PLATINUM ASIA FUND

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PERFORMANCE

Asian markets had another good quarter returning 5.9% and for the last 12 months 16.4% (MSCI Asia ex Japan in A$). By comparison, the Platinum Asia Fund returned 4.6% for the quarter and 47.1% for the year.

Leading the charge once again was India (up 8.8%) where good economic conditions and strong earnings growth have finally tempted local individual investors back into the market in a substantial way. Other strong performers were Korea (up 4.5%) and Taiwan (up 4.2%) where technology stocks had strong bounces from oversold levels, and Hong Kong (up 5.8%) where property stocks were the best performers. Among the weaker markets were the Chinese A shares (down 7.6%) as fears of new supply continue to dog this market, and Thailand (flat) where petrochemical and other cyclical stocks were poor performers.

The best performers for the Fund once again included our Indian brewing and liquor stocks (United Breweries and McDowell) as changes in ownership in these businesses have raised hopes of better long term profitability. Also, China Mobile performed strongly as price competition in the mobile phone market in China receded, at least temporarily. On the opposite end of this phenomenon was our holding in ZTE Corp (PRC Telecom Equipment supplier) which was hurt by a cut back in spending by the major carriers in China as they await a decision on 3G licensing.

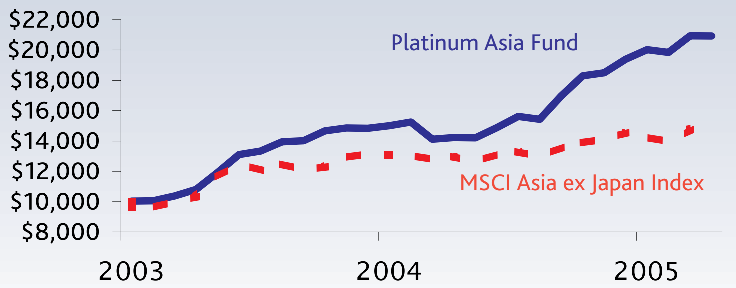
DISPOSITION OF ASSETS

REGION	JUN 2005	MAR 2005
CHINA	1%	2%
HONG KONG – CHINA H SHARES *	6%	6%
HONG KONG	6%	10%
TAIWAN	8%	7%
GREATER CHINA TOTAL	21%	25%
INDIA	31%	29%
KOREA	18%	13%
INDONESIA	2%	2%
THAILAND	1%	2%
MALAYSIA	1%	1%
SINGAPORE	1%	1%
CASH	25%	27%
SHORTS	4%	13%

Source: Platinum

* H Shares are shares of Chinese State Companies listed in HK

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 30 JUNE 2005



Source: Platinum and Factset. Refer to Note 2, page 5.

CHANGES TO THE PORTFOLIO

A number of the Fund's holdings were sold or substantially reduced during the period as they approached our price targets. These included Bharat Earth Movers (Indian construction equipment manufacturer), Shaw Wallace (Indian brewer), Associated Cement (Indian cement business), and Regal Hotels (Hong Kong). Proceeds from these sales along with significant cash inflows into the Fund were put to work in new holdings such as VSNL (Indian telecom), Tata Motors (Indian truck and car manufacturer), and Ritek (Taiwanese DVD maker). The Fund also added Hyundai Heavy, a Korean shipbuilder which along with the Fund's other holding in this area, Samsung Heavy, will continue to benefit from a strong order book for new vessels and improved sentiment because of lower steel prices. The short position in the Indian Nifty index was substantially reduced with small losses incurred during the quarter.

COMMENTARY

In May we spent 10 days in China meeting companies. The first two days were spent in the cities of Wenzhou and Taizhou in Zheijiang province. These cities are considered to be the heartland of entrepreneurial China. Prior to the economic reforms in the early 80s, the province was amongst the poorest and least developed areas in the country. This was to be to its great advantage when the reforms arrived as private enterprise had never fully retreated during the "communist" era and it had the least to lose from the dislocation caused by the loss of jobs at state-owned enterprises. We were reliably informed that the cities of Wenzhou and Taizhou account for over a third of BMW 7-series sales in China and judging by the number on the road, that claim is probably true! Not bad for cities that have a combined population of 12 million.

