PLATINUM ASIA FUND

Andrew Clifford
Portfolio Manager

PERFORMANCE

It was a strong quarter for Asian markets with share prices appreciating by over 7% (MSCI Asia ex Japan). Notably, this performance was achieved by many of the markets during a rare period of currency strength against the US$. The Korean won appreciated by almost 10% against the US$, while the Taiwan Dollar, the Indian rupee and the Thai baht moved up in the order of 5-6%. Asian central banks have long pursued a policy of stabilising their exchange rates versus the US$ and perhaps of more relevance in recent years, the Chinese yuan. Typically such exchange rate strength would be associated with a deteriorating export performance and thus a weaker outlook for profits.

The Fund returned 17.2% for the quarter compared with 4.4% for the MSCI Asia ex Japan Index in A$ terms. (Despite the strength of regional currencies, the A$ was stronger still thereby reducing these markets' returns in A$ terms.)

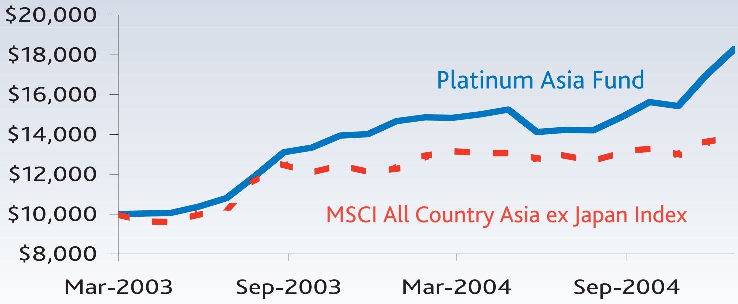
DISPOSITION OF ASSETS

REGION	DEC 2004	SEP 2004
CHINA	2%	3%
HONG KONG – CHINA H SHARES *	5%	7%
HONG KONG	10%	5%
TAIWAN	9%	12%
GREATER CHINA TOTAL	26%	27%
INDIA	42%	36%
KOREA	14%	17%
INDONESIA	3%	4%
THAILAND	2%	3%
MALAYSIA	2%	1%
SINGAPORE	1%	3%
CASH	10%	9%
SHORTS	9%	0%

Source: Platinum

* H Shares are shares of Chinese State Companies listed in Hong Kong

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 31 DECEMBER 2004



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

Stock markets were especially strong in Indonesia (up 20%) as the election of Susilo Bambang Yudhoyono buoyed optimism for economic reform, and India (up 17%) where strong earnings growth continued to push stock prices higher. Major contributors to the Fund's performance included United Breweries (India's largest brewer and owner of the delicious! "Kingfisher" brand), which increased 240% as Scottish and Newcastle acquired a major stake in the company. The Fund's other Indian beer and liquor companies also saw a substantial re-rating during the period with Shaw Wallace (beer and spirits) up 56% and McDowell & Co (spirits) up 78%. Indian banks were also strong performers as demand for credit remained firm, with Union Bank and Canara Bank moving up 46% and 30% respectively. Outside of India, Regal Hotels (Hong Kong & Macau hotels) performed well (up 58%) as occupancies and room rates continued to rise.

There were few poor performers in the portfolio although the Fund's Taiwanese holdings were generally dull and small losses were incurred on short index positions in Hong Kong and India.

CHANGES TO THE PORTFOLIO

Fong's Industries (Hong Kong), a leading maker of textile dyeing equipment, was added to the portfolio. The company will benefit as textile makers across the region continue to increase capital spending to take advantage of the removal of textile quotas at the end of 2004. We added to the Fund's existing holding in Jingwei Textile Machinery, which should similarly benefit. Other new positions include Peace Mark (Hong Kong), the world's largest manufacturer of watches, which has acquired a number of watch distributors in the PRC. A number of new holdings have been added to the Indian portfolio which now accounts for 42% of the Fund. The Fund has sold out of holdings in Tata Power (Indian power generator/distributor) and Sembcorp Logistics to make way for more interesting holdings.

COMMENTARY

In December we attended the Twentieth Indian Economic Summit, a meeting of Indian business leaders, senior members of the Indian government, representatives of multi-nationals and other bodies such as the World Bank. Our meetings over the three days of the Summit left us with the clear message that the fifteen years of economic reform has released enormous energy within the business community, which had been held back by the old socialist policies. There is great optimism that India has entered a virtuous cycle of investment and domestic growth. Importantly, it is generally accepted among politicians that capitalism provides the best option to relieve the poverty suffered by a large portion of the country's one billion people. The focus has shifted to growing the size of the pie rather than how it is to be divided.

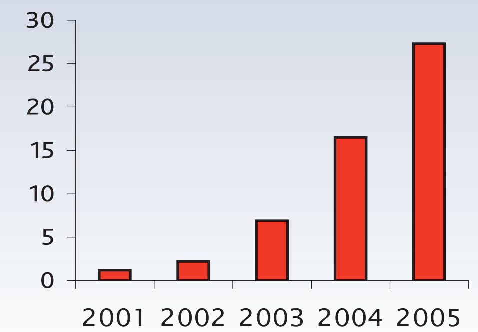
The large business groups have now made the mental adjustment from looking to government for handouts and special deals, to operating in a market environment. The information technology sector, which barely existed a decade ago, now accounts for over US$13 billion of exports and as a new industry stands as the "shining light" of what can be done in India when business is unencumbered by government interference. Besides the well known story of pharmaceutical exports, auto components represent another fast growing export sector.

