).

Directors' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director were as follows:

	Directors Meeting		Audit Committee Meetings	
	A	B	A	B
John Elfverson	8	8	-	-
Kenneth Stout	8	8	4	3
Tom Collins	8	8	4	4
Reubert Hayes	5	5	-	-

A = Number of meetings attended

A = Eligible to attend

B = Attended

Committee membership

As at the date of this report, the Company had an Audit Committee comprised of Mr Stout and Mr Collins, with Mr Stout as Chairman of the Audit Committee.

Share options

As at the end of this report, there were no un-issued ordinary shares under options (2008: Nil).

(Cont'd)

Auditor Independence and non-audit services

The lead Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' Report for the year ended 30 June 2009. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporation Act. The nature and scope of each type of non-audit services provided means that auditor independence was not compromised.

Ernst & Young received \$8,085 in respect to tax services.

Rounding

The amounts contained in this report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity in which the Class Order applies

Corporate governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Premium Investors Limited support the principles of corporate governance and have applied these principles where appropriate. The Company's corporate governance statement is contained in the following section of this annual financial report.

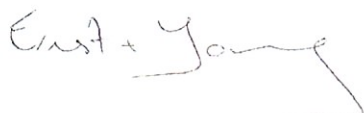
Signed in accordance with a resolution of the Directors:

Director
TOM COLLINS

Dated this 25th day of August 2009

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

In relation to our audit of the financial report of Premium Investors Limited for the financial year ended 30 June 2009, 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 cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Sean Balding'.

Sean Balding
Partner
25 August 2009

Corporate Governance Statement

The ASX Corporate Governance Council has published Corporate Governance Principles and Recommendations ("ASX Principles") on what it considers to be best practice in conducting the business of a listed company. The ASX Listing Rules require companies to disclose their compliance with the Guidelines on an "if not, why not" basis in their Annual Report to shareholders.

The Guidelines set out best practice in the form of eight principles:

1. Lay solid foundations for management and oversight
2. Structure the Board to add value
3. Promote Ethical and Responsible Decision Making
4. Safeguard integrity in financial reporting
5. Make Timely and Balanced Disclosure
6. Respect the Rights of Shareholders
7. Recognise and Manage Risk
8. Remunerate fairly and responsibly

Premium Investor's adherence to each of these principles, together with details of the policies adopted by the Board to ensure compliance is described on a principle by principle basis below.

Foundations for management and oversight

The Board's role is to set goals and policies for the operation of the company, to oversee the Company's management, to regularly review performance and to generally monitor the Company's affairs in the best interest of shareholders.

The Company has appointed Treasury Group Investment Services Limited (TIS) to provide day to day management services and investment management services to the company. Under this management agreement, TIS provides accounting, company secretarial and marketing co-ordination services. The Board is responsible for monitoring the performance of TIS.

The Board has adopted a Board of Directors' Charter which sets out the Company's goals, governance processes and relationship between the Board and Management. This charter recognises the role of the Board to be:

- to effectively represent and promote the interests of Shareholders with a view to adding long-term value to the Company's shares.
- to reach agreement with management to achieve specific results directed towards the Company's goals.

The Board believes that enhanced performance will be promoted by:

- structuring the Board to add value
- ensuring that each of the Directors has the skills required and an adequate induction to the Company
- access to appropriate information
- clear definition of the Director's responsibility
- annual reviews of the performance of each member, the committees appointed by the Board and the Board itself

Foundations for management and oversight (Cont'd)

The Board has adopted a formal Charter to ensure a continuing focus on these and other issues. New members of the Board are invited to join the Board under a nomination process directed at identifying appropriate competencies and provided with a folder of essential Board and Company information to assist them in understanding the goals, strategy and history of the company. The goals of the Company are agreed in advance with TIS which is then charged with implementing the strategy of the Board. The performance of TIS under the Management Agreement is reviewed jointly by the Managing Director of TIS and the Chairman of Premium Investors annually.

Structure of board

The current Board consists of four non executive directors, three of whom are independent in accordance with the definition provided in the ASX Principles. Mr Hayes is not considered independent as he is a director of Treasury Group Limited, the ultimate parent company of Premium Investor's investment manager, TIS. The skills and experience of each director is set out in the Directors' Report, as well as the number of meetings held during the year and attendance by directors.

The Chairman of the Board, Mr Collins is independent.

The Company does not have a CEO. TIS provides day to day management services.

Director's Appointment Dates:

Tom Collins – 26 October 2005

Kenneth Stout – 16 September 2003

John Elfverson – 26 July 2005

Reub Hayes – 18 February 2009

The Board believes that the current Board structure is appropriate to the scope and nature of the Company's activities.

In the Board's opinion, the size of the Board does not justify a separate Nominations Committee and it is the responsibility of the entire Board to consider the nomination process. While individual activities may be delegated from time to time, the overall process will remain a function of the Board.

The Board conducts an annual review of the performance of each of its members and the Board as a whole in accordance with the Charter. Each member is required to respond in writing to a written questionnaire which is approved by the Board. All members, except the Chairman, discuss their written responses in a formal review by the Chairman. The Chairman's own position is discussed with the rest of the Board.

Decision making

The Board and Management of the Company have adopted a Code of Conduct which guides the Board and management in its obligations towards:

- Fair trading and dealing
- The Community
- The Individual
- Complying with legislation

In addition, the Directors have adopted a Directors Code of Conduct and a written policy on Conflict of Interest and Related Party Transactions which further defines the acceptable conduct by Directors.

All Directors, Management and employees of Investment Managers ("connected persons") appointed to manage the Company's investments are bound by the Company's Securities Trading and Insider Trading Policy. This policy provides that connected persons who are not in possession of insider knowledge may trade in the Company's securities within defined trading windows following the announcement of results (including monthly NTA notifications to the ASX) and the Annual General Meeting.

Financial reporting

Premium Investors requires responsible officers of TIS to state to the Board in writing that the company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. These officers are also required to state to the Board in writing that the Company's risk management and compliance and control systems are operating effectively and efficiently in all material respects.

The attestations by the responsible officers of TIS are required before the Directors sign off on the Annual Report.

ASX Listing Rules require that the Company reports the Net Tangible Asset backing per share each month and this information is available through the ASX Company Announcements Platform and the Company's website. The Net Tangible Assets reported are calculated in the same manner as the Statement of Financial Performance in the Half Yearly and Annual Accounts.

The ASX Principles recommend that the Audit Committee consists of:

- Only non executive members (who are financially literate)
- A majority of independent directors
- An independent Chairperson who is not Chairperson of the Board
- At least 3 members

The Board considers that due to the nature and scope of the Company's activities, the present composition of the Audit Committee of two independent directors is adequate. The Committee is chaired by Mr Stout who is a chartered accountant and registered company auditor, and the second member of the Committee, Mr Collins is also financially literate and experienced in the role of a member of an audit committee.

The Company has adopted an Audit Committee charter setting out the Committee's organisation, purpose and duties and responsibilities.

Disclosure

The Board is committed to ensuring that shareholders and the market remain fully informed of its activities and progress at all times, and that the Company complies with the continuous disclosure requirements set out in Chapter 3 of the ASX Listing Rules. The Board has adopted a formal Shareholder Communications Policy to ensure that these issues are addressed.

The Shareholder Communications Policy is available on the Company website.

The Board has designated the Company Secretary as the person responsible for ensuring compliance and that the Company immediately informs the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the company's securities
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to invest in or dispose of the Company's securities.

In addition to the reporting requirements that apply to all listed companies, the ASX Listing Rules require Listed Investment Companies to report the net tangible asset backing per share each month by the 14th day of the following month. These reports provide investors with regular updates in the performance of Premium Investor's investment portfolio. Upon confirmation of receipt from the ASX, the Company posts all information disclosed to the market through the ASX Company Announcements Platform and the Company's website.

Rights of shareholders

The ASX Corporate Governance Council recognises that the key elements in ensuring that the rights of shareholders are:

- effective communications which provide shareholders with access to the information they need to make informed decisions about their investment
- promoting shareholder participation in general meetings. The Company's formal policy on communications with shareholders is set out under its policy on disclosure available on the Company's website.

We recognise that good communications is a two way process and encourage shareholders to contact the Company with any questions or concerns they may have. The Board has adopted a policy of reviewing written communications and the Company's response to them at each Board Meeting. The guidelines also highlight the role played by general meetings in providing an opportunity for shareholders to communicate with the Company. Premium Investors has a geographically diverse shareholder base and seeks to provide opportunities for a larger number of investors to participate in these meetings by holding the meetings in different cities each year. We request that the external auditor attends general meetings and be available to answer questions shareholders might have about the audit and audit process.