The companies we met were primarily private (unlisted) entities that were engaged in various "light" manufacturing activities ranging from the manufacture of refrigerators, sewing machines, cigarette lighters, and low voltage electrical components, along with some local financial institutions. The message we received universally from our meetings was that profitability was falling and in some cases precipitously. The competitive environment was such that increases in input costs, resulting from rising commodity prices could not be passed onto customers. *Chint*, the country's leading producer of low voltage electrical components, noted they had tried pushing through a 6% price increase but their major competitor had responded by cutting prices. *Xing Xing*, a leading supplier of refrigerators to the likes of Wal-Mart in the US, told us that some models were being sold for less than the cash cost of producing each unit. The problem for these companies is if they try to be more "rational" about pricing, competitors will take the orders and soon they will have no business. It is very much a case of “survival of the fittest”.

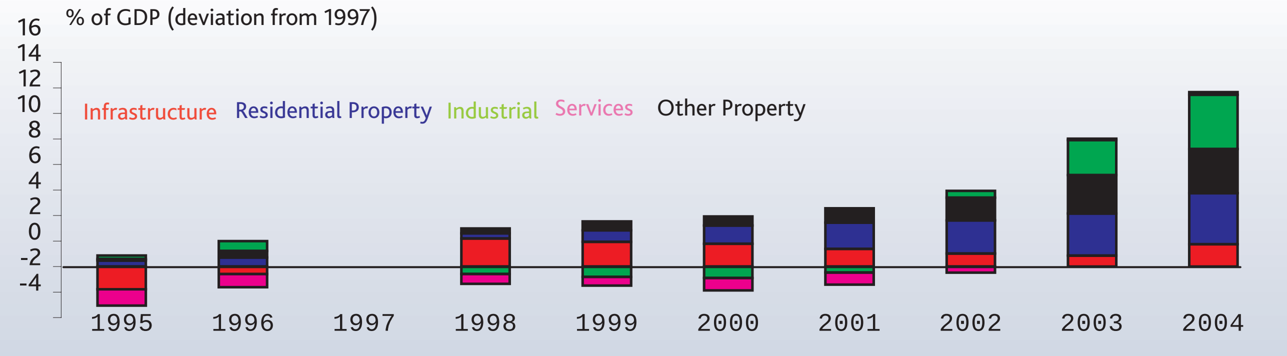
Why is this important? It is not that the Fund has any direct exposure to these entities with falling profits as we have for some time been wary of investing in highly competitive areas in the PRC. The big issue is what these falling profits mean for the driving force of economic growth in China, capital spending. The companies we met continue to invest in their business because demand is growing, and generally there are good reserves from prior years' profits from which to finance such investments. But a number of these companies report smaller competitors going out of business, and ultimately if profits do not improve, one would assume that investment must start to slow.

The next destination on the trip was Chongqing, a city of more than 30 million people on the Yangtze River, whose heavy industrial base is centred on steel, machinery, and auto manufacturing. Here the picture at first glance seemed more positive with *Chongqing Iron and Steel* reporting that profitability has never been so good. However, this meeting took place just days before steel prices in global markets started to turn down. Steel, along with cement, aluminium, automobiles, and property were targeted in May 2004 by the authorities as suffering from over-investment. At that time banks were directed to restrict lending to new projects in these industries. With the exception of property, it would seem these restrictions have been effective with few (if any) subsequent announcements of new capacity. Meanwhile projects that were underway have continued to be built, maintaining the momentum in capital spending. In the coming year or so these projects will be completed, resulting in a major investment slowdown in these large industries. Already sectors such as cement and autos are seeing profits squeezed by the new capacity that has arrived, further reinforcing the trend to lower investment.

Another major contributor to investment growth over the last five years has been property, and it is clear from our meetings that appetite for property is still building. Many of the industrialists in Wenzhou were reinvesting their profits in property development across the country. In Chongqing in the first 10 minutes of a one hour drive from the airport to the city more than 60 cranes were counted. Indeed if it weren't for the extraordinary pollution that limited visibility to 150 metres, the count would probably have been much higher! The chart below shows that property has made up more than half of the increase of investment in China since 1997.

