PLATINUM INTERNATIONAL TECHNOLOGY FUND

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PERFORMANCE

During the quarter the Fund rose 12.2% compared to an increase of 9.8% in the MSCI World Information Technology Index and a 0.2 % increase in the MSCI Telecommunications Index (in A$ terms). Within the technology arena, software stocks were down 1.1%, reflecting stagnation of the software corporate market. The best performing sector was Internet stocks (+8.7%) thanks to strong growth in ecommerce and Internet advertising.

Over the last twelve months the Fund rose by 13.3% compared to an increase of 14.2% in the IT index and 0.9% in the Telecom index. The tech-heavy Nasdaq Composite Index rose 1.1% in US$ and 8.4% in A$ terms. Since inception in May 2000, the Fund has returned 12% compound pa, against a decline of 17% pa in the IT Index.

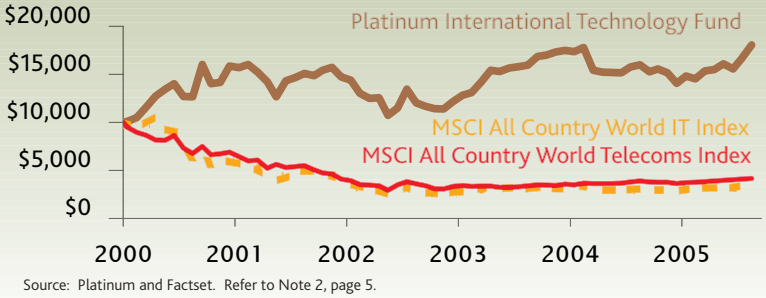
The Fund's strong quarter was partly thanks to some of our "historic" holdings eg. Ushio (light technology), Zarlink (semiconductors), ZTE (telecom equipment) and Agere (semiconductors) and partly thanks to recent purchases eg. LG Electronics (telephone equipment and flat panel displays), Toshiba (flash memories and electronic components) and Cambridge Display Technology (Organic Light Emitting Diodes). Additionally, the weakening of the A$ against the US$ (-4.7%) and Japanese yen (-1.4%) added to the Fund's performance.

DISPOSITION OF ASSETS

REGION	DEC 2005	SEP 2005
OTHER ASIA (INCL KOREA)	30%	30%
JAPAN	23%	18%
NORTH AMERICA	18%	23%
EUROPE	12%	17%
CASH	17%	12%
SHORTS	4%	0%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 31 DECEMBER 2005



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

CHANGES TO THE PORTFOLIO

The portfolio's exposure to Asian markets is around 53% (of which 23% is in Japan, 14% in Greater China, and 10% in India) reflecting our view that this part of the world presents more interesting investment opportunities. During the quarter we introduced a new position in Suntech Power Holdings, the largest China-based solar energy company active in the production of photovoltaic ("PV") cells and modules.

In the US we increased our position in Sun Microsystems, after what we believe is a turning point in the competitive position of its newly launched products. Sun's new systems include microprocessors with as many as eight CPU (central processing units) cores delivering up to three times the performance of competing products!

We reduced our exposure to Foundry Networks which appreciated to close to our target levels.

COMMENTARY

Green energy ... hot stocks

The steep increase in the oil price (from $US30 to $US60 per barrel over the last two years) has reminded us how dependent modern economies are on this finite energy source. It also brought to investors' attention, for the first time since the oil crisis of the 1970s, the possibility that renewable energies could provide a viable (and profitable) alternative to fossil-fuel sources. Stocks of companies active in solar power and other renewable energies have been among the best performers during this period of higher oil prices. Thus far, most of the successes recorded in the fields of solar and wind power applications have been made possible by favourable legislation (subsidies) adopted by countries such as Germany, Spain and Japan. Now, other countries and states such as China, California, New Jersey and Nevada are committing substantial resources to developing and implementing renewable energy programs.

According to Solarbuzz, the global PV market, as measured by annual installations, has grown from 254 MW in 2000 to 927 MW in 2004. In value terms, the market has grown from $US2 billion in 2000 to $US8.2 billion in 2005 and is forecast to reach $US10 billion by 2006 and $US19 billion by 2010. While the sum may seem large, it is still a drop in the ocean - global installed solar cell capacity is estimated to be 4GW, or less than 0.1% of all global electricity capacity! Growth rates are, however, very attractive: solar capacity has grown at 40% per year for the last 10 years and should continue to do so. Growth will continue, partly supported by government subsidies, but as producers improve manufacturing processes and achieve economies of scale, solar will be an increasingly viable alternative.

As a relatively recent player in the industry, China-based Suntech Power has achieved remarkable profitability levels even when compared to established major players in Japan or in Western countries: its 18% operating margin is nearly twice that of global leader Sharp. Suntech's competitive advantage lies in the ability to manufacture high-conversion efficiency products on a large scale and at a low cost. Interestingly enough, Suntech's founders and major shareholders were part of a core group of scientists and researchers working at the Centre for Photovoltaic Engineering at the University of New South Wales. A case of Aussie know-how exported to China!

How does it work?

A photovoltaic cell converts light (photo) into electricity (voltaic). The problem is that when the sunlight strikes the cell, only a portion of it is absorbed by the material (generally semiconductors made of silicon). Most of the R&D efforts in this industry are in fact devoted to increasing conversion efficiency (ie. to improve the quantity of light converted into electricity.)