Industries that have remained stagnant for years are now changing. The brewing business in India has a very poor record of profitability over a long period of time, with archaic regulations governing distribution and a tax system that hurts not only the brewers, but also results in a low tax take for the State governments. United Breweries (one of the Fund's holdings) has finalised a deal that will see Scottish and

Newcastle initially take a 20% stake in the company and potentially purchase up to a further 20%. These transactions will take place at a price that represents more than a 450% premium over the Fund's initial purchase price. The transaction not only provides funding for investment in additional production facilities but also clearly signals an intention to extract a reasonable level of profitability from the business. If the company is successful in earning profits commensurate with that achieved by leading brewers elsewhere, then Scottish and Newcastle has made a great investment. (Please see the Platinum International Brands Fund report this quarter for more on the Indian Beer and Liquor industry.)

Elsewhere, companies are rapidly rolling out modern retail concepts such as department stores, supermarkets, and hypermarkets across the country. Hand-in-hand with the modernisation of retail is the development of large scale shopping malls. At the end of 2003 India had 25 malls covering 6.9 million square feet; it is expected that 220 malls will cover 40 million square feet by the end of 2006. Five years ago, little, if any, such modern retail space existed.

INDIAN MALL DEVELOPMENT(mn sq ft)



Source: B&K Research, Images Retail

Meanwhile China stands as an example to India of what can be achieved. Foreign direct investment into India in 2004 was estimated at US$5 billion versus US$60 billion in China. The relative levels of investment in these two economies can be seen in the consumption of cement with India using a mere 120 million tonnes annually compared with China's 550 million tonnes. Weak infrastructure and lower productivity are the key differences between India and China in economic terms. However, as the government continues to privatise the airports and ports, higher levels of foreign capital can begin to narrow the productivity gap.

We heard of several large projects that were on hold on account of bureaucratic obstruction. Conscious of these problems, the government of Manmohan Singh has announced a special body to act as a facilitator for large projects. Made up of three distinguished business leaders, this Investment Commission is expected to reduce approval friction. At this stage its workings are still vague, but some form of secretariat is envisaged to liaise with all departments concerned to streamline investment approvals.

Finally, one critical issue that has to be addressed by government if there is to be longevity to the current boom is the delivery of basic services to India's vast population. The combined tax base of all levels of government is estimated at only 10% of official GDP, the percentage being even lower if you include estimates of the unrecorded black economy. Further, revenue collection is biased towards the centre and away from state and local governments who are responsible for delivery of basic services such as health care, education, local roads, and water and sewerage. Despite the numerous subsidies that are available to the poor, the confusion and leakage that occurs through the chain of command is lamentable. For example, there are 700 million ration cards distributed each year to ensure that no one goes hungry, yet one cannot qualify for a card without a fixed address. This leaves some 200 million in most need, without support, and many others who do not need it with undeserved benefits. Elsewhere, farm owners, who are in some regions very well off, get free electricity and other subsidies which are unnecessary, yet are equally burdened with various controls over the movement and pricing of food products.

It is our view that the government is likely to introduce a broad based consumption tax in the budget in March 2005. Such a move to broaden the tax base should be viewed as a major positive (although the stock market may see it otherwise in the short term). This should allow funds to be channelled to local and state governments for the upgrading of basic services. Distributing the benefits of economic growth widely will be critical for broad support of the reform process.

The Indian stock market is up almost 130% since it began its rise in April 2003. Readers might typically expect cautionary words from us after a performance of such magnitude. However, at the outset the market represented extraordinary value as price-earnings multiples were low and earnings were depressed. Although the market has undergone a significant re-rating, it remains far from expensive, especially when considering the explosive earnings growth of 30% and more from many of the larger companies. Meanwhile we continue to find new ideas to refresh the portfolio as some of our current holdings reach their potential. Thus we remain comfortable with the Fund's large position in India. In the short term the greatest risk remains foreign investment flows into India which have been large, and (as experienced in May 2004 when US bond rates increased) a rush for the exit by foreigners can see the market fall significantly. It can no longer be said that the Indian story is undiscovered.

Elsewhere in the region the news out of China has improved throughout the quarter with growth in bank lending indicating a return to capital spending. Whether the sharp tightening in bank lending that was experienced earlier in 2004 will reveal surprises as we move through 2005 is hard to know. It is worth noting that car sales have stopped falling and prices in major residential property markets continue to move up. The quarter has been marked by continual speculation about a revaluation of the Chinese yuan, and even about moves to a more flexible exchange rate mechanism. We would see such a move as a positive for China as it would encourage domestic consumption and thus cut down the economy's reliance on investment and the export sector to drive growth. Although it is hard to know when the authorities will make such a move, they would appear to be preparing the ground with further liberalisations of bank lending rates and further minor changes to the rules regarding foreign exchange convertibility.

Meanwhile there have been a number of bells ringing that suggest one should continue to treat China with some caution. In December, China Aviation Oil (a Singaporean listed offshoot of a state owned enterprise) went into bankruptcy having lost US$550 million speculating on oil futures. This came less than a month after raising US$115 million from foreign investors. Fifteen senior executives of Skyworth Digital were arrested for allegedly misappropriating US$7 million. The company is listed in Hong Kong and is China's largest manufacturer of TVs. And Sichuan Changhong Electric announced they would make losses as their US sales agent Apex Digital had defaulted on payments of almost US$500 million. Apex Digital is well-known as a supplier of $30 DVD players to Wal-Mart. Although incidents such as these do not particularly predict a downturn in China, they are indicative that there is a pretty good party going on. It is most likely we will see similar announcements of corporate failure and malfeasance throughout 2005.

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.

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