



ANNUAL FINANCIAL REPORT

For the year ended 30 June 2010



CORPORATE INFORMATION

Premium Investors Limited

ABN 47 106 259 885

Directors

Tom Collins
John Elfverson
Kenneth Stout
Reubert Hayes

Company Secretaries

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 2010 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 43 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 27 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.

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 the Chair of the Audit Committee.

Reubert Hayes (Non-Executive Director)
SF, Fin, FAICD

Mr Hayes has over 42 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 a Fellow of the Australian Institute of Company Directors.

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 Watty 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 number
Tom Collins	76,976
John Elfverson	10,000
Kenneth Stout	11,967

Earnings Per Share	Cents
Basic earnings per share	14.37
Diluted earnings per share	14.37

Dividends

Dividends	Cents	\$
Final dividends recommended:		
On ordinary shares fully franked	3.5	3,141,953
Final dividends for 2009 shown as recommended in the 2009 report:		
On ordinary shares fully franked	nil	nil
Dividends paid in the financial period:		
<i>Interim for the financial period</i>		
On ordinary shares fully franked	5.0	4,445,389

DIRECTORS' REPORT (cont'd)

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 2010.

BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

Premium Investors Limited will continue to focus on the management and investment of listed securities, via investments in unlisted unit trusts, both domestically and internationally using the expertise of boutique asset managers.

EMPLOYEES

The Company procures services under a management agreement as disclosed in Note 16 to the financial statements and as such has no direct employees.

Operating results for the year ended 30 June 2010

REVIEW OF OPERATIONS

The Company incurred a net profit after tax of \$18.1m (2009: loss \$39.4m). This was mainly due to the increase in global investment markets resulting in the recognition of realised gains of \$18.9m (2009: \$50.7m losses) in the Statement of Comprehensive Income.

On 16 June 2009 the company was requested to hold a general meeting to consider various resolutions. The meeting was held on 19 August 2009. In preparing for the meeting and obtaining various legal and corporate advice, the company has incurred expenses to date of approximately \$618,440. This is reflected in the financial results for this year.

On 9 October 2009 the Company undertook an off market buyback, which resulted in 135,470,529 of the company's shares being bought back for \$117,656,155, equating to 60.4% of the company's issued capital. In accordance with the resolution passed by shareholders at the general meeting held on 19 August 2009, the Company undertook an on market buyback

programme during the period, which resulted in 530,867 of the Company's shares being bought back for \$404,917. The resolution for the on market buyback was up to 15.0% of Premium Investor's Limited's issued capital and 0.2% has been bought back to date.

As at 30 June 2010, \$5.5m of deferred tax assets have been recognised relating to realised 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 60.4% equal access buy back undertaken on 9 October 2009.

During the year the company established an investment advisory group acting as an advisor, providing economic and market outlook, which will drive the allocation of the company's investments.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year for operational efficiency purposes the company switched its direct investments in listed securities to gaining its exposure to investments in unlisted unit trusts. The overall investment strategy of the company has not changed.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 24 August 2010, the Directors of Premium Investors Limited declared a final dividend on ordinary shares in respect of the financial year 30 June 2010. The total amount of the dividend is \$3,141,953 (2009: \$nil) which represents a fully franked dividend of 3.5 cents per share. The dividend has not been provided for in the 30 June 2010 financial statements.

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.

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

30 JUNE 2010

	Annual Remuneration	Post Employment Benefits	Total
	Short Term Base fees	Superannuation	
	\$	\$	\$
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)	36,697	3,303	40,000
TOTAL	174,311	15,689	190,000

DIRECTORS' REPORT (cont'd)

Remuneration report (Audited) 30 JUNE 2009

	Annual Remuneration	Post Employment Benefits	Total
	Short Term Base fees	Superannuation	
	\$	\$	\$
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

The Company Secretary 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 \$1,154,031 (2009: \$1,743,722). They also received management fees, accounting fees and compliance fees of \$337,813 (2009: \$220,380).

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:

Number of meetings	Directors Meeting		Audit Committee Meetings	
	A	B	A	B
John Elfverson	11	11	4	-
Kenneth Stout	11	6	4	4
Tom Collins	11	11	4	4
Reubert Hayes	11	9	4	-

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 (2009: Nil).

