



Platinum International Fund[®] ARSN 089 528 307
Platinum Asia Fund[®] ARSN 104 043 110
Platinum European Fund[®] ARSN 089 528 594
Platinum Japan Fund[®] ARSN 089 528 825
Platinum International Brands Fund[®] ARSN 092 429 813
Platinum International Health Care Fund[®] ARSN 107 023 530
Platinum International Technology Fund[®] ARSN 092 429 555

Financial Report

For the Financial Year ended 30 June 2006

Platinum International Fund
Platinum Asia Fund
Platinum European Fund
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Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Financial Report – For the Financial Year ended 30 June 2006

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Responsible Entity Report

The Directors of Platinum Asset Management[®] Limited ABN 25 063 565 006 AFSL 221935, the responsible entity of the Platinum International Fund, the Platinum Asia Fund, the Platinum European Fund, the Platinum Japan Fund, the Platinum International Brands Fund, the Platinum International Health Care Fund and the Platinum International Technology Fund (collectively referred to as “*the registered schemes*”), present their report on the registered schemes for the financial year ended 30 June 2006.

Principal Activities

During the year, the registered schemes continued to invest funds in accordance with the Product Disclosure Statement (PDS) and their respective Constitutions.

Directors of the Responsible Entity

The Directors of Platinum Asset Management Limited during the whole of the financial year and up to the date of this report were:

K Neilson
 A Clifford
 M Halstead

Significant Changes in the State of Affairs

There were no significant changes to the state of affairs of the registered schemes during the financial year, other than those disclosed in this report or the financial statements.

Review of Operations

The registered schemes maintain their individual investment strategy in listed equities, unlisted equities, equity and index derivatives and currency contracts.

Results

The performance of the registered schemes, as represented by the results of their operations for the financial year ended 30 June 2006, were as follows:

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Net Operating Income/(Loss)	1,586,296	144,310	214,188	58,142	52,819	8,990	108,989	7,890	69,627	14,706	2,357	(755)	12,289	(5,468)

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Responsible Entity Report (cont)

Results (cont)

This is the first financial year that the registered schemes are required to adopt Australian Equivalents to International Financial Reporting Standards (AIFRS). If the registered schemes had reported their current year financial results in accordance with the accounting standards applicable to 2005 the net result would have been as follows:

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000	
Net Operating Income/(Loss)	961,231		47,379		25,101		78,172		21,838		970		10,897	

The distributions of the registered schemes at 30 June were:

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Distribution Paid and Payable	997,666	322,062	104,092	59,455	28,886	11,137	86,893	6,478	31,563	13,253	556	48	147	140
Distribution (cents per unit)	25.54	9.85	13.37	17.93	22.21	10.95	22.37	5.31	12.59	12.17	3.19	0.53	0.27	0.27

The redemption prices of the registered schemes at 30 June were:

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Redemption Price – (cum-distribution)	2.1827	1.8204	2.3521	2.0115	2.3250	1.9573	2.7375	2.1041	2.0958	1.7743	1.1412	0.9304	1.	0.8534

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Responsible Entity Report (cont)

Matters subsequent to the end of the financial year

Except as disclosed in the financial report, no other matter or circumstance has arisen since 30 June 2006 that has significantly affected or may significantly affect:

- (i) the operations of the registered schemes in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the states of affair of the registered schemes in future financial years.

Likely Developments

The registered schemes will continue to pursue their investment objectives so as to increase their net asset value. The method of operating the registered schemes is not expected to change in the foreseeable future.

Indemnification and Insurance of Officers and Auditors

No insurance premiums are paid for out of the assets of the registered schemes in regards to insurance cover provided to either the Manager or the Auditor of the registered schemes. So long as the officers of the responsible entity act in accordance with the schemes' Constitution and the Law, they remain fully indemnified out of the assets of the registered schemes against any losses incurred while acting on behalf of the registered schemes. The Auditor of the registered schemes is in no way indemnified out of the assets of the registered schemes.

Fees Paid to and Interests Held in the registered scheme

Fees paid to the responsible entity and its associates out of registered schemes property during the year are disclosed in Note 12 to the financial statements. No fees were paid out of the registered schemes property to the Directors of the responsible entity during the year.

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Responsible Entity Report (cont)

Units on Issue

The movement in units on issue in the registered schemes during the year has been disclosed in Note 5 to the financial statements.

Environmental Regulation

The operations of the registered schemes are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The registered schemes are of a kind referred to in the Australian Securities & Investments Commission's Class Order 98/0100 (as amended) and consequently amounts in the Responsible Entity Report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required under section 307C of the *Corporations Act 2001* is attached on page 6.

This report is made in accordance with a resolution of the Directors.

M Halstead
Director

Sydney
18 August 2006

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Auditors' Independence Declaration

As lead auditor for the audit of Platinum International Fund, Platinum Asia Fund, Platinum European Fund, Platinum Japan Fund, Platinum International Brands Fund, Platinum International Health Care Fund, and Platinum International Technology Fund (collectively referred to as "*the registered schemes*") for the financial year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of the registered schemes during the period.

AJ Loveridge
Partner
PricewaterhouseCoopers

Sydney
18 August 2006

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Income Statements

For the year ended 30 June 2006

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income														
Dividends	101,034	82,120	26,178	8,454	4,366	3,317	8,422	2,765	4,895	2,208	104	46	347	676
Interest	22,261	25,145	8,665	2,469	1,067	1,294	2,861	965	3,292	580	76	52	301	187
Net gains/(losses) on securities/derivatives	1,719,321	144,718	202,394	48,548	54,417	9,417	112,952	10,278	70,935	12,508	2,600	(53)	14,517	1,197
Net foreign exchange gains/(losses) on forward currency contracts	(128,165)	6,848	1,951	4,440	(2,389)	(2,015)	(1,402)	(4,187)	(2,825)	(432)	(116)	41	(1,995)	(2,001)
Net unrealised gains/(losses) on revaluation of monetary assets	-	1,592	-	447	-	1,418	-	1,645	-	1,198	-	(112)	-	38
Reversal of prior periods' provision for permanent diminution in the value of investments	-	43,380	-	2,188	-	3,165	-	-	-	967	-	83	-	4,006
Provision for permanent diminution in the value of investments	-	(67,999)	-	(1,658)	-	(4,506)	-	-	-	-	-	(702)	-	(8,680)
Total investment income	1,714,451	235,804	239,188	64,888	57,461	12,090	122,833	11,466	76,297	17,029	2,664	(645)	13,170	(4,577)
Expenses														
Management fee	102,875	76,645	18,022	5,677	3,444	2,434	10,166	3,089	5,179	1,902	235	97	721	763
Administration fee	5,968	5,387	1,287	406	246	174	726	221	370	136	17	7	51	54
Withholding tax on foreign dividends	10,543	9,406	2,148	663	494	488	781	262	507	285	12	6	34	75
Transaction costs	8,634	-	3,524	-	453	-	2,161	-	608	-	43	-	73	-
Other	135	56	19	-	5	4	10	4	6	-	-	-	2	(1)
Total expenses	128,155	91,494	25,000	6,746	4,642	3,100	13,844	3,576	6,670	2,323	307	110	881	891
Net operating income	1,586,296	144,310	214,188	58,142	52,819	8,990	108,989	7,890	69,627	14,706	2,357	(755)	12,289	(5,468)
Financing Costs														
Net operating income	1,586,296	144,310	214,188	58,142	52,819	8,990	108,989	7,890	69,627	14,706	2,357	(755)	12,289	(5,468)
(Increase)/decrease in net assets attributable to unitholders	(588,630)	-	(110,096)	-	(23,933)	-	(22,096)	-	(38,064)	-	(1,801)	-	(12,142)	-
Amounts transferred from/(to) reserves	-	177,752	-	1,313	-	2,147	-	(1,412)	-	(1,453)	-	803	-	5,608
Distribution paid and payable to unitholders	(997,666)	(322,062)	(104,092)	(59,455)	(28,886)	(11,137)	(86,893)	(6,478)	(31,563)	(13,253)	(556)	(48)	(147)	(140)
Net Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The above Income Statements should be read in conjunction with the accompanying notes.

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Balance Sheets

As at 30 June 2006

	Notes	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Assets															
Financial Assets	4	7,165,495	4,939,400	1,465,231	415,302	258,694	139,343	955,785	214,541	378,402	138,274	19,139	7,260	38,594	31,509
Cash and Cash Equivalents	14 (a)	1,375,271	705,827	366,152	168,308	45,711	41,824	111,029	33,723	148,540	32,370	3,067	2,558	21,387	13,170
Receivables	7	9,512	16,374	4,086	1,756	481	326	520	2,332	999	415	24	19	58	55
Total Assets		8,550,278	5,661,601	1,835,469	585,366	304,886	181,493	1,067,334	250,596	527,941	171,059	22,230	9,837	60,039	44,734
Liabilities															
Unitholders' distribution payable	6	997,666	322,062	104,092	59,455	28,886	11,137	86,893	6,478	31,563	13,253	556	48	147	140
Payables	8	15,920	7,980	5,060	802	2,406	235	5,072	4,502	2,253	231	2,350	1,850	86	312
Total Liabilities (excluding net assets to unit holders)		1,013,586	330,042	109,152	60,257	31,292	11,372	91,965	10,980	33,816	13,484	2,906	1,898	233	452
Net Assets Attributable to Unitholders	5	7,536,692	5,331,559	1,726,317	525,109	273,594	170,121	975,369	239,616	494,125	157,575	19,324	7,939	59,806	44,282
Unitholders' Equity															
Unitholders' funds		-	5,659,603	-	528,774	-	176,165	-	238,374	-	159,830	-	8,828	-	58,887
Reserves		-	(328,044)	-	(3,665)	-	(6,044)	-	1,242	-	(2,255)	-	(889)	-	(14,605)
Accumulated profits/(losses)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Unitholders' Equity	5	-	5,331,559	-	525,109	-	170,121	-	239,616	-	157,575	-	7,939	-	44,282

The above Balance Sheets should be read in conjunction with the accompanying notes.