However, the government's desire to reduce speculation in the property market has resulted in a number of policy measures. Banks have been directed to increase deposit requirements of borrowers and to reduce lending on investment properties. Taxes have been introduced on properties sold within two years of purchase in addition to capital gains taxes on properties held for longer periods. Reports from Shanghai, which accounts for 20% of turnover in the property market, suggest transaction volumes are down by as much as 50%, although prices, having run up sharply in the first quarter, are holding steady. In other cities across the PRC reports suggest relatively little impact to date. If the trend in Shanghai continues for any length

China's Fixed Asset Investment Ratio



Source: CEIC, CSFB estimates

of time or spreads to other locations, then the property market well become another cause of slower investment spending.

From these observations should we start worrying about Chinese economic growth? The answer is a resounding maybe! It is hard enough to answer these questions in mature economies like the US and Australia but in China the usual difficulties are exaggerated by the fact that many sectors of the economy are responding to market signals for the first time. So while investment may well slow in steel in the coming years, one of the fastest growing areas of investment in 2005 is the coal industry where a rapid growth in power generation and steel making have pushed up coal prices. Although the property market could struggle as a result of current policy measures, these could just as easily be relaxed by the authorities. Remember that individuals have only been able to freely acquire and dispose of their residence since 1999 and thus the underlying demand (and enthusiasm) for property remains strong.

The implication from an investment stand point is that any asset that is being priced based on straight line growth projections in China is most likely overpriced. That the markets will take fright over China slowing at some point in the next 12 months must be considered a probability.

The Indian economy and market continue to perform well. Motorcycle sales, a key indicator for the health of the consumer, continue to grow at over 20% pa. The last 12 months having seen a staggering 5.4 million new motor bikes being sold! The property market has come alive with developers competing to buy old industrial sites in Mumbai, with recent transactions at prices that are up by more than 100% on levels paid a year ago. In the stock market, individuals have invested almost as much money in local mutual funds during April and May as they did during the previous 12 months, and for the first time in the current bull market accounted for more of the buying than foreign investors.

Although India has become a well understood story it remains our assessment that the economic expansion is still in the relatively early stages, that profits should continue to grow well, and that valuations remain reasonable. Of all the markets in the region it is the one that should be the most immune to external shocks. Thus we continue to hold the Fund's weighting at a high level in this market despite the good returns that it has already provided.

NOTES

1. The investment returns are calculated using the Fund's unit price and represent the combined income and capital return for the specific period. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), are pre-tax and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be given for future performance. You should be aware that past performance is not a reliable indicator of future performance. Due to the volatility of underlying assets of the Funds and other risk factors associated with investing, investment returns can be negative (particularly in the short-term).

2. The investment returns depicted in the graphs are cumulative on A$10,000 invested in the relevant Fund since inception relative to their Index (in A$) as per below:

Platinum International Fund:
Inception 1 May 1995, MSCI All Country World Net Index

Platinum Asia Fund:
Inception 3 March 2003, MSCI All Country Asia ex Japan Net Index

Platinum European Fund:
Inception 1 July 1998, MSCI All Country Europe Net Index

Platinum Japan Fund:
Inception 1 July 1998, MSCI Japan Net Index

Platinum International Brands Fund:
Inception 18 May 2000, MSCI All Country World Net Index

Platinum International Health Care Fund:
Inception 10 November 2003, MSCI All Country World Health Care Net Index

Platinum International Technology Fund:
Inception 18 May 2000, MSCI All Country World Information Technology Index

(nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist).

The investment returns are calculated using the Fund's unit price. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax and assume the reinvestment of distributions. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably to the make-up of the Index. The Index is provided as a reference only.

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Before making any investment decision you need to consider (with your financial adviser) your particular investment needs, objectives and financial circumstances. You should consider the PDS in deciding whether to acquire, or continue to hold, units in the Funds.