Auditor Independence and non-audit services

The lead Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' Report for the year ended 30 June 2010. 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 \$7,205 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:

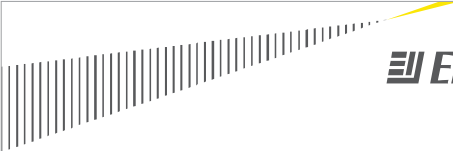


Director
TOM COLLINS

Dated this 24th day of August 2010

AUDITOR'S INDEPENDENCE DECLARATION

Premium Investors Limited
Auditor's Independence Declaration
30 June 2010



Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001
Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

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 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

Sean Balding
Partner
24 August 2010

Liability limited by a scheme approved
under Professional Standards Legislation

CORPORATE GOVERNANCE STATEMENT

Premium Investors Limited
Corporate Governance Statement
As at 30 June 2010

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

CORPORATE GOVERNANCE STATEMENT (cont'd)

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.

Directors' 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 Comprehensive Income 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.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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 Company 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.

STATEMENT OF COMPREHENSIVE INCOME

Premium Investors Limited
ABN 47 106 259 885
Statement of Comprehensive Income
For the year ended 30 June 2010

		2010	2009
	Notes	\$'000	\$'000
Revenue	2(a)	5,112	8,689
Realised gains/(losses) on financial assets at fair value through the profit and loss		18,953	(50,698)
Unrealised (losses)/gains on financial assets at fair value through the profit and loss		(2,995)	9,820
Expenses	2(b)	(2,987)	(2,793)
Profit / (loss) before income tax expense		18,083	(34,982)
Income tax benefit / (expense)	3(a)	57	(4,458)
Profit / (loss) after tax expense		18,140	(39,440)
Basic earnings per share (cents per share)	15	14.37	(17.65)
Diluted earnings per share (cents per share)	15	14.37	(17.65)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Final franked dividends per share (cents per share)	4	3.5	-
Interim franked dividends per share (cents per share)	4	5.0	-

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

Premium Investors Limited
ABN 47 106 259 885
Statement of Financial Position
As at 30 June 2010

		2010	2009
	Notes	\$'000	\$'000
ASSETS			
Cash and cash equivalents	5	129	32,902
Trade and other receivables	7	1,497	1,303
Other current assets	8	81	106
Financial assets at fair value through profit or loss	6	75,373	146,981
Deferred tax assets	3(d)	5,508	5,508
TOTAL ASSETS		82,588	186,800
LIABILITIES			
Trade and other payables	10	581	1,258
Financial liabilities at fair value through profit or loss	9	-	174
TOTAL LIABILITIES		581	1,432
NET ASSETS		82,007	185,368
EQUITY			
Contributed equity	11	103,771	220,827
Retained earnings	12	(21,764)	(35,459)
TOTAL EQUITY		82,007	185,368

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Premium Investors Limited
ABN 47 106 259 885
Statement of Changes in Equity
For the year ended 30 June 2010

		Issued Capital	Retained Earnings	Total
	Notes	\$'000	\$'000	\$'000
Balance at 1 July 2008		219,520	12,888	232,408
Loss for year		-	(39,440)	(39,440)
Total recognised income and expense for the period		-	(39,440)	(39,440)
Dividends provided for or paid	4	-	(8,907)	(8,907)
Shares bought back	11(b)	(2,088)	-	(2,088)
Issue of shares	11(b)	3,395	-	3,395
		1,307	(8,907)	(7,600)
Balance at 30 June 2009		220,827	(35,459)	185,368
Balance at 1 July 2009		220,827	(35,459)	185,368
Profit for year		-	18,140	18,140
Total interest recognised and expense for the year		-	18,140	18,140
Dividends provided for or paid	4	-	(4,445)	(4,445)
Shares bought back	11(b)	(118,061)	-	(118,061)
Issue of shares	11(b)	1,005	-	1,005
		(117,056)	(4,445)	(121,501)
Balance at 30 June 2010		103,771	(21,764)	82,007

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

Premium Investors Limited
 ABN 47 106 259 885
 Statement of Cash Flows
 For the year ended 30 June 2010

		2010	2009
	Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(2,729)	(2,837)
Dividends and distributions received		3,804	7,648
Interest received		602	1,727
Other income received		24	12
Income tax received / (paid)		57	(7,364)
Net cash inflow / (outflow) from operating activities	13(a)	1,758	(814)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of financial assets		250,149	149,321
Purchase of financial assets		(163,178)	(151,153)
Net cash inflow / (outflow) from investing activities		86,971	(1,832)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares bought back		(118,061)	(2,088)
Proceeds from issue of ordinary shares		-	1,050
Dividends paid		(3,441)	(6,561)
Net cash inflow from financing activities		(121,502)	(7,599)
Net decrease in cash and cash equivalents		(32,773)	(10,245)
Cash and cash equivalents at the beginning of the financial year		32,902	43,147
Cash and cash equivalents at end of year	13(b)	129	32,902

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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 24 August 2010.