PV cell manufacturing is still a relatively manual process with only a few steps automated thus far. Silicon wafers (similar to those used in the

electronic industry) have to be first cleaned by ultrasound, then chemically treated to reduce the PV cells reflection of sunlight. Then a specific impurity is introduced in the silicon wafer to form an electrical field within the PV cell. This process is called "doping" (one side is doped with phosphorous and charged positively, the other is doped with boron and charged negatively.) Electrical isolation is next achieved by separating the front and back surfaces at the edges. At that stage an anti-reflecting coating is applied on the front surface to enhance absorption of sunlight. Ultimately metal contacts (electrodes) are screen-printed on both surfaces and connected through an electrode firing process in a conveyor belt furnace.

Suntech believes that its patented processes for the treatment of multicrystalline silicon improves silicon quality and hence conversion efficiency.

Another critical factor in the solar cell manufacturing process is access to high purity silicon supplies. Silicon wafers are the most important raw materials for making PV cells, with monocrystalline and multicrystalline silicon wafers the most commonly used. In this regard Suntech has entered a long term agreement with German supplier Deutsche Solar AG and it also has majority control of a joint-venture with a major silicon wafer supplier in China. Moreover, being one of the few companies able to produce PV cells with both mono and multicrystalline silicon, gives Suntech extra flexibility in raw material procurement, an advantage in periods of silicon supply shortages.

Telecom consolidation and new Internet strategies

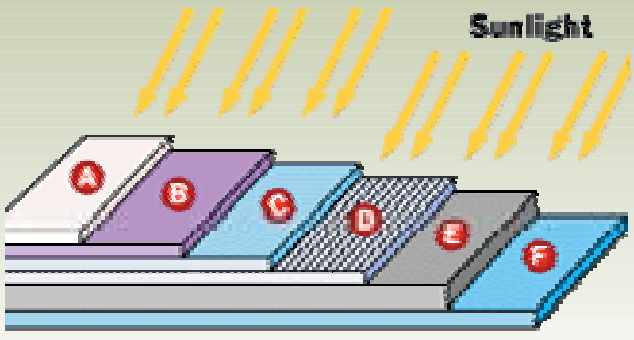
According to research firm Dealogic, in 2005 the value of mergers and acquisitions in telecommunications and technology increased dramatically to $552 billion or +43% on 2004. Private equity and leveraged buyouts were partly to thank for this boom (see Kerr Neilson's Platinum International Fund report) and the number and nature of the deals this quarter indicate a continuation of the trend we described in our latest September report.

Telecommunications:

- Telefonica of Spain announced the acquisition for US$31.5 billion of O2, the second largest mobile operator in the UK. The hefty price paid by the Spanish to enter the ultra-competitive British market suggests to us that European incumbents are trying to overcome "lack of growth" in their domestic fields by expanding overseas.

- In the US, two large deals were finalised with SBC taking over a shrinking AT&T for $US16 billion, and Verizon merging with MCI (the surviving entity of bankrupt Worldcom) in a transaction worth $US8.4 billion.

Basic structure of a generic silicon PV cell



A = Glass cover
B = Anti-reflective coating
C = Contact grid
D = N-type silicon
E = P-type silicon
F = Back contact

Source: www.solarnavigator.net

It is interesting that at a time when revenue growth in the sector is stalling, major players are inclined towards consolidation. The emergence of new technologies like VoIP and high-speed Internet is forcing the weakest players to succumb, while competition extends from simple voice services, to high speed Internet, video etc ...

Telecommunication equipment:

- Telstra announced a very ambitious capital expenditure plan, aimed at delivering broadband over fibre optic networks to the majority of Australian households (we were particularly pleased with the announcement that Alcatel, one of our holdings, will receive the lion's share of the A$3.5 billion contract.)

- Deutsche Telekom announced a similar plan to build optical fibre networks to its subscribers in 50 German cities.

- Cisco Systems announced the $US6.9 billion acquisition of Scientific Atlanta, a leading US manufacturer of television set-top boxes and broadband systems for the cable TV industry. Largely excluded from the market for high speed DSL (Digital Subscriber Line) and optic fibre connections with US giant telephone operators, Cisco has decided to increase its focus on the attractive cable TV sector.

We remain positive about the capital expenditure cycle in telecommunication equipment, in particular wireless and broadband technology.

Internet:

- In 2005, on-line advertising spending has grown another 25% to $US12 billion and the exploding on-line market is becoming too important to be ignored. In this context, Time Warner decided to sell a 5% stake in subsidiary AOL to Google for $US1 billion after prolonged negotiations with Microsoft failed.

Microsoft sees Google as a dangerous competitor in a scenario where software could be downloaded on-line for free and Internet users could find an alternative to Windows's near-monopoly of the desktop's software. The threat is so real that Bill Gates has issued a memo to all his employees (the previous one was ten years ago and focused on the Internet Tidal Wave). Gates highlighted that the software industry is moving towards a services model and away from a license-based packaged one. Microsoft had better adapt or suffer enormously!

OUTLOOK

We believe that during the second half of 2006 the launch of the new Microsoft Windows (code-named Vista) will gradually stimulate a capital expenditure upgrade cycle in PCs which should have a positive impact on the whole components supply chain (memories, hard disk drives, graphic chips, screens). Until then, technology stocks are more likely to be driven by macro-economic factors such as monetary policy and consumer sentiment in the US.

The increase in adoption of digital TVs, replacement of mobile phones and PCs, and general demand for "mobility" products (notebook, handsets and MP3 players) will remain the key drivers for technology stocks in 2006.

Relatively strong balance sheets of large telecom and technology companies will also maintain healthy conditions for IT corporate spending.

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.