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Statements of Changes in Equity

For the year ended 30 June 2006

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Total equity at the beginning of the financial year	5,331,559	4,157,723	525,109	215,491	170,121	134,491	239,616	174,871	157,575	94,220	7,939	2,913	44,282	57,123
Reclassification on adoption of AASB 132*	(5,331,559)	-	(525,109)	-	(170,121)	-	(239,616)	-	(157,575)	-	(7,939)	-	(44,282)	-
Total equity at the beginning of the financial year (restated)	-	4,157,723	-	215,491	-	134,491	-	174,871	-	94,220	-	2,913	-	57,123
Profit/(loss) for the year	-	144,310	-	58,142	-	8,990	-	7,890	-	14,706	-	(755)	-	(5,468)
Total recognised income and expense	-	144,310	-	58,142	-	8,990	-	7,890	-	14,706	-	(755)	-	(5,468)
Transactions with equity holders	-	1,351,588	-	310,931	-	37,777	-	63,333	-	61,902	-	5,829	-	(7,233)
Distributions paid	-	(322,062)	-	(59,455)	-	(11,137)	-	(6,478)	-	(13,253)	-	(48)	-	(140)
Total equity at the end of the financial year	-	5,331,559	-	525,109	-	170,121	-	239,616	-	157,575	-	7,939	-	44,282

*In accordance with AASB 132 unitholders' equity is classified as a liability and accordingly the registered schemes have no equity for financial reporting purposes.

The registered schemes have elected to adopt the exemption in *AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to not restate comparatives for the effect of *AASB 132 Financial Instruments: Disclosure and Presentation*. As a result, for the comparative period, net assets attributable to unitholders is reported as equity.

The above statements of changes in equity should be read in conjunction with the accompanying notes.

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Cash Flow Statements

For the year ended 30 June 2006

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities														
Interest received	21,849	25,085	8,104	2,023	1,018	1,318	2,691	944	2,879	541	79	43	290	183
Dividends received	101,128	81,571	25,074	7,968	4,275	3,434	8,355	2,709	4,804	2,057	96	41	357	662
Manager's fees paid	(105,954)	(80,603)	(17,905)	(5,550)	(3,563)	(2,569)	(9,928)	(3,227)	(5,148)	(1,944)	(239)	(92)	(756)	(836)
Other expenses paid	(9,152)	219	(3,651)	(102)	(473)	6	(2,290)	3	(661)	(12)	(45)	(1)	(80)	(1)
Cash paid for purchase of financial assets	(6,800,871)	(4,314,927)	(1,564,927)	(628,850)	(237,236)	(147,006)	(1,647,866)	(362,919)	(360,021)	(156,743)	(19,125)	(9,395)	(67,540)	(52,603)
Cash proceeds from sale of financial assets	6,443,833	3,091,102	800,152	446,338	187,940	123,904	1,025,758	277,756	211,052	113,855	10,253	3,905	72,561	62,361
Net cash inflow/(outflow) from operating activities	(349,167)	(1,197,553)	(753,153)	(178,173)	(48,039)	(20,913)	(623,280)	(84,734)	(147,095)	(42,246)	(8,981)	(5,499)	4,832	9,766
Cash Flows from Financing Activities														
Proceeds received from units issued	2,282,301	2,138,392	1,158,547	349,324	104,300	73,362	823,086	103,245	325,621	84,590	16,003	9,042	19,354	15,856
Cash paid for units redeemed	(965,705)	(786,804)	(149,959)	(38,393)	(42,642)	(35,585)	(117,117)	(39,912)	(49,593)	(22,688)	(6,497)	(1,375)	(16,242)	(23,089)
Distributions paid	(322,062)	(190,504)	(59,455)	(6,695)	(11,137)	(8,994)	(6,478)	(7,429)	(13,253)	(8,275)	(48)	(55)	(140)	(2,709)
Net cash inflow/(outflow) from financing activities	994,534	1,161,084	949,133	304,236	50,521	28,783	699,491	55,904	262,775	53,627	9,458	7,612	2,972	(9,942)
Net Increase/(Decrease) in Cash Held	645,367	(36,469)	195,980	126,063	2,482	7,870	76,211	(28,830)	115,680	11,381	477	2,113	7,804	(176)
Cash and cash equivalents at beginning of the financial year	705,827	768,944	168,308	41,982	41,824	35,731	33,723	62,173	32,370	21,991	2,558	469	13,170	14,171
Effects of exchange rate changes on cash and cash equivalents	24,077	(26,648)	1,864	263	1,405	(1,777)	1,095	380	490	(1,002)	32	(24)	413	(825)
Cash and Cash Equivalents at the End of the Financial Year	1,375,271	705,827	366,152	168,308	45,711	41,824	111,029	33,723	148,540	32,370	3,067	2,558	21,387	13,170

The above cash flow statements should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements

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Note 1 Summary of Significant Accounting Policies

This financial report covers the Platinum International Fund, Platinum Asia Fund, Platinum European Fund, Platinum Japan Fund, Platinum International Brands Fund, Platinum International Health Care Fund and Platinum International Technology Fund (collectively referred to as “the registered schemes”), as individual entities.

Platinum Asset Management Limited ABN 25 063 565 006 AFSL 221935 is the responsible entity of the registered schemes, the registered office is 55 Harrington Street, Sydney, NSW 2000.

Registered Scheme	Date of Commencement
Platinum International Fund	4 April 1995
Platinum Asia Fund	3 March 2003
Platinum European Fund	12 June 1998
Platinum Japan Fund	12 June 1998
Platinum International Brands Fund	11 April 2000
Platinum International Health Care Fund	5 November 2003
Platinum International Technology Fund	11 April 2000

(a) Basis of preparation of the financial report

This general purpose financial report has been prepared in accordance with the requirements of the registered schemes’ Constitution, Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of “financial assets held at fair value through profit or loss”.

Compliance with International Financial Reporting Standards (IFRS)

Australian accounting standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the registered schemes, comprising the financial statements and the notes thereto, complies with IFRS.

Application of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards

This is the first annual financial report for the registered schemes to be prepared in accordance with AIFRS. AASB 1: *First time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing the financial report.

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Note 1 Summary of Significant Accounting Policies (cont)

Financial reports of the registered schemes until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the registered schemes' 30 June 2006 financial report, management has amended certain accounting and valuation methods applied in the previous AGAAP financial report to comply with AIFRS. The registered schemes have taken the exemption available under AASB 1 to only apply AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* from 1 July 2005. Accordingly, the comparable balances will be in accordance with previous AGAAP for financial assets.

Reconciliations and descriptions of the effect of the transition from previous AGAAP to AIFRS on the registered scheme's equity and its net income are given in note 17.

The preparation of the financial report in conformity with AIFRS requires the use of certain critical accounting estimates and judgements, which are included below.

(b) Income Tax

Under current legislation, the registered schemes are not subject to income tax provided that distributable income is fully distributed either by way of cash or reinvestment.

The benefits of imputation and foreign tax credits are passed on to unitholders.

(c) Valuation of financial assets

From 1 July 2004 to 30 June 2005

Investments and other derivatives under previous AGAAP were valued at historical cost unless it had been determined that there had been a permanent diminution in the value of an investment in which case, the carrying amount was written down to net market value or last sale price with an allowance for transaction costs. Transaction costs were included in the gain or loss on sale of trading securities. Investments in monetary items and forward contracts were stated at net market value or last sale price with an allowance for transaction costs.

Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AIFRS (AASB 132 and AASB 139) is that investments were measured at fair value. Fair value is exclusive of transaction costs. Changes in fair value are taken to the Income Statement. At the date of transition (1 July 2005) changes to carrying amounts are taken to net assets attributable to unitholders (see note 1(e)).

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Notes to the Financial Statements

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Note 1 Summary of Significant Accounting Policies (cont)

From 1 July 2005

Financial assets at fair value through profit or loss

Under AASB 139, marketable equity securities are designated in the Balance Sheet as “financial assets at fair value through profit or loss”. These investments are initially recognised at fair value, typically represented by cost excluding transaction costs, which are expensed as incurred. Investments are measured at fair value and exclude transaction costs. Investments are valued based on quoted “bid” prices on long securities and securities sold short are valued based on quoted “ask” prices. Gains and losses arising from changes in the fair value of the financial assets are included in the Income Statement in the period in which they arise.