Manage risk

The Board has established an Audit and Risk Committee to oversee Financial Reporting, the independence of external auditors and to identify, assess and monitor other risks to the Company. The structure and responsibilities of this committee are set out in the Audit and Risk Committee Charter.

Premium Investors outsources the management of its investment portfolio and the provision of day to day management services to TIS under a formal management agreement. Performance is monitored through reports to the Board on investment performance and other issues.

The TIS Investment Committee is responsible for dealing with issues arising from investment risk. By its nature as a Listed Investment Company, the Company will always carry investment risk because it must invest its capital in securities which are not risk free. However, the Company seeks to reduce this investment risk by a policy of diversification of investments across boutique investment managers operating in various sectors of the market.

The Board has obtained written confirmation from responsible officers of TIS that the financial accounts and reporting are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and the risk management and internal compliance and control systems of the Company⁶ are operating efficiently and effectively in all material aspects, based on their application and assessment as to their effectiveness.

Remuneration policy

Premium Investors outsources investment management and the day to day management of the Company to TIS, and so does not directly employ any executives or have an executive remuneration policy.

The ASX Corporate Governance Council Guidelines recommend the establishment of a Remuneration Committee comprising at least 3 directors. The Board does not believe a separate Remuneration Committee is warranted in its circumstances and this function is carried out by the full Board. Non Executive Directors are paid their fees out of the maximum aggregate amount approved by the shareholders for the remuneration of Non Executive Directors (currently \$200,000 per year) in accordance with the Company's Non Executive Director Remuneration Policy.

Non Executive Directors are also entitled to statutory superannuation, but are not entitled to bonus payments or options. The Company pays the premiums for indemnity and insurance cover for each Director in their capacity of Director. Details of payments made to each Director are set out in the Directors' Report.

Premium Investors operates an Employee Share Plan which was approved by shareholders at the Annual General Meeting in November 2006. Under this plan, directors and employees are permitted to salary sacrifice all or part of their remuneration in favour of purchasing shares in Premium Investors. The shares are purchased on market and eligible participants are offered the same discount as applies to the Dividend Reinvestment Plan. Purchases take place at the time dividends are paid to shareholders. None of the directors participated in this plan during the financial year.

Premium Investors Limited
ABN 47 106 259 885
Income Statement
For the year ended 30 June 2009

Income Statement

	Notes	2009 \$'000	2008 \$'000
Revenue	2(a)	8,689	11,500
Realised (loss) / gains on financial assets at fair value through the profit and loss		(50,698)	21,537
Unrealised gains / (losses) on financial assets at fair value through the profit and loss		9,820	(73,143)
Expenses	2(b)	<u>(2,793)</u>	<u>(3,647)</u>
Loss before income tax expense		<u>(34,982)</u>	<u>(43,753)</u>
Income tax (expense)/benefit	3(a)	<u>(4,458)</u>	<u>14,547</u>
Loss after tax expense		<u>(39,440)</u>	<u>(29,206)</u>
Basic earnings per share (cents per share)	15	(17.65)	(13.43)
Diluted earnings per share (cents per share)	15	(17.65)	(13.43)
Final franked dividends per share (cents per share)	4	-	4.0
Interim franked dividends per share (cents per share)	4	-	4.0

The accompanying notes form part of these financial statements.

Premium Investors Limited
ABN 47 106 259 885
Balance Sheet
As at 30 June 2009

Balance Sheet

	Notes	2009 \$'000	2008 \$'000
ASSETS			
Cash and cash equivalents	5	32,902	43,147
Trade and other receivables	7	1,303	4,656
Other	8	106	101
Financial assets at fair value through profit or loss	6	146,981	186,755
Deferred tax assets	3(d)	5,508	9,794
Total assets		186,800	244,453
LIABILITIES			
Trade and other payables	10	1,258	4,562
Financial liabilities at fair value through profit or loss	9	174	292
Current tax liabilities	3(c)	-	7,191
Total liabilities		1,432	12,045
Net assets		185,368	232,408
EQUITY			
Contributed equity	11	220,827	219,520
Retained profits	12	(35,459)	12,888
Total equity		185,368	232,408

The accompanying notes form part of these financial statements.

Premium Investors Limited
ABN 47 106 259 885
Statement of Changes in Equity
For the year ended 30 June 2009

Statement of Changes in Equity

	Notes	Issued Capital \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2007		208,926	60,375	269,301
Changes in equity for 30 June 2008				
Loss for period		-	(29,206)	(29,206)
Total recognised income and expense for the year		-	(29,206)	(29,206)
Dividends	12	-	(18,281)	(18,281)
Issue of shares	11(b)	10,594	-	10,594
Balance at 30 June 2008		<u>219,520</u>	<u>12,888</u>	<u>232,408</u>
Changes in equity for 30 June 2009				
Loss for period		-	(39,440)	(39,440)
Total interest recognised and expense for the year		-	(39,440)	(39,440)
Dividends	12	-	(8,907)	(8,907)
Issue of shares	11(b)	3,395	-	3,395
Shares bought back	11(b)	(2,088)	-	(2,088)
		<u>1,307</u>	<u>(8,907)</u>	<u>(7,600)</u>
Balance at 30 June 2009		<u>220,827</u>	<u>(35,459)</u>	<u>185,368</u>

The accompanying notes form part of these financial statements.

Premium Investors Limited
ABN 47 106 259 885
Cash Flow Statement
For the year ended 30 June 2009

Cash Flow Statement

	2009	2008
Notes	\$'000	\$'000
Cash flows from operating activities		
Payments to suppliers	(2,837)	(6,118)
Dividends and distributions received	7,648	8,308
Interest received	1,727	2,890
Other income received	12	113
Income tax paid	(7,364)	(10,793)
Net cash outflow from operating activities	13(a) <u>(814)</u>	<u>(5,600)</u>
Cash flows from investing activities		
Proceeds from sale of financial assets	149,321	248,033
Purchase of financial assets	(151,153)	(246,892)
Net cash (outflow) / inflow from investing activities	<u>(1,832)</u>	<u>1,141</u>
Cash flows from financing activities		
Payments for shares bought back	(2,088)	-
Proceeds from issue of ordinary shares	1,050	6,084
Dividends paid	(6,561)	(13,771)
Net cash outflow from financing activities	<u>(7,599)</u>	<u>(7,687)</u>
Net decrease in cash and cash equivalents	(10,245)	(12,146)
Cash and cash equivalents at the beginning of the financial year	43,147	55,293
Cash and cash equivalents at end of year	13(b) <u>32,902</u>	<u>43,147</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1 Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accrual and historical cost basis, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The Board authorised the report for issue on 25 August 2009.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 098/100. The Company is an entity to which the class order applies.

The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For cash flow statement purposes, cash and cash equivalents comprise cash and short-term deposits as described above.

(c) Trade and other receivables

Trade and other receivables are recorded at amounts due less any allowance for impairment. Cash flows relating to short term receivables are not discounted as any discount would be immaterial.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect the debt. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate. The Group did not have any impaired receivables (2008: Nil).

(d) Payables

Accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services, and are carried at amortised cost and due to their short term nature they are not discounted.

(e) Contributed equity

Share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of shares are recognised directly in equity as a reduction of the share proceeds received.

1 Summary of significant accounting policies (Cont'd)

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Dividends

Dividends are recognised as revenue when the right to receive the dividend is established.

(g) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Current tax is the expected tax payable on the taxable income, for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences including net unrealised gains on investments. Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by reporting date.

(h) Financial instruments

(i) Financial assets

The company has classified its' holdings of long-term securities and options at fair value through the profit and loss. These non-current assets are initially bought to account at cost, on trade date.

AASB 139 defines fair value as the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Shares and options are presented at fair valued using "bid" prices on long positions, and "offer" prices on short positions.

(ii) Income from investments

Distributions and dividends relating to listed securities are recognised as income when those securities are quoted in the market on an ex-distribution/dividend basis. Interest is brought to account on an accruals basis.

1 Summary of significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

(iii) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. At reporting date, no derivatives have been designated as hedging instruments.

(iv) Unlisted investments

If a quoted market price is not available, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

(i) Earnings per share

Basic earnings per share is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

(j) Foreign currencies

Transactions in foreign currencies are translated into functional currency, at the rate of exchange ruling, at the date of acquisition.

Foreign currency monetary items that are outstanding at reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report are recognised in the profit and loss in the period they arise.