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 Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purpose of presentation in the Statement of Cash Flows, 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 (2009: 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 brought 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 value 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.

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

For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flows analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum. The fair value of units in a managed investment scheme is determined by reference to published bid prices at the close of business on the balance sheet date being the redemption prices as established by the underlying Scheme's Responsible Entity.

Refer to note 21 for the methods and assumptions applied in determining fair value for each class of financial instrument.

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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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 2010, but have not been applied in preparing this financial report.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

M. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

i. **AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual periods beginning on or after 1 January 2010)**

In May 2009, the AASB issued a number of improvements to existing Australian Accounting Standards. The Company will apply the revised standards from 1 July 2009. The Company does not expect any adjustments will be necessary as a result of applying the revised rules.

ii. **AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective for annual reporting periods beginning on or after 1 January 2013)**

AASB 9 addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2013 and the company is yet to assess its full impact.

NOTE 2: REVENUES AND EXPENSES

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

	2010	2009
	\$'000	\$'000
(a) Revenues from continuing operations		
Interest	543	1,575
Dividends / distributions	4,546	7,101
Other income	23	13
	5,112	8,689
(b) Profit from continuing operations has been arrived at after charging the following expenses		
Administration costs	912	682
Share buyback costs	618	-
ASX and share registry costs	283	239
Fund management fees	1,174	1,872
	2,987	2,793

NOTE 3: INCOME TAX

(a) The components of tax expense/(benefit):

Current tax	-	-
Deferred tax	(57)	4,458
Total income tax expense/(benefit)	(57)	4,458

(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:

Profit/(loss) before tax benefit	18,083	(34,982)
At the statutory income tax rate of 30% (2009: 30%)	5,425	(10,495)
Tax effect of amounts which are refundable in calculating taxable income		
Rebateable dividends / distributions	(1,204)	(1,549)
Capital raising costs	-	(105)
Movement in unrealised investments and other adjustments arising from tax losses not recognised	(4,278)	16,607
Income tax expense/(benefit)	(57)	4,458

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

NOTE 3: INCOME TAX (cont'd)

	2010	2009
	\$'000	\$'000
(c) Current tax liabilities		
Opening tax liability	-	7,191
Tax receipts / (payments)	57	(7,360)
Adjustments in respect of current income tax of previous years	(57)	169
Current tax (asset)/liability	-	-
(d) Deferred tax relates to the following		
Deferred tax assets / (liabilities)		
Realised revenue losses	5,508	5,508
Total Deferred tax assets	5,508	5,508
Net deferred tax assets	5,508	5,508

At 30 June 2010 the Company has an unrecognised deferred income tax asset of \$10.7m (2009: \$15.8m), comprising of \$9.8m (2009: \$8.9m) relating to realised tax losses and \$0.9m (2009: \$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.

NOTE 4: DIVIDENDS

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

	2010	2009
	\$	\$
(d) Declared and paid during the year		
<i>Current year interim</i>		
Fully franked dividends (3.5 cents per share paid on 28 January 2010) (2009: Nil cents per share)	3,104,909	-
Fully franked dividends (1.5 cents per share paid on 15 April 2010) (2009: Nil cents per share)	1,340,480	-
<i>Previous year final</i>		
Final fully franked dividends (4.0 cents per share) (2008: 4.5 cents per share)	-	8,907,397
Total Dividends declared and paid	4,445,389	8,907,397

On 24 August 2010, the Directors of Premium Investors Limited declared a final dividend on ordinary shares in respect of the 30 June 2010 year. The total amount of the dividend is \$3,141,953 which represents a fully franked dividend of 3.5 cents per share. The dividend has not been provided for in the 30 June 2010 financial statements and will be recognised in subsequent financial reports.