In accordance with AIFRS, derivative financial instruments are categorised as “financial assets held for trading” and are accounted for at fair value, with changes to such values to be recognised through the income statement in the period in which they arise. Derivative financial instruments are valued based on quoted “bid” prices on long securities and securities sold “short” are valued based on quoted “ask” prices. Gains and losses arising from changes in the fair value of the financial assets are included in the Income Statement in the period in which they arise.

(d) Transaction costs

Initial measurement (cost) on acquisition of trading securities shall not include directly attributable transaction costs such as fees and commissions paid to agents. Incremental transaction costs are expensed as incurred in the Income Statement.

(e) Net assets attributable to unitholders

From 1 July 2004 to 30 June 2005

The net profit for the year is disclosed as available for distribution to unitholders. There was no impact to net assets attributable to unitholders.

From 1 July 2005

Units on issue give the unitholder a right to redeem units at the redemption price and are therefore considered a liability rather than equity from 1 July 2005. The liability represents the balance of the net assets of the registered schemes as at reporting date. As unitholders’ funds are classed as a liability under AIFRS, it will be necessary to recognise “increase/(decrease) in net assets” attributable to unitholders in the Income Statement as a finance cost.

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 1 Summary of Significant Accounting Policies (cont)

(f) Foreign currency translation

The functional and presentation currency of the registered schemes as determined in accordance with AASB 121: *The Effects of Changes in Foreign Exchange Rates* will be the Australian dollar.

Transactions denominated in foreign currencies are translated into Australian currency at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities existing at balance date are translated at balance date. Resulting exchange differences are brought to account in determining investment income for the year.

(g) Investment income

Interest Income
From 1 July 2004

Interest income is recognised in the income statement using the effective interest method, which allocates income over the relevant period.

Dividend Income

Dividend income is brought to account on the applicable ex-dividend date.

(h) Distributions

In accordance with each registered schemes' Constitution, each registered scheme fully distributes its distributable income to unitholders by cash or reinvestment. Distributable income is determined by reference to the taxable income of the registered scheme. The distributions are paid before the end of July each year.

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 1 Summary of Significant Accounting Policies (cont)

(i) **Receivables**

From 1 July 2004 to 30 June 2005

All receivables are recognised as and when they are due.

Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

From 1 July 2005

All receivables are recognised as and when they are due.

Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when there is evidence the amount will not be collected.

(j) **Payables**

All payables are recognised as and when they are incurred.

(k) **Application and Redemptions**

Application received for units in the registered schemes are recorded net of any entry fees payable prior to the issue of units in the registered schemes. Redemptions from the registered schemes are recorded gross of any exit fees payable after the cancellation of units redeemed. The redemption price is determined by reference to the net assets of the registered scheme divided by the number of units on issue at or immediately prior to close of business each day. Issues and redemptions of units are processed simultaneously.

(l) **Goods and Services Tax (GST)**

The GST paid on the costs of various services provided to the responsible entity by third parties, such as investment Management fees, have been passed onto the registered schemes. The registered schemes qualify for Reduced Input Tax Credits (RITCs) at a rate of 75%. Investment Management fees have been recognised in the Income Statement net of the amount of GST recoverable from the Australian Taxation Office (ATO). The net of GST recoverable from the ATO is included in receivables in the Balance Sheet. Cash flows relating to GST are included in the Cash Flow Statement on a gross basis.

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 1 Summary of Significant Accounting Policies (cont)

(m) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting period. Our assessment of the impact of these new standards and interpretations on the registered schemes is set out below:

- (i) *AASB 7 Financial Instruments Disclosure* and *AASB 2005-10 Amendments to Australian Accounting Standards* (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038).

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. AASB 7 requires qualitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The registered schemes have elected not to adopt the standard early. Application of this standard will not affect any of the amounts recognised in the financial report.

- (ii) *AASB 2005-4 Amendments to Australian Accounting Standards* (AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038).

AASB 2005-4 is applicable to annual reporting periods beginning on or after 1 January 2006 and restricts the ability to designate financial assets and financial liabilities “at fair value through profit or loss”. The registered schemes will still be able to classify its financial assets at “fair value through profit or loss”.

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 2 Auditors' Remuneration

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Auditing and review of financial reports	37,413	42,898	18,813	8,277	22,513	19,103	21,313	17,626	22,513	12,966	12,113	5,711	21,013	14,315
Auditing the Compliance Plan	6,700	6,200	5,500	1,200	3,500	5,500	4,000	5,500	3,500	2,750	1,500	1,200	2,750	2,750
Audit services – Assurance	446	-	446	-	446	-	446	-	446	-	446	-	446	-
Taxation services – Compliance	33,720	38,747	29,200	20,537	26,435	13,737	27,435	15,458	26,375	9,535	22,025	3,804	27,125	10,119
Other advisory services – GST	-	10,177	-	2,131	-	816	-	980	-	770	-	59	-	439
Other advisory services – Foreign tax agent	2,942	-	2,942	-	-	-	-	-	2,942	-	-	-	2,942	-
	81,221	98,022	56,901	32,145	52,894	39,156	53,194	39,564	55,776	26,021	36,084	10,774	54,276	27,623

In 2006 (and 2005) Auditors' Remuneration was paid by the responsible entity and reimbursed by the registered schemes.

Note 3 Taxation

Under current legislation the individual registered schemes are not subject to income tax as taxable income (including assessable net realised capital gains) is distributed in full to the unitholders.

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 4 Financial Assets

	International Fund			Asia Fund			European Fund			Japan Fund		
	30 June 2006 \$'000	30 June 2005 \$'000	30 June 2005 \$'000	30 June 2006 \$'000	30 June 2005 \$'000	30 June 2005 \$'000	30 June 2006 \$'000	30 June 2005 \$'000	30 June 2005 \$'000	30 June 2006 \$'000	30 June 2005 \$'000	30 June 2005 \$'000
	Fair Value	Net Fair Value	Cost/Carrying Value	Fair Value	Net Fair Value	Cost/Carrying Value	Fair Value	Net Fair Value	Cost/Carrying Value	Fair Value	Net Fair Value	Cost/Carrying Value
Listed and unlisted securities	7,115,282	5,266,524	5,023,825	1,465,231	499,594	416,960	259,854	157,422	143,619	951,834	223,548	212,179
Less: securities written down to net fair value	-	-	(67,999)	-	-	(1,658)	-	-	(4,506)	-	-	-
	7,115,282	5,266,524	4,955,826	1,465,231	499,594	415,302	259,854	157,422	139,113	951,834	223,548	212,179
Forward currency contracts	50,213	(16,426)	(16,426)	-	-	-	(1,160)	230	230	3,951	2,362	2,362
	7,165,495	5,250,098	4,939,400	1,465,231	499,594	415,302	258,694	157,652	139,343	955,785	225,910	214,541

	International Brands Fund			International Health Care Fund			International Technology Fund		
	30 June 2006 \$'000	30 June 2005 \$'000	30 June 2005 \$'000	30 June 2006 \$'000	30 June 2005 \$'000	30 June 2005 \$'000	30 June 2006 \$'000	30 June 2005 \$'000	30 June 2005 \$'000
	Fair Value	Net Fair Value	Cost/Carrying Value	Fair Value	Net Fair Value	Cost/Carrying Value	Fair Value	Net Fair Value	Cost/Carrying Value
Listed and unlisted securities	378,635	160,497	137,640	19,172	7,840	8,072	38,092	32,010	40,308
Less: securities written down to net fair value	-	-	-	-	-	(702)	-	-	(8,680)
	378,635	160,497	137,640	19,172	7,840	7,370	38,092	32,010	31,628
Forward currency contracts	(233)	634	634	(33)	(110)	(110)	502	(119)	(119)
	378,402	161,131	138,274	19,139	7,730	7,260	38,594	31,891	31,509

The registered schemes have taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The registered schemes have applied previous AGAAP to the comparative information on financial assets within the scope of AASB 132 and AASB 139. In 2006, the fair value of financial assets are measured at “bid” price for long listed securities and “ask” price for short sold securities excluding transactions costs.

As at 30 June 2005, under previous AGAAP the net fair value of some financial assets was lower than cost. The carrying value of listed securities was net of a write down for a permanent diminution in their value.

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 5 Net Assets Attributable to Unitholders

Movements in number of units and net assets attributable to unitholders (in accordance with previous AGAAP referred to as unitholders' equity) during the financial year were as follows:

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Opening balance	5,331,559	4,157,723	525,109	215,491	170,121	134,491	239,616	174,871	157,575	94,220	7,939	2,913	44,282	57,123
Adjustment to opening balance for adoption of AIFRS	299,907	-	82,524	-	17,882	-	10,840	-	22,458	-	453	-	270	-
Applications during the financial year	2,282,301	2,138,392	1,158,547	349,324	104,300	73,362	823,086	103,245	325,621	84,590	16,003	9,042	19,354	15,856
Redemptions during the financial year	(965,705)	(786,804)	(149,959)	(38,393)	(42,642)	(35,585)	(120,269)	(39,912)	(49,593)	(22,688)	(6,872)	(3,213)	(16,242)	(23,089)
Increase/(decrease) in net assets attributable to unitholders	588,630	-	110,096	-	23,933	-	22,096	-	38,064	-	1,801	-	12,142	-
Amounts transferred (from)/to reserves	-	(177,752)	-	(1,313)	-	(2,147)	-	1,412	-	1,453	-	(803)	-	(5,608)
Closing balance	7,536,692	5,331,559	1,726,317	525,109	273,594	170,121	975,369	239,616	494,125	157,575	19,324	7,939	59,806	44,282
	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000
Opening balance	3,268,137	2,525,345	331,680	156,661	101,702	81,835	122,054	90,979	108,884	70,762	9,066	2,958	52,366	60,781
Number of units issued during the financial year	1,124,301	1,175,999	513,337	196,870	48,625	38,823	311,045	50,808	167,029	52,525	14,505	9,558	17,999	17,405
Number of units redeemed during the financial year	(486,626)	(433,207)	(66,211)	(21,851)	(20,246)	(18,956)	(44,731)	(19,733)	(25,183)	(14,403)	(6,126)	(3,450)	(16,456)	(25,820)
Closing balance	3,905,812	3,268,137	778,806	331,680	130,081	101,702	388,368	122,054	250,730	108,884	17,445	9,066	53,909	52,366

In 2006, under AIFRS unitholders' equity is disclosed as a liability.