Non monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non Monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

1 Summary of significant accounting policies (Cont'd)

(k) Goods and services tax (Cont'd)

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(m) New accounting standards and interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report.

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Company has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Company intends to apply the revised standard from 1 July 2009.

(iii) AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations*

AASB 2008-1 was issued in February 2008 and will become applicable for annual reporting periods beginning on or after 1 January 2009. The revised standard clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Company will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Company's share-based payments.

(iv) AASB 2008-2 *Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations Arising on Liquidation* [AASB 7, AASB 101, AASB 132, AASB 139 and Interpretation 2]

The amendments made by AASB 2008-2 in March 2008 relate to puttable financial instruments and instruments that require the entity to pay the holder a pro-rata share of the entity's net assets on liquidation. The revised standards have to be applied from 1 January 2009. Under the revised rules, the relevant instruments will be classified as equity if certain conditions are satisfied. As the Company has not issued any such instruments, the amendments will not have any effect on the Company's financial statements.

1 Summary of significant accounting policies (Cont'd)

(v) Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*

Revised accounting standards for business combinations and consolidated financial statements were issued in March 2008 and are operative for annual reporting periods beginning on or after 1 July 2009, but may applied earlier. The Company has not yet decided when it will apply the revised standards. However, the new rules generally apply only prospectively to transactions that occur after the application date of the standard. Their impact will therefore depend on whether the Company will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application. For example, under the new rules:

- all payments (including contingent consideration) to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured at fair value through income
- all transaction cost will be expensed
- the Company will need to decide whether to continue calculating goodwill based only on the parent's share of net assets or whether to recognise goodwill also in relation to the non-controlling (minority) interest, and
- when control is lost, any continuing ownership interest in the entity will be remeasured to fair value and a gain or loss recognised in profit or loss.

If these accounting standards had been adopted, we do not believe that there would have been a material impact to either the Income Statement for the year to 30 June 2009 or the Balance Sheet as at 30 June 2009.

The following amendments are not applicable to the Company and therefore have no impact.

- 2007-2 *Contributions*
- AASB 1004 *Contributions*
- AASB 1049 *Whole of Government and General Government Sector Financial Reporting*
- AASB 1050 *Administered Items*
- AASB 1051 *Land Under Roads*
- AASB 1052 *Disaggregated Disclosures*
- AASB 123 *Borrowing Costs*

2 Revenue and expenses

Profit from continuing operations consisted of the following specific gains and expenses:

	2009 \$'000	2008 \$'000
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(a) Revenue from continuing operations

Interest	1,575	2,857
Dividends / distributions	7,101	8,528
Other income	<u>13</u>	<u>115</u>
	<u>8,689</u>	<u>11,500</u>

(b) Profit from continuing operations has been arrived at after charging the following expenses

Administration costs	682	538
ASX and share registry costs	239	307
Fund management fees	<u>1,872</u>	<u>2,802</u>
	<u>2,793</u>	<u>3,647</u>

3 Income tax

	2009 \$'000	2008 \$'000
(a) The components of tax expense/(benefit):		
Current tax	-	7,385
Deferred tax	4,458	(21,932)
<i>Total income tax expense/(benefit)</i>	<u>4,458</u>	<u>(14,547)</u>

(b) The prima facie tax, using tax rates applicable in the country of operation, on profit differs from the income tax provided in the financial statement as follows:

<i>Loss before tax benefit</i>	<u>(34,982)</u>	<u>(43,753)</u>
At the statutory income tax rate of 30% (2008: 30%)	<u>(10,495)</u>	<u>(13,126)</u>
Tax effect of amounts which are refundable in calculating taxable income		
Rebateable dividends / distributions	(1,549)	(1,192)
Capital raising costs	(105)	(254)
Other	16,607	25
<i>Income tax expense/(benefit)</i>	<u>4,458</u>	<u>(14,547)</u>

(c) Current tax liabilities

Opening tax liability	7,191	10,618
Tax payments	(7,360)	(10,812)
Adjustments in respect of current income tax of previous years	169	-
Current tax	-	7,385
<i>Current tax (asset) / liability</i>	<u>-</u>	<u>7,191</u>

(d) Deferred tax relates to the following

<i>Deferred tax assets / (liabilities)</i>		
Unrealised loss in investment portfolio	-	9,794
Realised revenue losses	5,508	-
<i>Total deferred tax assets</i>	<u>5,508</u>	<u>9,794</u>
<i>Net deferred tax assets</i>	<u>5,508</u>	<u>9,794</u>

At 30 June 2009 the Company has an unrecognised deferred income tax asset of \$15.8m, comprising of \$8.9m relating to realised tax losses and \$6.9m on unrealised tax losses, which are based on a conservative view taken on the time frame for the generation of future taxable income to utilise these losses.

4 Dividends

2009	2008
\$	\$

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

(a) Declared and paid during the year

Current year interim

Fully franked dividends (Nil cents per share)
(2008: 4.0 cents per share)

-	8,727,945
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Previous year final

Final fully franked dividends (4.0 cents per share)
(2008: 4.5 cents per share)

<u>8,907,397</u>	<u>9,553,364</u>
<u>8,907,397</u>	<u>18,281,309</u>

Total Dividends declared and paid

(b) Franking credit balance

The amount of franking credits available for the subsequent financial period are:

- franking credit balance as at the end of the financial year at 30%

9,727,556	5,040,055
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- franking credit that will arise from the payment of income tax payable as at the end of the period

-	7,384,984
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- franking credit that will arise from the receipt of dividends recognised as receivable at the reporting date

<u>116,766</u>	<u>203,489</u>
<u>9,844,322</u>	<u>12,628,528</u>

The tax rate at which paid dividends have been franked is 30%.

5 Cash and cash equivalents

2009	2008
\$'000	\$'000

Cash at bank

2,500	1,587
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Cash at call

<u>30,402</u>	<u>41,560</u>
<u>32,902</u>	<u>43,147</u>

6 Financial assets at fair value through profit or loss

	Fair value 2009 \$'000	Fair value 2008 \$'000
Financial assets		
Listed equities	136,344	170,716
Stapled securities	5,085	11,269
Listed trusts	2,034	3,605
Convertible notes	-	70
Derivatives	2,820	1,095
Unlisted shares	598	-
Unlisted trusts	100	-
	<u>146,981</u>	<u>186,755</u>

7 Trade and other receivables

	2009 \$'000	2008 \$'000
<i>Current</i>		
Interest receivable	69	219
Dividend/distribution receivable	723	1,274
Outstanding settlements receivable *	498	3,129
GST receivable	13	34
	<u>1,303</u>	<u>4,656</u>

*Terms and conditions

- Outstanding settlements receivable relate to the sale of financial assets and will be settled within 3 days.

8 Other current assets

	2009 \$'000	2008 \$'000
Prepayments	10	12
Other	96	89
	<u>106</u>	<u>101</u>

9 Financial liabilities at fair value through profit or loss

	2009 \$'000	2008 \$'000
Financial liabilities		
Derivatives	174	292

10 Trade and other payables

	2009 \$'000	2008 \$'000
<i>Current</i>		
Outstanding settlements payable *	916	4,127
Other creditors and accruals *	342	435
	<u>1,258</u>	<u>4,562</u>

*Terms and conditions relating to the above financial instruments

- Other creditors and accruals are non-interest bearing.
- Outstanding settlements payable relate to the purchase of financial assets and will be settled between 1 and 30 days.