NOTE 4: DIVIDENDS (cont'd)

	2010	2009
	\$	\$

(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%	8,792,454	9,727,556
- franking credit that will arise from the receipt of dividends recognised as receivable at the reporting date	391,880	116,766
	9,184,334	9,844,322

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

NOTE 5: CASH AND CASH EQUIVALENTS

	2010	2009
	\$'000	\$'000
Cash at bank	121	2,500
Cash at call	8	30,402
	129	32,902

NOTE 6: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Fair value	Fair value
	2010	2009
	\$'000	\$'000
Financial assets		
Listed equities	-	136,344
Stapled securities	-	5,085
Listed trusts	-	2,034
Derivatives	-	2,820
Unlisted shares	-	598
Unlisted trusts	75,373	100
	75,373	146,981

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

NOTE 7: TRADE AND OTHER RECEIVABLES

	2010	2009
	\$'000	\$'000
Current		
Interest receivable	10	69
Dividend/distribution receivable	1,485	723
Outstanding settlements receivable*	-	498
GST receivable	2	13
	1,497	1,303

* Terms and conditions

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

NOTE 8: OTHER CURRENT ASSETS

Prepayments	12	10
Other	69	96
	81	106

NOTE 9: FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities		
Derivatives	-	174

NOTE 10: TRADE AND OTHER PAYABLES

Current		
Outstanding settlements payable*	-	916
Other creditors and accruals*	581	342
	581	1,258

* 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.

NOTE 11: CONTRIBUTED EQUITY

	2010	2009	
	\$'000	\$'000	
(a) Issued and paid up capital			
Ordinary shares fully paid	103,771	220,827	
(b) Movements in shares on issue			
Date	Details	Number of shares	\$
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
	On market share buybacks	(2,860,807)	(2,088,389)
30 June 2009	Balance	224,346,583	220,827,375
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	89,770,079	103,770,576

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.

NOTE 12: RETAINED EARNINGS

	2010	2009
	\$'000	\$'000
Balance at beginning of the financial year	(35,459)	12,888
Net profit / (loss) attributable to members of Premium Investors Limited	18,140	(39,440)
Dividends paid or provided for	(4,445)	(8,907)
Balance at the end of the financial year	(21,764)	(35,459)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

NOTE 13: RECONCILIATION OF PROFIT / (LOSS) AFTER INCOME TAX TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

	2010	2009
	\$'000	\$'000
(a) Reconciliation of net profit / (loss) after tax to net cash flows from operations		
Profit / (loss) for the year	18,140	(39,440)
Change in assets and liabilities		
(Gains)/losses on sale of financial assets	(18,953)	50,698
Losses/(gains) on revaluation of financial assets	2,995	(9,820)
(Increase) / decrease in dividend receivable	(762)	551
Decrease in interest receivable	59	157
Decrease / (increase) in withholding tax reclaims	31	(5)
(Increase) / decrease in prepayments	(2)	2
Decrease in sundry debtors	-	1
Decrease in GST receivable	11	21
Increase / (decrease) in other creditors and accruals	239	(95)
Decrease in tax assets	-	9,815
Decrease in tax liabilities	-	(12,699)
Net cash inflow / (outflow) from operating activities	1,758	(814)
(b) Reconciliation of cash and cash equivalent		
<i>Cash balance comprises</i>		
Cash assets	121	2,500
Other financial assets - cash management account	8	30,402
Closing cash balance	129	32,902

(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) 1,424,892 (2009: 2,861,259) shares were issued under the Dividend Reinvestment Plan and 136,001,396 (2009: 2,860,807) shares were bought back under an off market buyback conducted in Oct 2009. Dividends and directors fees settled in shares rather than cash during the year amounted to \$1,004,273 (2009: \$2,346,215).

NOTE 14: COMMITMENTS

There are no commitments outstanding.