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 6 Distributions Paid and Payable

International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000

Timing of distributions

The distributions were paid/payable as follows:

30 June final payable	997,666	322,062	104,092	59,455	28,886	11,137	86,893	6,478	31,563	13,253	556	48	147	140
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Note 7 Receivables

International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000

Unsettled trades	387	9,356	101	-	-	-	-	2,163	(17)	-	-	-	-	-
Dividends receivable	3,020	2,919	2,261	1,157	55	50	140	73	340	254	10	5	19	28
Interest receivable	1,784	1,372	1,015	454	138	89	234	64	475	62	7	11	31	20
Dividend tax refund receivable	1,781	1,976	-	-	249	163	-	-	81	76	4	2	-	1
Indian capital gains tax receivable	1,406	-	456	-	-	-	-	-	50	-	-	-	-	-
Other receivables	1,134	751	253	145	39	24	146	32	70	23	3	1	8	6
	9,512	16,374	4,086	1,756	481	326	520	2,332	999	415	24	19	58	55

Proceeds on sale of investments are usually received between two and five days after trade date. Interest is usually received within three days of becoming due and receivable and dividends are usually received within approximately 30 days of the ex-dividend date.

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 8 Payables

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Unsettled trades	5,709	658	2,854	-	2,044	-	648	4,189	1,621	-	112	-	14	253
Payable to unitholders	-	-	-	-	-	-	3,152	-	-	-	2,213	1,838	-	-
Accrued expenses	10,211	7,322	2,206	802	362	235	1,272	313	632	231	25	12	72	59
	15,920	7,980	5,060	802	2,406	235	5,072	4,502	2,253	231	2,350	1,850	86	312

Payables on purchase of investments are usually paid between two and five days after trade date.

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 9 Risk Management

It is the registered schemes' investment objective to seek long term capital growth through investing in undervalued securities across the world. The registered schemes may also invest in fixed interest investments, although this is not a primary investment objective. The registered schemes' investments are subject to price risk which includes currency, interest rate, market, credit and liquidity risks.

The registered schemes' primary risks are related to the investment activities undertaken on its behalf by the responsible entity. The registered schemes have a policy of not borrowing money, other than on a short term basis for settlement, trading and like purposes. Derivatives are utilised for risk management purposes and to take opportunities to increase returns. However, the underlying value of derivatives held by a registered scheme may not exceed 100% of the net asset value of that scheme.

(a) Investments at Fair Value and Derivatives Exposure

	International Fund				Asia Fund				
	2006		2005		2006		2005		
	Physical \$'000	Net Exposure \$'000	Physical \$'000	Net Exposure \$'000	Physical \$'000	Net Exposure \$'000	Physical \$'000	Net Exposure \$'000	
Japan	2,135,051	2,135,051	1,855,811	1,855,811	Japan	-	-	-	-
Other Asia	799,105	496,993	651,331	651,331	Other Asia	1,250,879	1,110,277	497,785	471,397
Australia	384,966	230,976	17,563	(62,485)	Australia	-	-	-	-
Europe – Euro	1,581,300	1,497,000	1,333,960	1,333,960	Europe – Euro	-	-	-	-
Europe – Other	450,868	450,868	342,324	316,972	Europe – Other	-	-	-	-
North America	1,884,893	(347,766)	1,046,311	(632,244)	North America	221,317	221,317	2,420	2,420
South America	237	237	200	200	South America	-	-	-	-
South Africa	(52,717)	(52,717)	43,748	43,748	South Africa	-	-	-	-
	7,183,703	4,410,642	5,291,248	3,507,293		1,472,196	1,331,594	500,205	473,817
Cash and accruals	1,357,063	4,130,124	664,677	2,448,632	Cash and accruals	359,187	499,789	167,697	194,085
Total	8,540,766	8,540,766	5,955,925	5,955,925	Total	1,831,383	1,831,383	667,902	667,902
Futures & Options Notional Amounts 30 June 2006				(3,562,219)	Futures & Options Notional Amounts 30 June 2006				(114,118)
Futures & Options Notional Amounts 30 June 2005				(1,749,049)	Futures & Options Notional Amounts 30 June 2005				(25,467)

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 9 Risk Management (cont)

	European Fund			
	2006		2005	
	Physical \$'000	Net Exposure \$'000	Physical \$'000	Net Exposure \$'000
Japan	-	-	-	-
Other Asia	-	-	-	-
Europe – Euro	198,233	158,187	123,938	110,814
Europe – Other	54,537	54,537	31,909	21,508
North America	8,701	8,701	1,848	1,848
South America	(2)	(2)	-	-
	261,469	221,423	157,695	134,170
Cash and accruals	42,936	82,982	41,781	65,306
Total	304,405	304,405	199,476	199,476

Futures & Options Notional Amounts 30 June 2006 (37,909)

Futures & Options Notional Amounts 30 June 2005 (23,375)

	International Brands Fund			
	2006		2005	
	Physical \$'000	Net Exposure \$'000	Physical \$'000	Net Exposure \$'000
Japan	76,885	76,885	46,700	46,700
Other Asia	83,098	74,441	51,591	47,728
Europe – Euro	162,970	162,970	44,670	39,734
Europe – Other	30,142	30,142	8,953	8,953
North America	25,966	25,966	8,921	(351)
	379,061	370,404	160,835	142,764
Cash and accruals	147,881	156,538	32,666	50,737
Total	526,942	526,942	193,501	193,501

Futures & Options Notional Amounts 30 June 2006 (8,300)

Futures & Options Notional Amounts 30 June 2005 (17,753)

	Japan Fund			
	2006		2005	
	Physical \$'000	Net Exposure \$'000	Physical \$'000	Net Exposure \$'000
Japan	769,053	877,082	184,806	184,806
Other Asia	181,168	28,932	38,748	38,748
Europe – Euro	-	-	-	-
Europe – Other	-	-	-	-
North America	-	-	-	-
South America	-	-	-	-
	950,221	906,014	223,554	223,554
Cash and accruals	116,593	160,800	36,079	36,079
Total	1,066,814	1,066,814	259,633	259,633

Futures & Options Notional Amounts 30 June 2006 (45,329)

Futures & Options Notional Amounts 30 June 2005 -

	International Health Care Fund			
	2006		2005	
	Physical \$'000	Net Exposure \$'000	Physical \$'000	Net Exposure \$'000
Japan	1,752	1,752	202	202
Other Asia	576	576	234	234
Europe – Euro	2,084	2,084	1,012	1,012
Europe – Other	3,165	3,165	1,091	1,091
North America	11,595	11,595	5,296	5,196
	19,172	19,172	7,835	7,735
Cash and accruals	3,034	3,034	2,453	2,553
Total	22,206	22,206	10,288	10,288

Futures & Options Notional Amounts 30 June 2006 -

Futures & Options Notional Amounts 30 June 2005 (103)

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 9 Risk Management (cont)

	International Technology Fund			
	2006		2005	
	Physical \$'000	Net Exposure \$'000	Physical \$'000	Net Exposure \$'000
Japan	9,347	9,347	8,648	8,648
Other Asia	11,209	11,209	9,242	9,242
Europe – Euro	3,640	3,640	2,739	2,739
Europe – Other	2,308	2,308	2,955	2,955
North America	11,588	11,588	8,395	6,195
	38,092	38,092	31,979	29,779
Cash and accruals	21,889	21,889	13,082	15,282
Total	59,981	59,981	45,061	45,061

Futures & Options Notional Amounts 30 June 2006 -

Futures & Options Notional Amounts 30 June 2005 (2,218)

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 9 Risk Management (cont)

The “Physical” column shows the location of the investments.

The “Net Exposure” column represents an approximation of each registered scheme’s exposure to movements in the markets. This is calculated by making two adjustments to the “physical” position. The first is to subtract from the physical position, the principal notional amount of any short (sold) and add any long (bought) derivative positions in shares and shares index futures. For example, if 5% of the Portfolio for a registered scheme was invested in Japan but there was a 2% short exposure to Nikkei futures, the net exposure column would show 3%. Conceivably the figure could show a negative exposure which would indicate the Portfolio was net short the Japanese market. The second adjustment is for options held to buy shares (bought calls). A call option with the premium representing 0.5% of the Portfolio to buy shares in Toyota worth, say 3% of the Portfolio would require an additional 2.5% to be added to the Japanese exposure (thus determining underlying exposure).