11 Contributed equity

(a) Issued and paid up capital	2009 \$'000	2008 \$'000
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Ordinary shares fully paid	220,827	219,520
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(b) *Movements in shares on issue*

Date	Details	Number of shares	\$
1 July 2007	Opening balance	212,301,428	208,926,460
	Share placements	5,994,975	6,084,000
	Dividend reinvestment plan issues	<u>4,388,520</u>	<u>4,509,589</u>
30 June 2008	Balance	<u>222,684,923</u>	<u>219,520,049</u>
1 July 2008	Opening balance	222,684,923	219,520,049
	Share placements	1,661,208	1,049,500
	Dividend reinvestment plan issues	2,861,259	2,346,215
	Shares bought back	<u>(2,860,807)</u>	<u>(2,088,389)</u>
30 June 2009	Balance	<u>224,346,583</u>	<u>220,827,375</u>

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

12 Retained earnings

	2009 \$'000	2008 \$'000
Balance at beginning of the financial year	12,888	60,375
Net loss attributable to members of Premium Investors Limited	(39,440)	(29,206)
Dividends paid	(8,907)	(18,281)
Balance at the end of the financial year	<u>(35,459)</u>	<u>12,888</u>

13 Reconciliation of profit after income tax to net cash outflow from operating activities

2009 \$'000	2008 \$'000
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(a) Reconciliation of net profit after tax to net cash flows from operations

Loss for the year	(39,440)	(29,206)
<i>Change in assets and liabilities</i>		
Loss / (gain) on sale of financial assets	50,698	(21,537)
(Gain) / loss on revaluation of financial assets	(9,820)	73,143
Decrease / (increase) in dividend receivable	551	(255)
Decrease in interest receivable	157	36
(Increase) / decrease in withholding tax reclaims	(5)	38
Decrease in prepayments	2	29
Decrease in sundry debtors	1	-
Decrease in GST receivable	21	191
Decrease in other creditors and accruals	(95)	(2,671)
Increase in tax assets	9,815	7,191
Decrease in tax liabilities	(12,699)	(32,559)
Net cash outflow from operating activities	<u>(814)</u>	<u>(5,600)</u>

(b) Reconciliation of cash and cash equivalent

<i>Cash balance comprises</i>		
Cash assets	2,500	1,587
Other financial assets – cash management account	30,402	41,560
Closing cash balance	<u>32,902</u>	<u>43,147</u>

(c) Financing facilities available

At reporting date, Premium Investors Limited did not have any financing facilities available.

(d) Non-cash financing and investing activities

During the year as set out in Note 11(b) 2,861,259 (2008: 4,388,520) shares were issued under the Dividend Reinvestment Plan and 2,860,807 shares were bought back under the Equal Access Buyback conducted in June 2009. Dividends and directors fees settled in shares rather than cash during the year amounted to \$2,346,215 (2008: \$4,509,589).

14 Commitments

There are no commitments outstanding.

15 Earnings per share

2009	2008
\$'000	\$'000

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

Net loss	<u>(39,440)</u>	<u>(29,206)</u>
Earnings used in calculating basic and diluted earnings per share	<u>(39,440)</u>	<u>(29,206)</u>

	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	223,515,753	217,493,176
Basic earnings per share	<u>(17.65)</u>	<u>(13.43)</u>

There are no potential ordinary shares and therefore diluted EPS is equivalent to basic EPS.

16 Directors and Executive disclosures

(a) Directors

The following persons were directors of Premium Investors Limited during the financial year:

Tom Collins (Chairman)

John Elfverson (Non-Executive Director)

Kenneth Stout (Non-Executive Director)

Reubert Hayes (Non-Executive Director) (appointed 18 February 2009)

16 Directors and Executive disclosures (Cont'd)

(b) Remuneration of Key Management Personnel

<i>Remuneration of Directors</i>	2009	2008
	\$	\$
Short-term employee benefits		
Salary & Fees		
Tom Collins	64,220	55,000
Kenneth Stout	36,697	32,109
Don Sharp	-	20,000
John Elfverson	36,697	40,789
Reubert Hayes	13,361	-
	<u>150,975</u>	<u>147,898</u>
Post-employment benefits		
Superannuation		
Tom Collins	5,780	-
Kenneth Stout	3,303	2,891
Don Sharp	-	-
John Elfverson	3,303	3,670
Reubert Hayes	1,203	-
	<u>13,589</u>	<u>6,561</u>

(c) Shareholdings of Directors

Ordinary shares held in Premium Investors Limited (number)

Name	Balance 1 July 2008	Net Change Other	Balance 30 June 2009
Tom Collins	33,964	37,667	71,631
John Elfverson	10,000	-	10,000
Kenneth Stout	10,161	975	11,136

All equity transactions with directors have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(d) Other transactions and balances with Directors and Key Management Personnel

During the period Treasury Group Investment Services Limited ('TIS') was classified as a related party due to Mr Hayes being a director of both Premium and TIS' parent entity, Treasury Group Limited. Mr Hayes was appointed as director of Treasury Group Limited on 18 February 2009. In the current year there were no related party transactions.

Fund management & performance fees

During 2009, Premium Investors Limited paid fund management and performance fees of \$1,743,722 (2008: \$5,454,573) to Treasury Group Investment Services Limited, a wholly-owned subsidiary of Treasury Group Limited, a company of which Reubert Hayes was appointed director from 18 February 2009. Dealings were on commercial terms and conditions. The terms and conditions are in accordance with the management agreement.

Services

During 2009, Premium Investors Limited paid management fees, accounting fees and compliance fees of \$220,380 (2008: \$439,120) to Treasury Group Investment Services Limited, a wholly-owned subsidiary of Treasury Group Limited, a Company of which Reubert Hayes was appointed director from 18 February 2009. Dealings were on commercial terms and conditions and in accordance with the management agreement.

Payable

As at 30 June 2009 amounts owing to the director related entity in respect of fund management fees and service fees totalled \$208,360.

17 Remuneration of auditors

	2009 \$	2008 \$
Amounts received or due and receivable by the Auditors for:		
Audit and review of financial reports	28,271	26,180
Tax related services	8,085	7,700
Review of after tax performance fee calculations	-	3,090
	<u>36,356</u>	<u>36,970</u>

18 Subsequent event

On 6 July 2009, the Company announced it will be undertaking an on market buy-back program from 26 August 2009 until 29 October 2009 or until approximately 8 per cent of fully paid ordinary shares have been acquired.

As a result of the resolutions passed at the 19 August 2009 general meeting the Company has announced an off market equal access buy-back for up to 65% of the issued capital of the company equating to a maximum possible buy-back of 145.8 million shares on issue at a 1.75% discount to the Net Tangible Assets at the time of the completion of the buy-back, which is yet to be determined.

Furthermore from the 19 August 2009 general meeting a resolution was also passed for a further on market buy-back of up to 15% of issued capital over the next 12 months. The Company will include any securities bought back under on market buy-back announced on 6 July 2009 for the purposes of determining the buy-back limit for the on market buy-back approved at the 19 August 2009 general meeting.

19 Critical accounting estimates and judgements

Estimates and judgements are based on past performance and management's expectation for the future.

Critical accounting estimates and assumptions

The Company makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events which could have a material impact on the assets and liabilities in the next financial year are discussed below:

Unlisted investments

The Company uses the best available market data when making estimates concerning the fair value of unlisted investments. This includes estimates based on comparative listed investments and generally accepted investment valuation methodologies.

Income taxes

Income tax benefits are based on assumptions that no adverse change will occur in the income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

20 Segment information

Premium Investors Limited is an investment company with operations based solely in Australia, which invest in Australian and International markets.

21 Financial risk management

Overview

The allocation of assets between the various fund managers is determined by an Investment Committee appointed through the investment management agreement executed between the Company and Treasury Group Investment Services Limited (TIS). The Board has appointed TIS as agent to act as Portfolio Manager. TIS undertakes portfolio management services to achieve the broader investment outcomes as articulated by the Board.

The monitoring of asset allocations and the composition of the assets is monitored by the Investment Committee on at least a monthly basis.

The Investment Committee monitors the performance of each investment manager and makes strategic allocations based on the overriding objective of providing shareholders with attractive investment returns. The Company does not have any borrowings and invests in marketable securities and unlisted trusts. The custody of assets is outsourced to RBC Dexia.

The Company's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Company are discussed below. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Premium Investors Limited has overall responsibility for the establishment and oversight of the Company's financial risk management framework.

The Board of Directors oversees how management monitors compliance with the Company's financial risk management policies and procedures. The Board of Directors ensures the continued adequacy of the financial risk management framework. Information on the portfolio and allocation among asset managers is reviewed monthly by the Investment Committee. The Investment Committee reviews manager performance, asset allocation, currency exposure, geographic distribution and size of investments/companies.

The Company's assets principally consist of financial instruments which comprise investments selected by the asset manager in accordance with an investment strategy administered by the Investment Committee.

The use of derivatives is considered to be part of the investment and asset management processes and are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- As a substitute for physical securities until the physical position can be established;
- Adjusting asset exposures within the parameters set in the investment strategy; and
- Adjusting the duration of fixed interest assets or the weighted average maturity of cash assets.

Derivatives are not used to gear (leverage) an asset.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Company's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Company is exposed, particularly in its equity assets, to market risks. The Company also utilises derivatives. As a listed investment company that invests in securities traded on global markets, market risk is a risk to which exposure is unavoidable. The risk is mitigated through diversification of the portfolio that is captured by investments in various geographic zones, industries and asset management is outsourced to various asset managers with different investment styles.

21 Financial risk management (Cont'd)

Currency risk

Companies that invest in international assets are exposed to currency risk. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Asset Managers may enter into derivative contracts (such as forwards, swaps, options and futures) through approved foreign exchange (FX) dealers to minimise risk. However, the use of these contracts must be consistent with the investment strategy and restrictions of each Company, and agreed acceptable level of currency risk.