NOTE 15: EARNINGS PER SHARE

	2010	2009
	\$'000	\$'000
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit/(loss)	18,140	(39,440)
Earnings used in calculating basic and diluted earnings per share	18,140	(39,440)
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	126,261,985	223,515,753
Basic earnings per share	14.37	(17.65)

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

NOTE 16: RELATED PARTY TRANSACTIONS

(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)

(b) Remuneration of Key Management Personnel

Remuneration of Directors

	2010	2009
	\$	\$
Short term employee benefits		
Salary & Fees		
Tom Collins	64,220	64,220
Kenneth Stout	36,697	36,697
John Elfverson	36,697	36,697
Reubert Hayes	36,697	13,361
	174,311	150,975
Post employment benefits		
Superannuation		
Tom Collins	5,780	5,780
Kenneth Stout	3,303	3,303
John Elfverson	3,303	3,303
Reubert Hayes	3,303	1,203
	15,689	13,589

(c) Shareholdings of Directors

Ordinary shares held in Premium Investors Limited (number)

Name	Balance 1 July 2009	Net Change Other	Balance 30 June 2010
Tom Collins	71,631	5,345	76,976
John Elfverson	10,000	-	10,000
Kenneth Stout	11,136	831	11,967

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.

Fund management & performance fees

During 2010, Premium Investors Limited paid fund management and performance fees of \$1,154,031 (2009: \$1,743,722) to Treasury Group Investment Services Limited, a wholly-owned subsidiary of Treasury Group Limited, a company of which Reubert Hayes is a director. Dealings were on commercial terms and conditions. The terms and conditions are in accordance with the management agreement.

Services

During 2010, Premium Investors Limited paid management fees, accounting fees and compliance fees of \$337,813 (2009: \$220,380) to Treasury Group Investment Services Limited, a wholly-owned subsidiary of Treasury Group Limited, a Company of which Reubert Hayes is a director. Dealings were on commercial terms and conditions and in accordance with the management agreement.

Payable

As at 30 June 2010 amounts owing to the director related entity in respect of fund management fees and service fees totalled \$299,057 (2009: \$208,360).

(e) Investments

The Company held investments in the following schemes, whose immediate and ultimate holding company is Treasury Group Limited, a company of which Reubert Hayes is a director.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

NOTE 16: RELATED PARTY TRANSACTIONS (cont'd)

(e) Investments

	Number of Units Held Opening (Units)	Number of Units Held Closing (Units)	Interest Held	Number of Units Acquired (Units)	Number of Units Disposed (Units)	Distributions Paid/payable by the Schemes
2010	'000	'000	%	'000	'000	\$'000
GVI Global Industrial Share Fund	-	12,391	2.21	12,391	-	264
Orion Australian Share Fund	-	11,381	4.22	11,381	-	292
RARE Infrastructure Value Fund	-	15,599	4.33	15,599	-	201
TAAM New Asia Fund	-	10,634	14.55	10,634	-	-
Investors Mutual Australian Share Fund	-	12,528	1.59	12,528	-	629
Total	-	62,533		62,533	-	1,386

NOTE 17: REMUNERATION OF AUDITORS

	2010	2009
	\$'000	\$'000
Amounts received or due and receivable by the Auditors for:		
Audit and review of the financial reports	23,936	28,271
Tax related services	7,205	8,085
	31,141	36,356

NOTE 18: SUBSEQUENT EVENT

On 24 August 2010, the Directors of Premium Investors Limited declared a final dividend on ordinary shares in respect of the 30 June 2010 year. The total amount of the dividend is \$3,141,953 which represents a fully franked dividend of 3.5 cents per share. The dividend has not been provided for in the 30 June 2010 financial statements and will be recognised in subsequent financial reports.

NOTE 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

For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flows analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum. The fair value of units in a managed investment scheme is determined by reference to published bid prices at the close of business on the balance sheet date being the redemption prices as established by the underlying Scheme's Responsible Entity.

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.

NOTE 20: 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.

NOTE 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 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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

NOTE 21: FINANCIAL RISK MANAGEMENT (cont'd)

OVERVIEW (cont'd)

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.

During the year the company established an investment advisory group acting as an advisor, providing economic and market outlook, which will drive the allocation of the company's investments.

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, via unlisted unit trusts, 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.

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.

NOTE 21: FINANCIAL RISK MANAGEMENT (cont'd)

CURRENCY RISK (cont'd)

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 management should depend on the currency in which the investments are made. Equity exposures in the major global currencies are managed at all times. In the case of smaller markets and currencies, TIS will take a strategic view on the currency before determining a policy for managing exposure to the currency. TIS has currently taken the view that Asian currencies are undervalued and has not managed exposure to 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 Statement of Comprehensive Income.