The registered schemes use Exchange Traded and Over The Counter Options, where the maximum potential loss is paid up-front by way of a premium. There is little credit risk attached to these instruments, as they are traded on recognised exchanges or with high credit rating counterparties.

b) Credit Risk

The registered schemes are exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. They do not expect any counterparties to fail to meet their obligations given their high credit ratings. Where appropriate, the registered schemes utilise master netting agreements.

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Notes to the Financial Statements

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Note 9 Risk Management (cont)

(c) Foreign Exchange Risk

The international investment activities of the registered schemes expose them to currency risk – the possibility of losing money owing to changes in foreign currency exchange rates. Forward currency contracts are utilised as part of the management of this risk.

Currency exposure at fair value:

International Fund

2006	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	2,513,146	436,189	(246,770)	2,702,565
Other Asia	839,935	-	-	839,935
Australia	623,598	2,155,194	(70,099)	2,708,693
Europe – Euro	1,683,723	-	(190,712)	1,493,011
Europe – Other	480,340	-	(86,504)	393,836
North America	2,452,504	20,975	(2,018,273)	455,206
South America	237	-	-	237
South Africa	(52,717)	-	-	(52,717)
Total	8,540,766	2,612,358	(2,612,358)	8,540,766

2005	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	1,862,355	472,556	(9,400)	2,325,511
Other Asia	673,351	-	-	673,351
Australia	327,966	1,010,268	(461,624)	876,610
Europe – Euro	1,364,143	-	(137,951)	1,226,192
Europe – Other	350,846	-	(87,573)	263,273
North America	1,333,316	220,353	(1,006,629)	547,040
South America	200	-	-	200
South Africa	43,748	-	-	43,748
Total	5,955,925	1,703,177	(1,703,177)	5,955,925

Asia Fund

	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	-	-	-	-
Other Asia	1,347,707	-	-	1,347,707
Australia	214,498	-	-	214,498
Europe – Euro	-	-	-	-
Europe – Other	-	-	-	-
North America	269,178	-	-	269,178
South America	-	-	-	-
South Africa	-	-	-	-
Total	1,831,383	-	-	1,831,383

	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	-	-	-	-
Other Asia	523,289	-	-	523,289
Australia	113,116	-	-	113,116
Europe – Euro	-	-	-	-
Europe – Other	-	-	-	-
North America	31,497	-	-	31,497
South America	-	-	-	-
South Africa	-	-	-	-
Total	667,902	-	-	667,902

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Note 9 Risk Management (cont)

European Fund

2006	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	-	-	-	-
Other Asia	-	-	-	-
Australia	26,451	69,692	-	96,143
Europe - Euro	212,137	-	(69,692)	142,445
Europe - Other	54,537	-	-	54,537
North America	11,282	-	-	11,282
South Africa	(2)	-	-	(2)
Total	304,405	69,692	(69,692)	304,405

2005	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	-	-	-	-
Other Asia	-	-	-	-
Australia	26,350	9,481	(9,251)	26,580
Europe - Euro	126,100	6,847	(7,042)	125,905
Europe - Other	43,139	2,404	(2,439)	43,104
North America	3,887	-	-	3,887
Total	199,476	18,732	(18,732)	199,476

Japan Fund

	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	806,840	111,500	(177,646)	740,694
Other Asia	181,168	-	-	181,168
Australia	33,041	182,888	(111,500)	104,429
Europe - Euro	-	-	-	-
Europe - Other	-	-	-	-
North America	45,765	-	(5,242)	40,523
South Africa	-	-	-	-
Total	1,066,814	294,388	(294,388)	1,066,814

	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	197,952	-	(45,386)	152,566
Other Asia	38,728	2,200	(2,200)	38,728
Australia	15,246	4,200	(12,200)	7,246
Europe - Euro	-	-	-	-
Europe - Other	-	-	-	-
North America	7,707	53,386	-	61,093
Total	259,633	59,786	(59,786)	259,633

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Note 9 Risk Management (cont)

International Brands Fund

2006	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	101,937	6,828	-	108,765
Other Asia	88,577	-	-	88,577
Australia	102,344	16,839	(2,800)	116,383
Europe - Euro	163,099	-	(14,411)	148,688
Europe - Other	29,932	-	(6,456)	23,476
North America	41,053	-	-	41,053
Total	526,942	23,667	(23,667)	526,942

2005	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	47,150	8,278	(1,394)	54,034
Other Asia	53,303	-	-	53,303
Australia	14,796	14,472	(4,201)	25,067
Europe - Euro	48,710	-	(10,651)	38,059
Europe - Other	9,240	-	(6,504)	2,736
North America	20,302	-	-	20,302
Total	193,501	22,750	(22,750)	193,501

International Health Care Fund

	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	1,802	2,077	-	3,879
Other Asia	576	-	-	576
Australia	1,055	1,008	-	2,063
Europe - Euro	2,294	344	-	2,638
Europe - Other	3,164	-	-	3,164
North America	13,315	-	(3,429)	9,886
Total	22,206	3,429	(3,429)	22,206

	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	177	2,010	-	2,187
Other Asia	234	-	-	234
Australia	2,463	999	-	3,462
Europe - Euro	1,020	333	-	1,353
Europe - Other	1,091	-	-	1,091
North America	5,304	-	(3,342)	1,962
Total	10,289	3,342	(3,342)	10,289

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Note 9 Risk Management (cont)

International Technology Fund

2006	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	12,702	-	(2,036)	10,666
Other Asia	12,166	-	-	12,166
Australia	6,808	15,545	-	22,353
Europe - Euro	3,982	-	-	3,982
Europe - Other	2,336	1,255	-	3,591
North America	21,987	2,036	(16,800)	7,223
Total	59,981	18,836	(18,836)	59,981

2005	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Japan	10,734	3,653	(2,484)	11,903
Other Asia	10,859	-	-	10,859
Australia	3,962	3,500	-	7,462
Europe - Euro	2,740	-	-	2,740
Europe - Other	3,687	1,148	-	4,835
North America	13,079	2,484	(8,301)	7,262
Total	45,061	10,785	(10,785)	45,061

The above tables categorise the investments in the Portfolios into the geographic region of their operations.

Forward foreign currency contracts and options on forward currency contracts are adjusted against the "Physical" column to arrive at a net exposure to each currency grouping. The registered schemes generally utilise short dated (90 day maturities) currency agreements with high credit rating counterparties. The existing forward currency contract maturity dates range from 15 to 49 days.

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Note 9 Risk Management (cont)

(d) Interest Rate Risk

The registered schemes are exposed to interest rate risks – the possibility of losing money owing to changes in interest rates and, more particularly for the registered schemes, the effect that changes in interest rates have on currency and stock market prices – and manages these as noted above for foreign exchange risk and below for market risk.

The registered schemes have no fixed interest investments, or derivatives thereon, at balance date.

(e) Market Price Risk

Market price risk is the risk that the value of the registered schemes investment portfolios will fluctuate as a result of changes in market prices. Each scheme aims to manage its risk through its overall investment strategy. Market risk analysis is conducted regularly on a total portfolio basis, which includes the effect of derivatives.

(f) Liquidity Price Risk

Liquidity risk is the risk that the registered schemes will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

(g) Fair Value of Financial Assets

The fair value of financial assets and derivative financial instruments is included in Note 4. Refer to note 1(c) for information on the accounting policies applied to financial assets and derivatives.

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Note 10 Reserves

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Foreign Currency Reserve														
Balance at beginning of the period	(20,382)	(21,974)	425	(22)	(245)	(1,663)	2,396	751	516	(682)	(110)	2	(89)	(127)
Re-classification on adoption of AASB 132*	20,382	-	(425)	-	245	-	(2,396)	-	(516)	-	110	-	89	-
Amounts transferred (to)/from distributions	-	1,592	-	447	-	1,418	-	1,645	-	1,198	-	(112)	-	38
	-	(20,382)	-	425	-	(245)	-	2,396	-	516	-	(110)	-	(89)
Tax Equalisation Reserve														
Balance at beginning of the period	(307,662)	(128,318)	(4,090)	(2,330)	(5,799)	(2,234)	(1,154)	(921)	(2,771)	(3,026)	(779)	(88)	(14,516)	(8,870)
Re-classification on adoption of AASB 132*	307,662	-	4,090	-	5,799	-	1,154	-	2,771	-	779	-	14,516	-
Amounts transferred (to)/from distributions	-	(179,344)	-	(1,760)	-	(3,565)	-	(233)	-	255	-	(691)	-	(5,646)
	-	(307,662)	-	(4,090)	-	(5,799)	-	(1,154)	-	(2,771)	-	(779)	-	(14,516)
	-	(328,044)	-	(3,665)	-	(6,044)	-	1,242	-	(2,255)	-	(889)	-	(14,605)

*In accordance with AASB 132, unitholders' equity (which included reserves) is classified as a liability and accordingly the registered schemes have no reserves for financial reporting purposes.

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Note 11 Key Management Personnel Disclosure

AASB 124 *Related Party Disclosures* defines key management personnel as “persons having authority and responsibility for planning, directing and controlling activities of the entity”. The only employees that have this authority and responsibility are the Directors of Platinum Asset Management Limited.