The Company may enter into transactions denominated in currencies other than Australian dollars. The Company is therefore exposed to risks that the exchange rate of the Australian dollar relative to other foreign currencies may change and have an adverse effect on the Company's assets and liabilities denominated in currencies other than the Australian dollar.

Foreign currency exposure is monitored by TIS in its capacity as Portfolio Manager. TIS believes the approach to currency hedging should depend on the currency in which the investments are made. Equity exposures in the major global currencies are hedged at all times. In the case of smaller markets and currencies, TIS will take a strategic view on the currency before determining a hedging policy. TIS has currently taken the view that Asian currencies are undervalued and has not hedged these currencies.

The currencies in which these transactions primarily are denominated are US Dollars, Euros and British Pounds.

Changes in the fair value of forward exchange contracts and realised foreign exchange gains or losses are recognised in the Income Statement.

The Company's exposure to foreign currency risk at the reporting date was as follows:

		30 June 2009			30 June 2008		
		Financial assets/ (liabilities) \$'000	Forward currency contracts \$'000	Net currency exposure \$'000	Financial assets/ (liabilities) \$'000	Forward currency contracts \$'000	Net currency exposure \$'000
Australia	AUD	99,490	45,641	145,131	191,088	-	191,088
US	USD	14,711	(18,251)	(3,540)	(8,616)	464	(8,152)
United Kingdom	GBP	3,804	(2,862)	942	885	36	921
Euro	EUR	18,908	(15,894)	3,014	(3,138)	339	(2,799)
Other		45,737	(5,916)	39,821	51,452	(102)	51,350
Net exposure		<u>182,650</u>	<u>2,718</u>	<u>185,368</u>	<u>231,671</u>	<u>737</u>	<u>232,408</u>

Sensitivity analysis

A simple analysis has been conducted using past economic data to provide some perspective when considering the determination of a reasonably possible change. In the preparation of this analysis the following assumptions and sources of information have been used:

- Data has been sourced from Bloomberg
- Ten years of data (last traded price)
- No averages were taken, weekly log-returns were calculated across 10 years of daily data and determined the volatility of weekly returns
- Standard deviation has been calculated on weekly returns
- Examination of percentage changes in risk variables based on one standard deviation both up and down

21 Financial risk management (Cont'd)

Sensitivity analysis (Cont'd)

- Numbers presented are based on historical data and may not be indicative of future movements of market variables
- Numbers are presented in annual effective terms, they have been scaled to represent an annual shift

A 12% strengthening of the AUD against the USD based on exposure at 30 June 2009 would have increased the loss from operating activities by \$1,918,877 (2008: \$2,756,380). A 10% weakening of the AUD against the USD based on exposure at 30 June 2009 would have decreased the loss from operating activities by \$1,989,947 (2008: \$1,837,590). There will be no impact on equity other than the related retained earnings change due to operating profit or loss. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2008.

A 11% strengthening of the AUD against the GBP based on exposure at 30 June 2009 would have increased the loss from operating activities by \$265,599 (2008: \$435,650). A 10% weakening of the AUD against the GBP based on exposure at 30 June 2009 would have decreased the loss from operating activities by \$297,793 (2008: \$320,440). There will be no impact on equity other than the related retained earnings change due to operating profit or loss. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2008.

A 11% strengthening of the AUD against the Euro based on exposure at 30 June 2009 would have increased the loss from operating activities by \$1,578,914 (2008: \$4,033,770). A 10% weakening of the AUD against the Euro based on exposure at 30 June 2009 would have decreased the loss from operating activities by \$1,770,297 (2008: \$3,055,740). There will be no impact on equity other than the related retained earnings change due to operating profit or loss. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2008.

21 Financial risk management (Cont'd)

Interest rate risk

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

The Company's exposure to interest rate risk and the effective weighted average interest rate of classes of financial assets and financial liabilities is set out below:

Securities contracted to mature or be repriced in:					
	Weighted average interest rate %	Non-interest bearing \$'000	Floating interest rate \$'000	Fixed interest rate 0 - 1 year \$'000	Total \$'000
30 June 2009					
Cash and cash equivalents	2.82%	1,181	29,592	-	30,773
Margin account	N/A	68	-	-	68
Short term deposits	2.95%	-	-	2,061	2,061
Financial assets	N/A	146,981	-	-	146,981
Trade and other receivables	N/A	1,303	-	-	1,303
Other	N/A	106	-	-	106
Income tax receivables	N/A	-	-	-	-
Deferred tax assets	N/A	5,508	-	-	5,508
		<u>155,148</u>	<u>29,592</u>	<u>2,061</u>	<u>186,800</u>
Financial liabilities					
Other creditors and accruals	N/A	1,258	-	-	1,258
Financial liabilities	N/A	174	-	-	174
		<u>1,432</u>	<u>-</u>	<u>-</u>	<u>1,432</u>
30 June 2008					
Financial assets					
Cash and cash equivalents	5.26%	-	41,622	-	41,622
Short term deposits	6.90%	-	-	1,525	1,525
Financial assets	N/A	186,755	-	-	186,755
Trade and other receivables	N/A	4,656	-	-	4,656
Other	N/A	101	-	-	101
Deferred tax assets	N/A	9,794	-	-	9,794
		<u>202,832</u>	<u>41,622</u>	<u>1,525</u>	<u>244,453</u>
Financial liabilities					
Other creditors and accruals	N/A	4,562	-	-	4,562
Financial liabilities	N/A	292	-	-	292
Income tax payable	N/A	7,191	-	-	7,191
		<u>12,045</u>	<u>-</u>	<u>-</u>	<u>12,045</u>

N/A - not applicable for non-interest bearing financial instruments

21 Financial risk management (Cont'd)

Interest rate risk (Cont'd)

Profile

At reporting date the interest profile of the Company's interest bearing financial instruments was:

Fixed rate instruments

	Carrying value \$'000	Fair value \$'000
2009		
Financial assets	2,061	2,061
Financial liabilities	-	-
2008		
Financial assets	1,525	1,525
Financial liabilities	-	-

Variable rate instruments

2009	29,592	29,592
2008	41,622	41,622

The Company accounts for fixed rate financial assets and liabilities at fair value through profit or loss does not have any exposure to mortgages as at 30 June 2009 and 30 June 2008.

Sensitivity analysis

A simple analysis has been conducted using past economic data to provide some perspective when considering the determination of a reasonably possible change. In the preparation of this analysis the following assumptions and sources of information have been used:

- Data has been sourced from Bloomberg
- Ten years of data (last traded price)
- No averages were taken, weekly log-returns were calculated across 10 years of daily data and determined the volatility of weekly returns
- Standard deviation has been calculated on weekly returns
- Examination of percentage changes in risk variables based on one standard deviation both up and down
- Numbers presented are based on historical data and may not be indicative of future movements of market variables
- Numbers are presented in annual effective terms, they have been scaled to represent an annual shift

21 Financial risk management (Cont'd)

Sensitivity analysis (Cont'd)

An increase of 0.25% in interest rates applicable at reporting date would have decreased the loss from operating activities by \$76,934 (2008: \$208,109). A decrease of 0.25% would have increased the loss from operating activities by \$76,934 (2008: \$104,055). There will be no impact on equity other than the related retained earnings change due to operating profit or loss. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for 2008.

Other market price risk

Other market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the income statement, all changes in market conditions will directly affect net investment income.

Sensitivity analysis

For Australian investments, a simple analysis has been conducted using past economic data to provide some perspective when considering the determination of a reasonably possible change. In the preparation of this analysis the following assumptions and sources of information have been used:

- Data has been sourced from Bloomberg
- Ten years of data (last traded price)
- No averages were taken, weekly log-returns were calculated across 10 years of daily data and determined the volatility of weekly returns
- Standard deviation has been calculated on weekly returns
- Examination of percentage changes in risk variables based on one standard deviation both up and down
- Numbers presented are based on historical data and may not be indicative of future movements of market variables
- Numbers are presented in annual effective terms, they have been scaled to represent an annual shift

In relation to international investments a 10 year historical annualised return for the MSCI Global Index has been used sourced from MSCI Barra.

The carrying value of Australian equities are \$64,278,753 (2008: \$77,193,132) and Global equities are \$82,528,341 (2008: \$109,269,850).

