

16 February 2011

Australian Stock Exchange  
Continuous Disclosure Area

Via: E Lodgement

**FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

Please find attached the half year financial statements for the period ended 31 December 2010. Your Board is happy to announce a half year net profit after tax of \$6.96 million. This was primarily driven by unrealised gains in the Company's portfolio.

On 10 February 2011 the Board declared an interim fully franked dividend of 3.5 cents per share, with a record date of 2 March 2011 and a payment date of 30 March 2011. Further the Board also announced that the Dividend Reinvestment Plan (DRP) will operate for this interim dividend at a 5% discount to the weighted average price over the five days commencing on the day when the shares in the Company begin trading on an ex dividend basis.

The Board is committed to continuing to target a sustainable dividend that will provide shareholders with a very attractive fully franked yield relative to other forms of investment.

Your Company continues to be conservatively managed with no gearing and a highly liquid asset base.

Yours faithfully



Tom Collins  
**Chairman**



# Appendix 4D

## 1. Half yearly report

Name of entity

Premium Investors Limited

ABN: 47 106 259 885

Report for the period 31 December 2010

Previous corresponding period 30 June 2010  
31 December 2009

## 2. Results for announcement to the market

				<u>A\$'000s</u>
Revenues from ordinary activities ( <i>item 2.1</i> )*	up/(down)	68%	to	7,655
Profit (loss) after tax attributable to members ( <i>item 2.2</i> )	up/(down)	68%	to	6,958
Net profit (loss) for the period attributable to members ( <i>item 2.3</i> )	up/(down)	68%	to	6,958
* Includes realised and unrealised gains/(losses) at fair value through profit or loss.				
<b>Dividends (<i>item 2.4</i>)</b>				
The Board of Premium Investors Limited declared on 10 February 2011 an interim dividend of 3.5 cents per share with a record date of 2 March 2011 and a payment date of 30 March 2011.				
Record date for determining entitlements to the dividend ( <i>item 2.5</i> )	2 March 2011			
Brief explanation of any of the figures reported above necessary to enable the figures to be understood ( <i>item 2.6</i> ):				
<p>The net profit of the company for the six months ended 31 December 2010 was driven by improvements in global financial markets. In comparison to the prior period comparative the result was affected by the reduction in the portfolio size as a consequence of the buy back program conducted in October 2009 (from \$185m at the time of the buyback to \$81m as at 31 December 2010). The company posted \$38k of realised gains (2009: \$5.28 million loss) and unrealised gains of \$6.50 million (2009: \$26.37 million) for the 6 months.</p> <p>For details, please refer to the attached Financial Report for the 6-month period ended 31 December 2010. Also, please see attached Chairman Address for detailed commentary.</p>				

**3. Net tangible assets per security (item 3)**

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	96.9¢	94.2¢

**4. Dividends (item 5)**

	Date of payment	Total amount of dividend
Final dividend – year ended 30 June 2010	22 September 2010	\$3,141,953
Interim dividend – half year ended 31 December 2010	25 March 2011	\$3,320,214

**Amount per security**

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
<b>Interim dividend:</b> Current period	3.5¢	100%	-¢
Previous period	5.0¢	100%	-¢

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



Sign here: ..... Date: 16 February 2011  
(Company Secretary)

Print name: Reema Ramswarup



**Condensed Financial Report  
for the half-year ended  
31 December 2010**

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## Directors' Report

The Directors of Premium Investors Limited ("the Company") submit herewith the Condensed financial report for the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### Directors

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

Tom Collins (Chairman)  
John Elfverson (Resigned as Director on 27 October 2010)  
Kenneth Stout  
Reubert Hayes

### Review of operations

Premium Investors Limited is an investment company that operates on the principle of pooled investment and specialises in the management of Australian and overseas marketable securities.

The Company generated an operating profit from ordinary activities after income tax of \$6,957,590 for the six month period ended 31 December 2010. This compares with an operating profit of \$21,536,308 reported for the corresponding period ended 31 December 2009. Basic and diluted earnings per share are 7.56 cents per share (2009: 13.23 cents per share).

As at 31 December 2010, \$5.5m of deferred tax assets have been recognised relating to realised tax losses. This has been determined with reference to 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.

There has been no significant change in the nature of the activities during the half-year ended 31 December 2010.

The Board of Premium Investors Limited declared on 10 February 2011 a fully franked dividend of 3.5 cents per share with a record date of 2 March 2011 and a payment date of 30 March 2011.

### Auditor's independence declaration

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

### Rounding of amounts

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

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

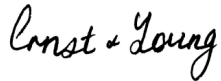
Tom Collins  
Chairman



Sydney  
16 February 2011

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

In relation to our review of the financial report of Premium Investors Limited for the half-year ended 31 December 2010, 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.