Directors

The following persons were Directors of Platinum Asset Management Limited during the whole of the financial year and up to the date of this report:

K Neilson
A Clifford
M Halstead

There are no other key management personnel within Platinum Asset Management.

Key management personnel compensation

The Directors (K Neilson, A Clifford and M Halstead) are all employees of Platinum Asset Management Limited, and are not compensated by the registered schemes. AASB 124 requires compensation provided by the registered schemes or on behalf of the registered schemes to be disclosed. Platinum Asset Management Limited is a related party of the three Directors, because the Directors are also Directors of Platinum Asset Management Limited which provides investment management services to the registered schemes. A portion of the compensation paid by Platinum Asset Management Limited to its employees is in relation to managing the affairs of the registered schemes. Platinum Asset Management Limited has not made any determination as to what proportion of its employees’ compensation relates to the registered schemes. Platinum Asset Management Limited paid: K Neilson a salary of \$250,000 (2005:\$250,000) and superannuation of \$12,140 (2005:\$11,584); A Clifford a salary of \$200,000 (2005:\$200,000), superannuation of \$12,139 (2005:\$11,140) and non-monetary benefits of \$3,470 (2005: \$4,396); M Halstead a salary of \$200,000 (2005:\$ 200,000) and superannuation of \$12,140 (2005: \$11,584).

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Note 11 Key Management Personnel Disclosure (cont)

Ownership interest disclosure relating to key management personnel and their related parties

All related party transactions are conducted on normal commercial terms and conditions.

Units held during the year by the key management personnel are:

K Neilson

Platinum International Fund – units held at 1 July 2005: 10,283,089.89 (1 July 2004: 9,674,607.76), units acquired during the year: 1,423,162.95 (2004/05: 608,482.13), units held at 30 June 2006: 11,706,252.84 (30 June 2005: 10,283,089.89). Platinum Asia Fund – units held at 1 July 2005: 2,669,204.13 (1 July 2004: 2,047,444.61), units acquired during the year: 178,851.52 (2004/05: 621,759.52), units held at 30 June 2006: 2,848,055.65 (30 June 2005: 2,669,204.13). Platinum European Fund – units held at 1 July 2005: 2,682,442.20 (1 July 2004: 2,525,250.76), units acquired during the year: 291,316.28 (2004/05: 157,191.44), units held at 30 June 2006: 2,973,758.48 (30 June 2005: 2,682,442.20). Platinum Japan Fund – units held at 1 July 2005: 4,403,428.51 (1 July 2004: 4,270,129.90), units acquired during the year: 3,026,035.26 (2004/05: 133,298.61), units disposed of during the year: 1,181,181.68 (2004/05: nil), units held at 30 June 2006: 6,248,282.09 (30 June 2005: 4,403,428.51). Platinum International Brands Fund – units held at 1 July 2005: 818,423.93 (1 July 2004: 758,297.17), units acquired during the year: 56,914.39 (2004/05: 60,126.76), units held at 30 June 2006: 875,338.32 (30 June 2005: 818,423.93). Platinum International Health Care Fund – units held at 1 July 2005: 1,023,484.92 (1 July 2004: 2,975,678.04), units acquired during the year: 3,069,726.95 (2004/05: 11,848.14), units disposed of during the year: 1,977,137.69 (2004/05: 1,964,041.26), units held at 30 June 2006: 2,116,074.18 (30 June 2005: 1,023,484.92). Platinum International Technology Fund – units held at 1 July 2005: 1,072,588.92 (1 July 2004: 1,063,378.41), units acquired during the year: 8,571.77 (2004/05: 9,210.51), units held at 30 June 2006: 1,081,160.69 (30 June 2005: 1,072,588.92).

A Clifford

Platinum Asia Fund – units acquired during the year: 248,175.91 (2004/05: nil), units held at 30 June 2006: 248,175.91 (30 June 2005: nil). Platinum Japan Fund – units held at 1 July 2005: 126,195.16 (1 July 2004: 126,195.16), units acquired during the year: 2,071,732.93 (2004/05: nil), units disposed of during the year: 1,181,181.68 (2004/05: nil) units held at 30 June 2006: 1,016,746.41, (30 June 2005: 126,195.16). Platinum International Health Care Fund – units held at 1 July 2005: nil (1 July 2004: 1,964,041.26), units acquired during the year: 1,977,137.69 (2004/05: nil), units disposed of during the year: (2004/05: 1,977,137.69), units held at 30 June 2006: nil (30 June 2005: nil). Platinum International Technology Fund – units held at 1 July 2005: 83,794.20 (1 July 2004: 83,794.20), units held at 30 June 2006: 83,794.20 (30 June 2005: 83,794.20).

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Note 11 Key Management Personnel Disclosure (cont)

Ownership interest disclosure relating to key management personnel and their related parties (cont)

M Halstead

Platinum International Fund – units held at 1 July 2005: 622,728.43 (1 July 2004: 589,101.47), units acquired during the year: 67,472.43 (2004/05: 33,626.96), units disposed of during the year: 112,176.79 (2004/05: nil), units held at 30 June 2006: 578,024.07 (30 June 2005: 622,728.43). Platinum Asia Fund – units held at 1 July 2005: 296,814.76 (1 July 2004: 171,378.22), units acquired during the year: 121,051.13 (2004/05: 125,436.54), units held at 30 June 2006: 417,865.89 (30 June 2005: 296,814.76). Platinum European Fund – units held at 1 July 2005: 221,596.66 (1 July 2004: 170,233.44), units acquired during the year: 23,333.59 (2004/05: 51,363.22), units held at 30 June 2006: 244,930.25 (30 June 2005: 221,596.66). Platinum Japan Fund – units held at 1 July 2005: 343,888.05 (1 July 2004: 134,284.53), units acquired during the year: 1,386,979.59 (2004/05: 209,603.52), units disposed of during the year: 1,181,181.68 (2004/05: nil), units held at 30 June 2006: 549,685.96 (30 June 2005: 343,888.05). Platinum International Brands Fund – units held at 1 July 2005: 180,647.03 (1 July 2004: 141,112.66), units acquired during the year: 133,235.47 (2004/05: 39,534.37), units held at 30 June 2006: 313,882.50 (30 June 2005: 180,647.03). Platinum International Health Care Fund – units held at 1 July 2005: nil (1 July 2004: 1,964,041.26), units acquired during the year: 1,977,137.69 (2004/05: nil), units disposed of during the year: 1,977,137.69 (2004/05: 1,964,041.26), units held at 30 June 2006: nil (30 June 2005: nil). Platinum International Technology Fund – units held at 1 July 2005: nil (1 July 2004: 53,285.61), units disposed of during the year: nil (2004/05: 53,285.61), units held at 30 June 2006: nil (30 June 2005: nil).

Service Agreements

The Directors do not have service agreements, as they are employees of Platinum Asset Management Limited.

Related parties

Disclosures relating to management fees payable to Platinum Asset Management Limited, a related party are set out in note 12.

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Note 12 Related Parties

Responsible Entity

Platinum Asset Management Limited ABN 25 063 565 006 AFSL 221935 is the responsible entity of the registered schemes.

Responsible Entity's and Manager's Fees

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Fees for the year paid by the registered schemes to the responsible entity	102,874,715	76,645,028	18,021,731	5,677,217	3,443,755	2,433,950	10,165,712	3,088,747	5,178,798	1,902,077	234,933	97,345	720,798	762,813
Aggregate amounts payable to responsible entity at reporting date	9,598,847	6,832,126	2,059,351	748,356	337,901	219,163	1,186,728	286,549	589,106	215,341	23,400	10,984	67,281	52,238

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Note 13 Segment Information

Business segment

The registered schemes operate solely in the business of investment management within Australia.

Geographical exposures

While the registered schemes operate from Australia only (the geographical segment), they have investment exposures in different countries. The geographic locations of those exposures are outlined below.