An increase of 13% and 2.6% at the reporting date of the underlying investments' prices for Australian and Global equities respectively would have increased profit or loss from operating activities by \$10,140,427 (2008: \$17,089,667). A decrease of 11% and 2.6% at the reporting date of the underlying investments' prices for Australian and Global equities respectively would have decreased profit or loss from operating activities by \$9,053,600 (2008: \$11,202,275). There will be no impact on equity other than the related retained earnings change due to operating profit or loss. The analysis has been performed on the same basis for 2008.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains adequate cash holdings to meet monthly working capital requirements. The Company maintains some cash in its investment portfolio which can be called to meet major commitments such as tax and dividends. The Company has no gearing.

The Company's investments are considered to be readily realisable.

21 Financial risk management (Cont'd)

Liquidity risk (Cont'd)

The following table represents the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

30 June 2009	On call	Less than 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sundry creditors and accrual	-	1,258	-	-	-	1,258	1,258
Total non-derivatives	-	1,258	-	-	-	1,258	1,258
Other derivative financial liabilities	-	93	-	-	-	93	112
Forward exchange contracts	-	-	-	-	-	-	-
Inflow	-	(3,429)	-	-	-	(3,429)	(3,407)
Outflow	-	3,429	-	-	-	3,429	3,469
Total derivatives	-	93	-	-	-	93	174
30 June 2008	On call	Less than 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sundry creditors and accrual	-	11,753	-	-	-	11,753	11,753
Total non-derivatives	-	11,753	-	-	-	11,753	11,753
Other derivative financial liabilities	-	59	-	-	-	59	59
Forward exchange contracts	-	-	-	-	-	-	-
- inflow	-	(7,951)	-	-	-	(7,951)	(7,943)
- outflow	-	7,951	-	-	-	7,951	8,176
Total derivatives	-	59	-	-	-	59	292

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's asset manager has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company has a credit policy of investing its portfolios with financial institutions with very strong credit ratings.

With respect to credit risk arising from the financial assets of the Company, other than derivatives, the Company's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed on the Balance Sheet. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk is not considered to be a major risk to Premium Investors Limited as any cash held by the Company or in its portfolios is invested with financial institutions that have AA credit ratings. The balance of investments are held in listed securities.

Trading in equity futures and options is restricted to trading on an exchange.

21 Financial risk management (Cont'd)

Capital management

The Company does not have debt and it is not the intention of the Board to borrow. The Company manages its capital to maximise the return to stakeholders and the Company's overall strategy remains unchanged from 2008. The capital structure of the Group consists of cash and cash equivalents and equity attributable to shareholders, comprising issued capital and retained earnings as disclosed in notes 11 and 12 respectively.

During the period, the Company executed an Equal Access share buy-back programme resulting from a decision by the Company to give shareholders access to cash and realise some of their investments at a value close to Net Tangible Assets. All the shares purchased were cancelled. There was one purchase made during the year under the share buy-back programme during June 2009 and 2,860,807 shares were bought back in this transaction, representing a take up of 1.3% of capital out of a possible 4% on offer under the terms of the buy-back programme.

On 6 July 2009, the Company announced it will be undertaking an on market buy-back program from 26 August 2009 until 29 October 2009 or until approximately 8 per cent of fully paid ordinary shares have been acquired.

As a result of the resolutions passed at the 19 August 2009 general meeting the Company has announced an off market equal access buy-back for up to 65% of the issued capital of the company equating to a maximum possible buy-back of 145.8 million shares on issue at a 1.75% discount to the Net Tangible Assets at the time of the completion of the buy-back, which is yet to be determined.

Furthermore from the 19 August 2009 general meeting a resolution was also passed for a further on market buy-back of up to 15% of issued capital over the next 12 months. The Company will include any securities bought back under on market buy-back announced on 6 July 2009 for the purposes of determining the buy-back limit for the on market buy-back approved at the 19 August 2009 general meeting.

Directors' Declaration

In accordance with a resolution of the directors of Premium Investors Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes set out on pages 12 to 36 and the sections of the Directors' Report marked as audited are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and *Corporations Regulations 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 has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial period ending 30 June 2009.

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



Tom Collins
Chairman

Sydney
25 August 2009

Independent auditor's report to the members of Premium Investors Limited

Report on the Financial Report

We have audited the accompanying financial report of Premium Investors Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit we have met 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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Premium Investors Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Premium Investors Limited at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 and 5 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Premium Investors Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Sean Balding'.

Sean Balding
Partner
Melbourne
25 August 2009

ASX additional information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows.

A. Distribution of equity securities (as at 31 July 2009)

Analysis of numbers of equity security holders by size of holding:

		Ordinary shares		Options	
		Number of holders	Number of shares	Number of holders	Number of options
1	- 1000	253	110,418	-	-
1,001	- 5,000	965	3,193,793	-	-
5,001	- 10,000	1,147	9,248,857	-	-
10,001	- 100,000	4,069	116,869,110	-	-
100,001	and over	183	94,924,405	-	-
		<u>6,617</u>	<u>224,346,583</u>	<u>-</u>	<u>-</u>

There are 170 number of share holders, holding less than 625 marketable parcels of ordinary shares.

B. Twenty largest shareholders (as at 12 August 2009)

The names of the twenty largest holders of quoted securities are listed below:

	Listed ordinary shares	
	Number held	Percentage of issued shares
1. QUESTOR FINANCIAL SERVICES LIMITED	22,602,354	10.06
2. RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	14,601,729	6.50
3. COGENT NOMINEES PTY LIMITED	6,470,807	2.88
4. J P MORGAN NOMINEES AUSTRALIA LIMITED	5,921,783	2.64
5. CITICORP NOMINEES PTY LIMITED	5,293,838	2.36
6. HSBC CUSTODY NOMINEES AUSTRALIA LTD	4,877,640	2.17
7. AUSTRALIAN REWARD INVESTMENT ALLIANCE C/O J P MORGAN NOMINEES AUSTRALIA	1,703,859	0.76
8. WARMAN INVESTMENTS PTY LTD	1,471,907	0.66
9. AUST EXECUTOR TRUSTEES LTD	1,366,521	0.61
10. GROOTE EYLANDT ABORIGINAL TRUST INC	1,307,182	0.58
11. MR ORANGE PTY LTD	951,532	0.42
12. SAROVIAN PTY LIMITED	800,000	0.36
13. NATIONAL NOMINEES LIMITED	787,729	0.35
14. BOND STREET CUSTODIANS LTD	760,558	0.34
15. AKAT INVESTMENTS PTY LTD	702,733	0.31
16. MR PETER JACKSON	632,906	0.28
17. THE UNITING CHURCH IN AUSTRALIA	487,057	0.22
18. PACIFIC CAPITAL LTD	481,529	0.21
19. AVANTEOS INVESTMENTS LIMITED	446,199	0.20
20. JDV LTD	437,221	0.19
	<u>72,105,084</u>	<u>32.10</u>

C. Substantial holders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares held
Commonwealth Bank Group	17,823,039
452 Capital Pty Limited	16,933,579

D. Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

E. Holdings of securities (as at 30 June 2009)

Investments held by the Company as at 30 June 2009 are as follows:

	Market value \$	Percentage %
AUTOMOBILES & COMPONENTS		
FLEETWOOD CORPORATION LIMITED	388,368	0.27 %
DAIMLER AG	670,920	0.46 %
HYUNDAI MOTOR	395,493	0.27 %
BANKS		
ANZ BANK	730,903	0.51 %
COMMONWEALTH BANK OF AUST AUD33.00 CALL OPTION EXP 30/07/09	(92,475)	(0.06)%
COMMONWEALTH BANK OF AUSTRALIA	2,611,206	1.81 %
NATIONAL AUSTRALIA BANK LIMITED	2,336,946	1.62 %
WESTPAC BANK	3,480,084	2.41 %
CHINA CITIC BANK CORPORATION	549,119	0.38 %
BNP PARIBAS SA	657,513	0.45 %
CREDIT AGRICOLE SA	230,996	0.16 %
BANK OF EAST ASIA	357,079	0.25 %
HANG SENG BANK	1,176,022	0.81 %
HDFC BANK LIMITED	848,843	0.59 %
SHINHAN FINANCIAL	588,465	0.41 %
DBS GROUP HOLDINGS LIMITED	584,902	0.40 %
CAPITAL GOODS		
AJ LUCAS GROUP LIMITED	45,884	0.03 %
AUSTIN ENGINEERING LIMITED	149,750	0.10 %
AUSTINE ENGINEERING LIMITED PLACEMENT TRANCHE 2	31,705	0.02 %
DEXION LIMITED	39,286	0.03 %
DEXION LIMITED PLACEMENT	39,286	0.03 %
GRD LIMITED	45,600	0.03 %
HASTIE GROUP LIMITED	142,636	0.10 %
LEIGHTON HOLDING	305,477	0.21 %
LYCOPODIUM LIMITED	86,233	0.06 %
VINCI SA	1,402,545	0.97 %
BEIJING ENTERPRISE HOLDINGS	738,110	0.51 %
HUTCHINSON WHAMPOA	711,385	0.49 %
HYUNDAI DEVELOPMENT COMPANY	559,848	0.39 %
LG CORPORATION	826,940	0.57 %
SM INVESTMENTS CORPORATION	375,917	0.26 %