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

	30 June 2010			30 June 2009		
	Financial assets/ (liabilities)	Forward currency contracts	Net currency exposure	Financial assets/ (liabilities)	Forward currency contracts	Net currency exposure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia AUD	81,932	-	81,932	99,490	45,641	145,131
US USD	3	-	3	14,711	(18,251)	(3,540)
United Kingdom GBP	-	-	-	3,804	(2,862)	942
Euro EUR	40	-	40	18,908	(15,894)	3,014
Other	32	-	32	45,737	(5,916)	39,821
Net exposure	82,007	-	82,007	182,650	2,718	185,368

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

NOTE 20: FINANCIAL RISK MANAGEMENT (cont'd)

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

A 12% strengthening of the AUD against the USD based on exposure at 30 June 2010 would have decreased the profit from operating activities by \$430,657 (2009: \$1,918,877). A 10% weakening of the AUD against the USD based on exposure at 30 June 2010 would have increased the profit from operating activities by \$358,881 (2009: \$1,989,947). 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 2009.

A 11% strengthening of the AUD against the GBP based on exposure at 30 June 2010 would have decreased the profit from operating activities by \$NIL (2009: \$265,599). A 10% weakening of the AUD against the GBP based on exposure at 30 June 2010 would have increased the profit from operating activities by \$NIL (2009: \$297,793). 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 2009.

A 11% strengthening of the AUD against the Euro based on exposure at 30 June 2010 would have decreased the profit from operating activities by \$4,417 (2009: \$1,578,914). A 10% weakening of the AUD against the Euro based on exposure at 30 June 2010 would have increased the profit from operating activities by \$4,015 (2009: \$1,770,297). 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 2009.

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.

As the Company's exposure to interest rate risk is not significant, interest rate risk sensitivities have not been performed for the year ended 30 June 2010. However as at 30 June 2009 the interest rate risk was considered significant. The 30 June 2009 figures are disclosed below.

The Company's exposure to interest rate risk and the effective weighted average interest rate of classes of financial assets and financial liabilities as at 30 June 2009 is set out below:

SECURITIES CONTRACTED TO MATURE OR BE REPRICED IN:	Weighted average interest rate	Non-interest bearing	Floating interest rate	Fixed interest rate 0 – 1	Total
30 June 2009	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
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
Deferred tax assets	N/A	5,508	-	-	5,508
		155,147	29,592	2,061	186,800
Financial Liabilities					
Other creditors and accruals	N/A	1,258	-	-	1,258
Financial liabilities	N/A	174	-	-	174
		1,432	-	-	1,432

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

INTEREST RATE RISK (cont'd)

Profile

At 30 June 2009 the interest profile of the Company's interest bearing financial instruments was:

	Carrying value	Fair value
	\$'000	\$'000
2009		
Financial Assets	2,061	2,061
Financial Liabilities	-	-
Variable rate instruments		
2009	29,592	29,592

The Company accounts for fixed rate financial assets and liabilities at fair value through profit or loss and does not have any exposure to mortgages as at 30 June 2010 and 30 June 2009.

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

An increase of 0.25% in interest rates applicable at 30 June 2009 would have decreased the loss from operating activities for that year by \$76,934. A decrease of 0.25% would have increased the loss from operating activities by \$76,934. 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.

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 and Global equities via holdings in unlisted unit trusts are \$38,315,317 (2009: \$64,278,753) and \$37,057,680 (2009: \$82,528,341) respectively.

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 \$5,944,491 (2009: \$10,140,427). 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 \$5,178,185 (2009: \$9,053,600). 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 2009.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

LIQUIDITY RISK

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

30 June 2010	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	-	581	-	-	-	581	581
Total non derivatives	-	581	-	-	-	581	581

30 June 2009	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	-	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

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 Statements of Financial Position. 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.

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 2009. 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.

CAPITAL MANAGEMENT (cont'd)

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 has incurred expenses to date of approximately \$618,440. This is reflected in the financial results for this year.

On 9 October 2009 the Company undertook an off market buyback, which resulted in 135,470,529 of the company's shares being bought back for \$117,656,155, equating to 60.4% of the company's issued capital. In accordance with the resolution passed by shareholders at the general meeting held on 19 August 2009, the Company undertook an on market buyback programme during the period, which resulted in 530,867 of the Company's shares being bought back for \$404,917. The resolution for the on market buyback was up to 15.0% of Premium Investor's Limited's issued capital and 0.2% has been bought back to date.