International Fund		Asia Ex	Euro	Other	North	South	Africa	Australia	Total
2006	Japan	Japan	Europe	Europe	America	America	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment Revenue	722,134	340,703	340,702	96,396	171,748	227	6,765	35,776	1,714,451
Segment Result	716,565	337,153	335,431	94,496	168,983	226	6,685	(73,243)	1,586,296
Segment Assets	2,513,572	841,009	1,685,243	481,163	2,454,497	237	(52,717)	627,274	8,550,278
Segment Liabilities	5,709	2,234	3	-	(6,921)	-	-	1,012,561	1,013,586
2005									
Segment Revenue	65,797	82,044	34,642	154,657	(129,639)	743	724	26,836	235,804
Segment Result	64,462	80,342	30,237	153,613	(130,558)	742	723	(55,251)	144,310
Segment Assets	1,806,531	559,446	1,303,959	280,761	1,304,134	202	43,873	362,695	5,661,601
Segment Liabilities	-	2,233	3	-	(6,263)	-	-	334,069	330,042

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Note 13 Segment Information (cont)

Asia Fund 2006	Asia Ex Japan \$'000	Euro Europe \$'000	Other Europe \$'000	North America \$'000	South America \$'000	Australia \$'000	Total \$'000
Segment Revenue	200,739	-	-	29,420	-	9,029	239,188
Segment Result	195,398	-	-	29,222	-	(10,432)	214,188
Segment Assets	1,350,023	-	-	269,280	-	216,166	1,835,469
Segment Liabilities	1,449	-	-	-	-	107,703	109,152
2005							
Segment Revenue	45,879	-	-	16,783	-	2,226	64,888
Segment Result	45,222	-	-	16,776	-	(3,856)	58,142
Segment Assets	441,965	-	-	29,084	-	114,317	585,366
Segment Liabilities	(1,405)	-	-	-	-	61,662	60,257
European Fund 2006							
Segment Revenue	-	45,500	10,874	125	32	930	57,461
Segment Result	-	44,757	10,677	125	31	(2,771)	52,819
Segment Assets	-	212,304	54,677	11,293	(2)	26,614	304,886
Segment Liabilities	-	2,660	(615)	-	-	29,247	31,292
2005							
Segment Revenue	-	8,911	3,087	(1,089)	-	1,181	12,090
Segment Result	-	8,591	2,919	(1,090)	-	(1,430)	8,990
Segment Assets	-	111,825	38,980	3,957	-	26,731	181,493
Segment Liabilities	-	615	(615)	-	-	11,372	11,372

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Note 13 Segment Information (cont)

Japan		Asia Ex	Euro	Other	North		Total
2006	Japan	Japan	Europe	Europe	America	Australia	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment Revenue	69,762	50,768	-	-	1	2,302	122,833
Segment Result	68,106	49,522	-	-	1	(8,640)	108,989
Segment Assets	806,981	181,315	-	-	45,742	33,296	1,067,334
Segment Liabilities	648	676	-	-	(676)	91,317	91,965
2005							
Segment Revenue	6,575	4,696	-	-	(678)	873	11,466
Segment Result	6,439	4,572	-	-	(680)	(2,441)	7,890
Segment Assets	196,208	31,479	-	-	7,570	15,339	250,596
Segment Liabilities	3,674	1,191	-	-	(676)	6,791	10,980
International Brands Fund							
2006							
Segment Revenue	11,819	17,802	33,524	5,800	4,153	3,199	76,297
Segment Result	11,657	17,481	32,979	5,770	4,120	(2,380)	69,627
Segment Assets	101,937	88,902	163,137	29,975	41,073	102,917	527,941
Segment Liabilities	-	1,621	-	-	-	32,195	33,816
2005							
Segment Revenue	661	10,685	3,514	814	455	900	17,029
Segment Result	637	10,597	3,407	773	430	(1,138)	14,706
Segment Assets	48,635	36,517	43,690	7,604	19,413	15,200	171,059
Segment Liabilities	-	-	-	-	-	13,484	13,484

Platinum International Fund
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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 13 Segment Information (cont)

International Health Care Fund							
2006	Japan \$'000	Asia Ex Japan \$'000	Euro Europe \$'000	Other Europe \$'000	North America \$'000	Australia \$'000	Total \$'000
Segment Revenue	(134)	73	551	474	1,628	72	2,664
Segment Result	(133)	70	539	466	1,596	(181)	2,357
Segment Assets	1,802	576	2,295	3,171	13,324	1,062	22,230
Segment Liabilities	-	-	112	-	-	2,794	2,906
2005							
Segment Revenue	(104)	6	(20)	(24)	(554)	52	(644)
Segment Result	(104)	5	(21)	(26)	(556)	(53)	(755)
Segment Assets	152	135	967	948	5,166	2,469	9,837
Segment Liabilities	-	-	-	-	-	1,898	1,898
International Technology Fund							
2006							
Segment Revenue	2,699	1,368	1,028	751	7,158	166	13,170
Segment Result	2,675	1,344	1,022	741	7,115	(608)	12,289
Segment Assets	12,702	12,185	3,982	2,336	21,988	6,846	60,039
Segment Liabilities	-	-	-	-	14	219	233
2005							
Segment Revenue	(2,012)	1,342	469	(106)	(4,357)	87	(4,577)
Segment Result	(2,021)	1,297	467	(109)	(4,374)	(728)	(5,468)
Segment Assets	10,264	9,995	3,178	3,932	13,409	3,956	44,734
Segment Liabilities	-	251	2	-	-	199	452

Platinum International Fund
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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 14 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operating Activities

(a) Reconciliation of Cash

For the purposes of the Cash Flow Statements, cash includes deposits at call and cash at bank. Cash at the end of the period, as shown in the Cash Flow Statements, is reconciled to the related items in the Balance Sheets as follows:

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash and cash equivalents	1,375,271	705,827	366,152	168,308	45,711	41,824	111,029	33,723	148,540	32,370	3,067	2,558	21,387	13,170

The registered schemes maintain bank accounts at various locations throughout the world to enable the settlement of purchases and sales of investments and to conduct other normal banking transactions. All accounts are at call and the majority bear floating interest rates in the range of 0.05% to 0.85%.

(b) Non Cash Financing Activities

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	357,208	67,097	52,108	3,743	12,031	4,913	47,202	5,484	10,823	3,348	351	18	70	1,391

Platinum International Fund
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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 14 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operating Activities (cont)

(c) Reconciliation of Net Cash from Operating Activities to Operating Profit

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Net operating income	1,586,296	144,310	214,188	58,142	52,819	8,990	108,989	7,890	69,627	14,706	2,357	(755)	12,289	(5,468)
Adjustment to net operating income for AIFRS	(658,824)	-	(134,785)	-	(23,306)	-	(28,672)	-	(43,199)	-	(1,767)	-	(9,346)	-
(Increase)/decrease in investments	(1,267,364)	(1,367,466)	(832,620)	(233,652)	(78,163)	(29,547)	(701,732)	(94,571)	(174,471)	(57,086)	(9,658)	(5,383)	2,531	11,652
Decrease/(increase) in settlements receivable	8,969	(669)	(101)	36	-	2	2,163	(1,875)	17	207	-	-	-	-
Increase/(decrease) in settlements payable	5,051	(26,090)	2,854	(1,405)	2,044	(3,666)	(3,541)	4,189	1,621	-	112	-	(239)	(1,878)
Decrease/(increase) in exchange rates	(24,077)	26,648	(1,864)	(263)	(1,405)	1,777	(1,095)	(380)	(490)	1,002	(32)	24	(413)	825
Decrease/(increase) in dividends receivable	94	(549)	(1,104)	(486)	(91)	117	(67)	(56)	(91)	(151)	(8)	(5)	10	(14)
(Increase)/decrease in interest receivable	(412)	(60)	(561)	(446)	(49)	24	(170)	(21)	(413)	(39)	3	(9)	(11)	(4)
Increase/(decrease) in accrued expenses	2,889	1,429	1,404	533	127	39	959	83	401	94	13	12	13	(19)
(Increase)/decrease in other receivables	(1,789)	275	(564)	(102)	(15)	10	(114)	7	(97)	(12)	(1)	(1)	(2)	(2)
Investment writedown	-	24,619	-	(530)	-	1,341	-	-	-	(967)	-	618	-	4,674
Net Cash Flows from operating activities	(349,167)	(1,197,553)	(753,153)	(178,173)	(48,039)	(20,913)	(623,280)	(84,734)	(147,095)	(42,246)	(8,981)	(5,499)	4,832	9,766

Platinum International Fund
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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 15 Events Occurring after the Reporting Date

No significant events have occurred since balance date which would impact the financial position of the registered schemes as at 30 June 2006 and the results of the year ended on that date.

Note 16 Contingent Assets, Liabilities and Commitments

The registered schemes have no contingent assets, liabilities or commitments.

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 17 Explanation of transition to Australian Equivalents to International Financial Reporting Standards (AIFRS)

(1) Reconciliation of profit under previous AGAAP to profit under AIFRS for the year ended 30 June 2005

Income Statement

Notes	International Fund			Asia Fund			European Fund			Japan Fund		
	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000
Investment income												
Dividends	82,120	-	82,120	8,454	-	8,454	3,317	-	3,317	2,765	-	2,765
Interest	25,145	-	25,145	2,469	-	2,469	1,294	-	1,294	965	-	965
Net gains/(losses) on securities/derivatives	(a) 144,718	(215,663)	(70,945)	48,548	86,136	134,684	9,417	(3,320)	6,097	10,278	859	11,137
Net foreign exchange gains/(losses) on hedging transactions	(a) 6,848	1,592	8,440	4,440	447	4,887	(2,015)	1,418	(597)	(4,187)	1,645	(2,542)
Net unrealised gains/(losses) on revaluation of monetary assets	1,592	(1,592)	-	447	(447)	-	1,418	(1,418)	-	1,645	(1,645)	-
Reversal of prior period's provision for permanent diminution in the value of investments	(a) 43,380	(43,380)	-	2,188	(2,188)	-	3,165	(3,165)	-	-	-	-
Provision for permanent diminution in the value of investments	(a) (67,999)	67,999	-	(1,658)	1,658	-	(4,506)	4,506	-	-	-	-
Total investment income from ordinary activity	235,804	(191,044)	44,760	64,888	85,606	150,494	12,090	(1,979)	10,111	11,466	859	12,325
Expenses												
Operating expenses	91,494	-	91,494	6,746	-	6,746	3,100	-	3,100	3,576	-	3,576
Transaction costs	(b) -	5,975	5,975	-	1,277	1,277	-	165	165	-	501	501
Total expenses from ordinary activity	91,494	5,975	97,469	6,746	1,277	8,023	3,100	165	3,265	3,576	501	4,077
Net operating income from ordinary activity	144,310	(197,019)	(52,709)	58,142	84,329	142,471	8,990	(2,144)	6,846	7,890	358	8,248
Financing costs												
Increase/(decrease) in net assets attributable to unitholders	(d) -	374,771	374,771	-	(83,016)	(83,016)	-	4,291	4,291	-	(1,770)	(1,770)
Distributions paid and payable to unitholders	(d) -	322,062	322,062	-	59,455	59,455	-	11,137	11,137	-	6,478	6,478
Net Profit	144,310	(144,310)	-	58,142	(58,142)	-	8,990	(8,990)	-	7,890	(7,890)	-
Amounts transferred from/to reserves	177,752	(177,752)	-	1,313	(1,313)	-	2,147	(2,147)	-	(1,412)	1,412	-
Distributions paid and payable to unitholders	322,062	(322,062)	-	59,455	(59,455)	-	11,137	(11,137)	-	6,478	(6,478)	-