E. Holdings of securities (as at 30 June 2009) (Cont'd)

	Market value \$	Percentage %
COMMERCIAL & PROFESSIONAL SERVICES		
BRAMBLES LIMITED FULLY PAID DEFERRED SETTLEMENT	489,745	0.34 %
CABCHARGE AUSTRALIA LIMITED	137,370	0.10 %
DOWNER EDI LIMITED	321,168	0.22 %
SAI GLOBAL LIMITED	346,007	0.24 %
SALMAT LIMITED	215,400	0.15 %
KUALA LUMPUR KEPONG BHD	670,021	0.46 %
CONSUMER DURABLES & APPAREL		
BILLABONG INTERNATIONAL LIMITED	301,858	0.21 %
LG ELECTRONICS NEW	300,701	0.21 %
LG FASHION CORP	357,857	0.25 %
CONSUMER SERVICES		
ARISTOCRAT LEISURE LIMITED	331,280	0.23 %
CROWN LIMITED	1,235,900	0.85 %
TABCORP HOLDINGS LIMITED	1,016,720	0.70 %
TATTS GROUP LIMITED	1,056,730	0.73 %
CHINA TRAVEL INTERNATIONAL INVESTMENTS HONG KONG LIMITED	435,310	0.30 %
SKY CITY LIMITED	378,400	0.26 %
DIVERSIFIED FINANCIALS		
THINKSMART LIMITED	185,831	0.13 %
DEUTSCHE BOERSE AG	479,551	0.33 %
SAMSUNG CARD CO LIMITED	408,507	0.28 %
YUANTA FINANCIAL HOLDING CO.LTD	861,496	0.60 %
HENDERSON GROUP PLC	228,767	0.16 %
POWERSHARES DB MULTI SECTOR POWERSHARES AGRICULTURE FUND	472,200	0.33 %
ENERGY		
AUSTRALIAN WORLDWIDE EXPLORATION LIMITED	310,307	0.21 %
CALTEX AUSTRALIA LIMITED	348,397	0.24 %
CARNARVON PETROLEUM LIMITED	386,992	0.27 %
ENERGY RESOURCE AUSTRALIA LIMITED	274,973	0.19 %
OIL SEARCH LIMITED	323,139	0.22 %
ORIGIN ENERGY LIMITED	1,049,761	0.73 %
	-	- %
RIVERSDALE MINING LIMITED	166,690	0.12 %
WHITEHAVEN COAL LTD ORD	229,565	0.16 %
WOODSIDE PETROLEUM LIMITED	606,971	0.42 %
WORLEYPARSONS LIMITED	366,745	0.25 %
CNPC HONG KONG LIMITED	204,292	0.14 %
ENBRIDGE INC	984,956	0.68 %
ENCANA CORPORATION COM	428,338	0.30 %
TRANSCANADA CORPORATION	1,666,921	1.15 %
CHINA PETROLEUM AND CHEMICAL	813,087	0.56 %
TOTAL SA	534,099	0.37 %
CNOOC LIMITED	515,353	0.36 %
ENI SPA PAR	584,691	0.40 %
KAZMUNAIGAZ GDR	587,544	0.41 %
GALP ENERGIA SGPS SA B SHARES	520,496	0.36 %
PTT PUBLIC COMPANY LIMITED - FOREIGN MARKET	679,643	0.47 %
BP PLC	583,980	0.40 %
EXXON CORPORATION NPV	691,793	0.48 %
SPECTRA ENERGY CORP	1,301,864	0.90 %

E. Holdings of securities (as at 30 June 2009) (Cont'd)

	Market Value \$	Percentage %
FOOD & STAPLES RETAILING		
METCASH LIMITED	1,748,291	1.21 %
WESFARMERS LIMITED	(355,605)	(0.25) %
WOOLWORTHS LIMITED	934,462	0.65 %
PRESIDENT CHAIN STORE CORPORATION	431,197	0.30 %
FOOD, BEVERAGE & TOBACCO		
FOSTERS GROUP LIMITED	1,516,732	1.05 %
GOODMAN FIELDER LIMITED	419,005	0.29 %
LION NATHAN LIMITED	364,339	0.25 %
PRIMEAG AUSTRALIA LIMITED	412,643	0.29 %
RIDLEY CORPORATION LIMITED	498,841	0.35 %
NESTLE SA	279,244	0.19 %
CHINA MILK PRODUCERS GROUP	479,613	0.33 %
CJ CHEILJEDANG CORP	324,424	0.22 %
KELLOGG COMPANY	403,228	0.28 %
HEALTH CARE EQUIPMENT & SERVICES		
ANSELL LIMITED	281,043	0.19 %
COCHLEAR LIMITED	497,028	0.34 %
NANOSONICS LIMITED	71,620	0.05 %
RAMSAY HEALTH CARE LIMITED	1,519,587	1.05 %
HOUSEHOLD & PERSONAL PRODUCTS		
COLGATE PALMOLIVE	420,004	0.29 %
INSURANCE		
AMP LIMITED	492,343	0.34 %
AXA ASIA PACIFIC HOLDINGS LIMITED	860,032	0.59 %
INSURANCE AUSTRALIA GROUP LIMITED	1,766,485	1.22 %
QBE INSURANCE GROUP LIMITED	314,082	0.22 %
SUNCORP METWAY BANK	654,905	0.45 %
CHINA LIFE INSURANCE CO-H	595,880	0.41 %
AXA ADS EACH REP 1 ORD	238,392	0.16 %
CATHAY FINANCIAL HOLDING COMPANY	289,192	0.20 %
CHINA LIFE INSURANCE	649,621	0.45 %
MATERIALS		
AMCOR LIMITED	1,358,024	0.94 %
AVOCA RESOURCES LIMITED	171,094	0.12 %
BHP BILLITON LIMITED	2,845,096	1.97 %
EQUINOX MINERALS LIMITED	178,761	0.12 %
GUNNS LIMITED	298,788	0.21 %
GUNNS LTD FRANK OPT RED EQY SETT TRANSF SEC DEFFERED SETT	439,200	0.30 %
INCITEC PIVOT LIMITED	628,322	0.43 %
INDEPENDANCE GROUP NL	210,707	0.15 %
JINDALEE RESOURCES LIMITED	83,376	0.06 %
LIHIR GOLD LIMITED	667,753	0.46 %
NEWCREST MINING LIMITED	313,033	0.22 %
NUFARM LIMITED	256,388	0.18 %
ORICA LIMITED	1,498,419	1.04 %
PANORAMIC RESOURCES LIMITED	9,023	0.01 %
RIO TINTO LIMITED	123,871	0.09 %
RIO TINTO LIMITED DEFERRED	46,458	0.03 %
SINO GOLD MINING LIMITED	162,098	0.11 %
AQUARIUS PLATINUM LIMITED	178,197	0.12 %
NAUTILUS MINERALS INC	87,898	0.06 %
ANGANG STEEL CO LIMITED	295,560	0.20 %

Premium Investors Limited
ASX additional information
As at 30 June 2009
(Cont'd)