Ernst & Young



Rita Da Silva  
Partner  
16 February 2011

**Premium Investors Limited**  
**ABN 47 106 259 885**  
**Statement of Comprehensive Income**  
**For the half-year ended 31 December 2010**

		Half-year 31 December 2010 \$'000	31 December 2009 \$'000
	Notes		
<b>Revenue</b>	3	<b>1,123</b>	2,505
Realised gains / (losses) on financial assets at fair value through the profit and loss		<b>38</b>	(5,280)
Unrealised gains on financial assets at fair value through the profit and loss		<b>6,494</b>	26,375
Expenses	4	<u><b>(722)</b></u>	<u>(1,984)</u>
<b>Profit before income tax expense</b>		<u><b>6,933</b></u>	<u>21,616</u>
Income tax benefit / (expense)		<u><b>25</b></u>	<u>(79)</u>
<b>Profit after income tax expense</b>		<u><b>6,958</b></u>	<u>21,537</u>
Other comprehensive income		<u><b>-</b></u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u><b>6,958</b></u>	<u>21,537</u>
Basic earnings per share (cents per share)	11	<b>7.56</b>	13.23
Diluted earnings per share (cents per share)	11	<b>7.56</b>	13.23

*The accompanying notes form part of these financial statements.*

**Premium Investors Limited**  
**ABN 47 106 259 885**  
**Statement of Financial Position**  
**As at 31 December 2010**

		31 December 2010 \$'000	30 June 2010 \$'000
	Notes		
<b>ASSETS</b>			
Cash and cash equivalents	5	2,403	129
Trade and other receivables		689	1,497
Other current assets		81	81
Financial assets at fair value through profit and loss	6	80,867	75,373
Deferred tax assets		<u>5,508</u>	<u>5,508</u>
<b>Total assets</b>		<u><b>89,548</b></u>	<u><b>82,588</b></u>
<b>LIABILITIES</b>			
Trade and other payables		<u>123</u>	<u>581</u>
<b>Total liabilities</b>		<u><b>123</b></u>	<u><b>581</b></u>
<b>Net assets</b>		<u><b>89,425</b></u>	<u><b>82,007</b></u>
<b>EQUITY</b>			
Contributed equity	7	107,373	103,771
Retained earnings		<u>(17,948)</u>	<u>(21,764)</u>
<b>Total equity</b>		<u><b>89,425</b></u>	<u><b>82,007</b></u>

*The accompanying notes form part of these financial statements.*

**Premium Investors Limited**  
**ABN 47 106 259 885**  
**Statement of Changes in Equity**  
**For the half-year ended 31 December 2010**

	Notes	Contributed Equity \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2009</b>		<u>220,827</u>	<u>(35,459)</u>	<u>185,368</u>
Profit for the period		<u>-</u>	<u>21,537</u>	<u>21,537</u>
<b>Total comprehensive income for the period</b>		<u>-</u>	<u>21,537</u>	<u>21,537</u>
Shares bought back	7	(117,803)	-	(117,803)
Dividends provided for or paid	8	<u>-</u>	<u>(3,111)</u>	<u>(3,111)</u>
		<u>(117,803)</u>	<u>(3,111)</u>	<u>(120,914)</u>
<b>Balance at 31 December 2009</b>		<u>103,024</u>	<u>(17,033)</u>	<u>85,991</u>
<b>Balance at 1 July 2010</b>		<u>103,771</u>	<u>(21,764)</u>	<u>82,007</u>
Profit for the period		<u>-</u>	<u>6,958</u>	<u>6,958</u>
<b>Total comprehensive income for the period</b>		<u>-</u>	<u>6,958</u>	<u>6,958</u>
Issue of shares	7	3,602	-	3,602
Dividends provided for or paid	8	<u>-</u>	<u>(3,142)</u>	<u>(3,142)</u>
		<u>3,602</u>	<u>(3,142)</u>	<u>460</u>
<b>Balance at 31 December 2010</b>		<u>107,373</u>	<u>(17,948)</u>	<u>89,425</u>

**Half-year**

		<b>31 December 2010</b>	31 December 2009
Interim franked dividends per share (cents per share)	8	<b>3.50</b>	5.00

*The accompanying notes form part of these financial statements.*

**Premium Investors Limited**  
**ABN 47 106 259 885**  
**Statement of Cash Flows**  
**For the half-year ended 31 December 2010**

	<b>Half-year</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers	(1,188)	(2,071)
Dividends and distributions received	1,770	2,608
Interest received	27	416
Other income received	167	12
Income taxes paid	<u>-</u>	<u>(79)</u>
<b>Net cash inflow from operating activities</b>	<b><u>776</u></b>	<b><u>886</u></b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of financial assets	4,859	140,353
Purchase of financial assets	<u>(3,821)</u>	<u>(44,711)</u>
<b>Net cash inflow from investing activities</b>	<b><u>1,038</u></b>	<b><u>95,642</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of ordinary shares	2,796	-
Payments for shares bought back	-	(117,803)
Dividends paid	<u>(2,336)</u>	<u>-</u>
<b>Net cash inflow / (outflow) from financing activities</b>	<b><u>460</u></b>	<b><u>(117,803)</u></b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,274</b>	<b>(21,275)</b>
Cash and cash equivalents at the beginning of the half-year	<u>129</u>	<u>32,902</u>
<b>Cash and cash equivalents at end of the period</b>	<b>5 <u>2,403</u></b>	<b><u>11,627</u></b>

*The accompanying notes form part of these financial statements.*

## Notes to the Financial Statements

### 1 Summary of significant accounting policies

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

The half-year condensed financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting and other mandatory reporting requirements. The financial statements have been prepared in accordance with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board and International Financial Reporting Standards applicable to interim reporting as issued by the International Accounting Standards Board.