FAIR VALUE MEASUREMENTS

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, Premium Investors Limited has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- a. quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- b. inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

As at 30 June 2010				
	Level 1	Level 2	Level 3	Total
Assets	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Unlisted Unit Trusts	-	75,373	-	75,373
Total assets	-	75,373	-	75,373
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	-	-
Total	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FAIR VALUE MEASUREMENTS

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise debt investments and derivative financial instruments. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

DIRECTORS' DECLARATION

Premium Investors Limited
ABN 47 106 259 885
Directors' Declaration
30 June 2010

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 39 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 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*.
- (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(a); and
- (c) 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 2010.

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



TOM COLLINS
Chairman

24 August 2010

INDEPENDENT AUDITOR'S REPORT



Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001
Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

Liability limited by a scheme approved under
Professional Standards Legislation



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 2010 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 to 5 of the directors' report for the year ended 30 June 2010. 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 2010, complies with section 300A of the *Corporations Act 2001*.

A stylized, handwritten signature of the Ernst & Young firm.

Ernst & Young

A handwritten signature of Sean Balding.

Sean Balding
Partner
Melbourne
24 August 2010

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 2010)

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

Holding	Ordinary shares		Options	
	Number of holders	Number of shares	Number of holders	Number of options
1 – 1,000	237	97,319	-	-
1,001 – 5,000	723	2,346,474	-	-
5,001 – 10,000	802	6,429,835	-	-
10,001 – 100,000	2,117	58,038,476	-	-
100,001 and over	74	22,857,975	-	-
	3,953	89,770,079	-	-

There are 172 number of share holders, holding less than 695 marketable parcels of ordinary shares.

(b) Twenty largest shareholders (as at 13 August 2010)

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

	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
1 RBC Dexia Investor Services Australia Nominees Pty Limited	4,306,349	4.79
2 Treasury Group Ltd	2,511,399	2.80
3 Groote Eylandt Aboriginal Trust Inc	1,404,707	1.56
4 Angeline Investments Pty Limited	1,310,580	1.46
5 Aust Executor Trustees Ltd	1,063,442	1.18
6 Sarovian Pty Ltd	1,000,000	1.11
7 Leopard Asset Management Pty Ltd	1,000,000	1.12
8 Wood Family Foundation Pty Ltd	726,444	0.80
9 Mr Peter John Jackson	399,249	0.44
10 HSBC Custody Nominees (Australia) Limited	337,859	0.38
11 Mr Douglas Thomas Newham	302,958	0.34
12 Trophy Components Pty Ltd	300,000	0.33
13 BT Portfolio Services Limited	278,750	0.31
14 Clayton Church Homes Inc	270,000	0.30
15 Mr Ian Kidd Smith + Ms Marie Edwina Smith	235,488	0.26
16 Ramjan Investments Pty Ltd	225,000	0.25
17 Mr Rodney Warwick Hunter	210,000	0.23
18 ABN AMRO Clearing Sydney Nominees Pty Ltd	209,473	0.23
19 Mr Leon Shung-Fei Lee	200,000	0.22
20 Stronpark Pty Limited	200,000	0.22
	16,491,698	18.33

ASX ADDITIONAL INFORMATION (cont'd)

(c) Substantial shareholders

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

	Number of shares
-	-

(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 2010)

Investments held by the Company as at 30 June 2010 are as follows:

	Market Value (\$)	%
AUSTRALIAN UNLISTED UNIT TRUSTS		
GVI Global Industrial Share Fund	11,368,383	15.08%
Orion Australian Share Fund	13,261,945	17.60%
RARE Infrastructure Value Fund	13,348,023	17.71%
TAAM New Asia Fund	12,341,274	16.37%
Investors Mutual Australian Share Fund	25,053,372	33.24%

(f) Portfolio transactions

The total number of transactions in securities during the reporting period was 696. The total brokerage paid or accrued during the period amounted to \$493,907.

(g) Application of cash

For the financial period from 1 July 2009 to 30 June 2010, 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.



PRV 2010 Annual Report Suite
Part 2, Financial Statements

Premium Investors Limited
www.premiuminvestors.com.au