E. Holdings of securities (as at 30 June 2009) (Cont'd)

	Market Value	Percentage
	\$	%
FUCHS PETROLUB AG PFD	569,987	0.39 %
SALZGITTER AG	649,788	0.45 %
AIR LIQUIDEL EUR	508,343	0.35 %
POSCO	661,613	0.46 %
JAMES HARDIE INDUSTRIES NV	283,630	0.20 %
FLETCHER BUILDING	1,285,195	0.89 %
PTT CHEMICAL PUBLIC COMPANY LIMITED	379,394	0.26 %
TAIWAN FERTILIZER COMPANY	492,044	0.34 %
RIO TINTO PLC NPR RIGHTS	67,183	0.05 %
RIO TINTO PLC ORD	385,918	0.27 %
COMPANHIA CIA VALE DO RIO DOCE ADR	379,739	0.26 %
MEDIA		
AMALGAMATED HOLDINGS LIMITED	264,158	0.18 %
FAIRFAX MEDIA LIMITED	1,338,738	0.93 %
PHOTON GROUP LIMITED	141,555	0.10 %
STW COMMUNICATIONS GROUP LIMITED	393,577	0.27 %
EUTELSAT COMMUNICATIONS	398,722	0.28 %
VIVENDI SA	591,110	0.41 %
SES	1,222,922	0.85 %
REED ELSEVIER NV	408,225	0.28 %
SINGAPORE PRESS HOLDINGS LIMITED	321,371	0.22 %
BRITISH SKY BROADCASTING ORD	370,742	0.26 %
PHARMACEUTICALS, BIOTECHNOLOGY & LIFE SCIENCES		
CSL LIMITED	1,534,037	1.06 %
MESOBLAST LIMITED	147,159	0.10 %
PHARMAXIS LIMITED	331,970	0.23 %
ROCHE HOLDINGS AG - GENUSSS	335,976	0.23 %
BAYER AG	331,556	0.23 %
YUHAN CORPORATION	299,222	0.21 %
ABBOTT LABORATORIES COM	349,113	0.24 %
JOHNSON AND JOHNSON	421,547	0.29 %
REAL ESTATE		
ABACUS PROPERTY GROUP	805,866	0.56 %
BUNNINGS WAREHOUSE PROPERTY TRUST	163,000	0.11 %
CHALLENGER DIVERSIFIED PROPERTY GROUP STAPLED UNITS	195,930	0.14 %
CHALLENGER WINE TRUST	83,116	0.06 %
CROMWELL GROUP	628,364	0.43 %
FKP PROPERTY GROUP	39,970	0.03 %
FKP PROPERTY GROUP LIMITED PLACEMENT	91,930	0.06 %
ING OFFICE FUND PLACEMENT	8,280	0.01 %
LEND LEASE CORPORATION LIMITED	1,520,904	1.05 %
MIRVAC GROUP STAPLED SECURITIES	127,364	0.09 %
TRINITY GROUP	25,162	0.02 %
WESTFIELD GROUP STAPLED SECURITIES	341,400	0.24 %
CHEUNG KONG HOLDINGS LIMITED	881,681	0.61 %
HANG LUNG PROPERTIES LIMITED	462,603	0.32 %
SINOFERT HOLDINGS LIMITED	817,093	0.57 %
SUN HUNG KAI PROPERTIES	494,388	0.34 %
DLF LIMITED	220,536	0.15 %
FARGLORY LAND DEVELOPMENT CO LIMITED	563,463	0.39 %
RETAILING		
JB HI-FI LIMITED	373,142	0.26 %
PACIFIC BRANDS LIMITED	505,895	0.35 %
WOTIF.COM HOLDINGS LIMITED	331,444	0.23 %
PARKSON RETAIL GROUP LTD	369,597	0.26 %

Premium Investors Limited
ASX additional information
As at 30 June 2009
(Cont'd)

E. Holdings of securities (as at 30 June 2009) (Cont'd)	Market Value \$	Percentage %
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT		
SAMSUNG ELECTRONIC	826,561	0.57 %
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY	1,014,235	0.70 %
SOFTWARE & SERVICES		
COMPUTERSHARE LIMITED	312,236	0.22 %
RP DATA LIMITED	79,546	0.06 %
WEBJET LTD	363,242	0.25 %
SAP AG	397,937	0.28 %
TECHNOLOGY HARDWARE & EQUIPMENT		
WISTRON CORPORATION	647,214	0.45 %
TELECOMMUNICATION SERVICES		
REVERSE CORP LIMITED	11,572	0.01 %
TELSTRA CORPORATION LIMITED	4,106,504	2.84 %
TELUS CORPORATION	328,578	0.23 %
TELEFONICA S.A	559,360	0.39 %
CHINA MOBILE LIMITED	1,040,359	0.72 %
BHARTI AIRTEL LIMITED	666,760	0.46 %
TELEKOM MALAYSIA BERHAD	309,322	0.21 %
TELECOM CORPORATION OF NEW ZEALAND LIMITED	717,682	0.50 %
PHILLIPINE LONG DISTANCE TELEPHONE	277,009	0.19 %
SINGAPORE TELECOM AUD	151,023	0.10 %
SINGAPORE TELECOMMUNICATIONS	769,158	0.53 %
CHUNGHWA TELECOM COMPANY LIMITED	1,128,491	0.78 %
AMERICA MOVIL	718,412	0.50 %
AT AND T INC	460,882	0.32 %
TRANSPORTATION		
DP WORLD LIMITED	256,347	0.18 %
ASCIANO GROUP STAPLED SECURITIES PLACEMENT	230,202	0.16 %
ASCIANO GROUP STAPLED SECURITIES PLACEMENT TRANCHE 2	309,520	0.21 %
CONNECTEAST GROUP EX CONTRIBUTING DEFERRED	406,339	0.28 %
REGIONAL EXPRESS HOLDINGS LIMITED	392,478	0.27 %
TRANSURBAN GROUP	1,296,519	0.90 %
SHENZHEN INTERNATIONAL HOLDINGS LIMITED	1,029,621	0.71 %
COMPANHIA DE CONCESSOES RODVIARIAS COM	476,707	0.33 %
ANHUI EXPRESSWAY CO LTD	76,065	0.05 %
CHINA COSCO HLDGS LTD	286,526	0.20 %
GUANGSHEN RAILWAY CO LIMITED	147,341	0.10 %
HAMBURGER HAFEN UND LOGISTIK AG	595,318	0.41 %
ABERTIS INFRAESTRUCTURAS SA	1,431,569	0.99 %
CINTRA CONCESIONES DE INFRAE	832,132	0.58 %
CHINA MERCHANTS HOLDINGS INTERNATIONAL	463,899	0.32 %
MTR CORPORATION LIMITED	742,156	0.51 %
SINGAPORE POST LIMITED	981,584	0.68 %
BURLINGTON NORTHERN SANTA FE CORPORATION	136,446	0.09 %
NORFOLK SOUTHERN CORPORATION	298,210	0.21 %
UNION PAC CORPORATION	276,898	0.19 %
UTILITIES		
APA GROUP	1,409,947	0.98 %
HASTINGS DIVERSIFIED UTILITIES FUND	181,751	0.13 %
SP AUSNET DEFERRED SETTLEMENT	774,312	0.54 %
SPARK INFRASTRUCTURE GROUP STAPLED SECURITIES FULLY PAID DEF	120,542	0.08 %
TRANSFIELD SERVICES INFRASTRUCTURE FUND	573,605	0.40 %
AES TIETE SA	333,451	0.23 %

E. Holdings of securities (as at 30 June 2009) (Cont'd)

	Market Value \$	Percentage %
COMPANIA ENERGETICA DE MINAS GERAIS SA	541,552	0.37 %
ELETROPAULO METROPOLITANA ELTRICIDADE SA CLASS B PREF	756,349	0.52 %
TRACTABEL ENERGIA SA COM NPV	479,910	0.33 %
HUANENG POWER INTERNATIONAL	536,574	0.37 %
E ON AG	656,346	0.45 %
RED ELECTRICA CORPORATION SA	996,690	0.69 %
FORTUM CORPORATION	562,830	0.39 %
SNAM RETE GAS	930,735	0.64 %
TERNA SPA	565,980	0.39 %
KOREA ELEC POWER	909,717	0.63 %
YTL POWER INTERNATIONAL BHD MYR	228,032	0.16 %
ELCTDAD DE PORTL	275,243	0.19 %
REN-REDES ENERGETICAS NACIONAIS	423,337	0.29 %
NATIONAL GRID PLC	1,360,845	0.94 %
NORTHUMBRIAN WATER GROUP	855,368	0.59 %
DOMINION RES.	620,075	0.43 %
DUKE ENERGY CORPORATION	288,750	0.20 %
EXELON CORP	633,434	0.44 %
ITC HOLDINGS CORPORATION	1,628,741	1.13 %
NORTHEAST UTILITIES	819,602	0.57 %
NSTAR COM COM STK	599,741	0.41 %
PROGRESS ENERGY	1,188,548	0.82 %
SOUTHERN COMPANY	662,938	0.46 %
WISCONSIN ENERGY CORPORATION	1,057,468	0.73 %

F. Portfolio transactions

The total number of transactions in securities during the reporting period was 2,170. The total brokerage paid or accrued during the period amounted to \$622,640.

G. Application of cash

For the financial period from 1 July 2008 to 30 June 2009, Premium Investors Limited used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with the Company's objective, which is being an investment company specialising in the management of primarily Australian securities.