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

It is recommended that the half-year condensed financial report be read in conjunction with the Annual Financial Report of Premium Investors Ltd as at 30 June 2010. It is also recommended that the half-year condensed financial report be considered together with any public announcements made by the Company during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX Listing Rules.

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

The board authorised the report for issue on 16 February 2011.

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

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

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

#### (b) Changes in accounting policies

The accounting policies applied are consistent with the most recent financial report for the year ended 30 June 2010.

### 2 Segment information

The Company's Chief Operating Decision Maker is the Board of Directors. The Company operates in one segment, being investing solely in Australia. The performance of the Company is measured based solely on the results of this segment.

### 3 Revenue

	Half-year	
	31 December 2010 \$'000	31 December 2009 \$'000
<b>Revenues</b>		
Distributions/dividends	936	2,120
Interest	28	373
Other income	159	12
	<b>1,123</b>	<b>2,505</b>

### 4 Expenses

	Half-year	
	31 December 2010 \$'000	31 December 2009 \$'000
Administration costs	428	441
Share buyback costs	-	581
ASX and share registry costs	112	207
Fund management fees	182	755
	<b>722</b>	<b>1,984</b>

### 5 Cash and cash equivalents

	31 December 2010 \$'000	30 June 2010 \$'000
Cash at bank	2,398	121
Cash at call	5	8
	<b>2,403</b>	<b>129</b>

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

	31 December 2010 \$'000	30 June 2010 \$'000
Unlisted trusts	80,867	75,373
	<b>80,867</b>	<b>75,373</b>

## 7 Contributed equity

	31 December 2010 Shares '000	30 June 2010 Shares '000	31 December 2010 \$'000	30 June 2010 \$'000
<b>(a) Issued and paid up capital</b>				
Ordinary shares fully paid	<u>94,863</u>	<u>89,770</u>	<u>107,373</u>	<u>103,771</u>

### (b) Movements in share on issue:

	Date	Details	Number of shares	\$
	1 July 2009	Opening balance	224,346,583	220,827,375
		Dividend reinvestment plan issues	1,424,892	1,004,273
		Off market share buybacks	(135,470,529)	(117,656,155)
		On market share buybacks	(530,867)	(404,917)
	30 June 2010	Balance	<u>89,770,079</u>	<u>103,770,576</u>
	1 July 2010	Opening balance	89,770,079	103,770,576
		Share placements	3,884,970	2,797,000
		Dividend reinvestment plan	1,208,216	805,753
	31 December 2010	Balance	<u>94,863,265</u>	<u>107,373,329</u>

## 8 Dividends

	Half-year 31 December 2010 \$'000	31 December 2009 \$'000
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Dividends paid or provided for in the current and comparative periods by Premium Investors Limited are:

### a) Dividends paid during the half year

Final fully franked dividends (3.5 cents per share; 2009: 0.0 cents) per share	<u>3,142</u>	-
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### b) Dividends declared during the half year and not paid

Interim fully franked dividends (0.0 cents per share, 2009: 3.5 cents) per share	-	<u>3,111</u>
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### c) Dividends declared by Directors on 10 February 2011 (2009: 16 February 2010) (not recognised as a liability at 31 December 2010)

Interim fully franked dividends (3.5 cents per share, 2009: 1.5 cents) per share	<u>3,320</u>	<u>1,330</u>
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## 9 Commitments and Contingencies

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

## 10 Events occurring after the balance sheet date

The Board of Premium Investors Limited declared on 10 February 2011 a fully franked dividend of 3.5 cents per share with a record date of 2 March 2011 and a payment date of 30 March 2011.

No other significant events have occurred since the end of the reporting period which would impact on the financial position of Premium Investors Limited disclosed in the statement of financial position as at 31 December 2010 or on the results and cash flows for the half-year ended on that date.

## 11 Earnings per share

	<b>Half-year</b>	
	<b>31 December</b>	31 December
	<b>2010</b>	2009
Basic earnings per share		
Profit from continuing operations	<u><b>6,957,390</b></u>	<u>21,536,308</u>
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	<u><b>92,080,174</b></u>	<u>162,813,286</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

**Directors' Declaration**

In the directors' opinion:

- (a) The financial statements and notes set out on pages 3 to 10 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) There are reasonable grounds to believe that Premium Investor Limited will be able to pay its debts as and when they become due and payable.

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



Tom Collins  
Chairman

Sydney  
16 February 2011

To the members of Premium Investors Limited

## Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Premium Investors Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Premium Investors Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

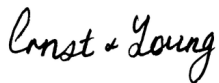
### Independence

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

## Conclusion

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

- a) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

A handwritten signature in cursive script that reads 'Rita Da Silva'.

Rita Da Silva  
Partner  
Sydney  
16 February 2011