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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 17 Explanation of transition to Australian equivalents to IFRS (AIFRS) (cont)

(1) Reconciliation of profit under previous AGAAP to profit under AIFRS for the year ended 30 June 2005 (cont)

Income Statement

	Notes	International Brands Fund			International Health Care Fund			International Technology Fund		
		Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000
Investment income										
Dividends		2,208	-	2,208	46	-	46	676	-	676
Interest		580	-	580	52	-	52	187	-	187
Net gains/(losses) on securities/derivatives	(a)	12,508	14,509	27,017	(53)	(347)	(400)	1,197	(7,438)	(6,241)
Net foreign exchange gains/(losses) on hedging transactions	(a)	(432)	1,198	766	41	(112)	(71)	(2,001)	38	(1,963)
Net unrealised gains/(losses) on revaluation of monetary assets		1,198	(1,198)	-	(112)	112	-	38	(38)	-
Reversal of prior period's provision for permanent diminution in the value of investments	(a)	967	(967)	-	83	(83)	-	4,006	(4,006)	-
Provision for permanent diminution in the value of investments	(a)	-	-	-	(702)	702	-	(8,680)	8,680	-
Total investment income from ordinary activity		17,029	13,542	30,571	(645)	272	(373)	(4,577)	(2,764)	(7,341)
Expenses										
Operating expenses		2,323	-	2,323	110	-	110	891	-	891
Transaction costs	(b)	-	208	208	-	15	15	-	49	49
Total expenses from ordinary activity		2,323	208	2,531	110	15	125	891	49	940
Net operating income from ordinary activity		14,706	13,334	28,040	(755)	257	(498)	(5,468)	(2,813)	(8,281)
Financing costs										
Increase/(decrease) in net assets attributable to unitholders	(d)	-	(14,787)	(14,787)	-	546	546	-	8,421	8,421
Distributions paid and payable to unitholders	(d)	-	13,253	13,253	-	48	48	-	140	140
Net Profit		14,706	(14,706)	-	(755)	755	-	(5,468)	5,468	-
Amounts transferred from/to reserves		(1,453)	1,453	-	803	(803)	-	5,608	(5,608)	-
Distributions paid and payable to unitholders		13,253	(13,253)	-	48	(48)	-	140	(140)	-

Platinum International Fund
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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 17 Explanation of transition to Australian equivalents to IFRS (AIFRS) (cont)

(2) Reconciliation of equity under previous AGAAP to equity under AIFRS: 30 June 2005

Balance Sheet

	Notes	International Fund			Asia Fund			European Fund			Japan Fund		
		Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000
Assets													
Investments	(a),(b)	5,645,227	299,907	5,945,134	583,610	82,523	666,133	181,167	17,881	199,048	248,264	10,842	259,106
Current Assets													
Receivables		16,374	-	16,374	1,756	-	1,756	326	-	326	2,332	-	2,332
Total Current Assets		16,374	-	16,374	1,756	-	1,756	326	-	326	2,332	-	2,332
Total Assets		5,661,601	299,907	5,961,508	585,366	82,523	667,889	181,493	17,881	199,374	250,596	10,842	261,438
Liabilities													
Other Liabilities													
Unitholders' distribution payable		322,062	-	322,062	59,455	-	59,455	11,137	-	11,137	6,478	-	6,478
Creditors and accrued expenses		7,980	-	7,980	802	-	802	235	-	235	4,502	-	4,502
Re-classification of unitholders' equity	(c)	-	5,631,466	5,631,466	-	607,632	607,632	-	188,002	188,002	-	250,458	250,458
Total Liabilities		330,042	5,631,466	5,961,508	60,257	607,632	667,889	11,372	188,002	199,374	10,980	250,458	261,438
Net assets attributable to unitholders		5,331,559	(5,331,559)	-	525,109	(525,109)	-	170,121	(170,121)	-	239,616	(239,616)	-
Unitholders' Equity													
Unitholders' Funds		5,659,603	(5,659,603)	-	528,774	(528,774)	-	176,165	(176,165)	-	238,374	(238,374)	-
Reserves		(328,044)	328,044	-	(3,665)	3,665	-	(6,044)	6,044	-	1,242	(1,242)	-
Total Unitholders' Equity	(c)	5,331,559	(5,331,559)	-	525,109	(525,109)	-	170,121	(170,121)	-	239,616	(239,616)	-

Statement of changes in equity

In accordance with AASB 132 unitholders' equity is classified as a liability and accordingly the registered schemes have no equity for financial purposes.

Platinum International Fund
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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 17 Explanation of transition to Australian equivalents to IFRS (AIFRS) (cont)

(2) Reconciliation of equity under previous AGAAP to equity under AIFRS: 30 June 2005 (cont)

Balance Sheet

	Notes	International Brands Fund			International Health Care Fund			International Technology Fund		
		Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000
Assets										
Investments	(a),(b)	170,644	22,459	193,103	9,818	452	10,270	44,679	272	44,951
Current Assets										
Receivables		415	-	415	19	-	19	55	-	55
Total Current Assets		415	-	415	19	-	19	55	-	55
Total Assets		171,059	22,459	193,518	9,837	452	10,289	44,734	272	45,006
Liabilities										
Other Liabilities										
Unitholders' distribution payable		13,253	-	13,253	48	-	48	140	-	140
Creditors and accrued expenses		231	-	231	1,850	-	1,850	312	-	312
Re-classification of unitholders' equity	(c)	-	180,034	180,034	-	8,391	8,391	-	44,554	44,554
Total Liabilities		13,484	180,034	193,518	1,898	8,391	10,289	452	44,554	45,006
Net assets attributable to unitholders		157,575	(157,575)	-	7,939	(7,939)	-	44,282	(44,282)	-
Unitholders' Equity										
Unitholders' Funds		159,830	(159,830)	-	8,828	(8,828)	-	58,887	(58,887)	-
Reserves		(2,255)	2,255	-	(889)	889	-	(14,605)	14,605	-
Total Unitholders' Equity	(c)	157,575	(157,575)	-	7,939	(7,939)	-	44,282	(44,282)	-

Statement of changes in equity

In accordance with AASB 132 unitholders' equity is classified as a liability and accordingly the registered schemes have no equity for financial purposes.

Platinum International Fund
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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 17 Explanation of transition to Australian equivalents to IFRS (AIFRS) (cont)

(3) Reconciliation of cash flow statements for the year ended 30 June 2005

The adoption of AIFRS has not resulted in any material adjustments to the cash flow.

Notes Explaining the Impacts on the Income Statements and Balance Sheets

The exemption available in accordance with AASB 1 has been adopted in the preparation of the 30 June 2006 financial report. As a result, the comparative balances reflect the previous AGAAP.

(a) Investments

Under AASB 139, investments are classified as “financial assets held at fair value through the profit or loss” and are recognised in the Income Statement at fair value. During the period, changes in fair value for financial assets are now recognised in the Income Statement. The fair value of investments in securities is now measured at bid price and excludes disposal costs.

Under the previous AGGAP, investments and other derivatives were valued at historical cost unless it has been determined that there had been a permanent diminution in the value of an investment in which case, the carrying amount was written down to net market value or last sale price with an allowance for disposal costs. Transactions costs were included in the gain or loss on sale of trading securities. Investments in monetary items and forward currency contracts were previously stated at net market value or last sale price with an allowance for disposal costs. If the policy required by AASB 139 had been applied during the year ended 30 June 2005 the following would have resulted:

	International Fund \$'000	Asia Fund \$'000	European Fund \$'000	Japan Fund \$'000	International Brands Fund \$'000	International Health Care Fund \$'000	International Technology Fund \$'000
An increase/(decrease) in net gain/(loss) on equities and derivatives from the revaluation during the year	(215,663)	86,136	(3,320)	859	14,509	(347)	(7,438)
An increase/(decrease) in opening reserves from the revaluation of equities and derivatives	453,546	(3,994)	16,860	10,484	8,158	112	(921)
An increase in opening reserves from the reversal of the provision of permanent diminution	43,380	2,188	3,165	-	967	83	4,006
A decrease in permanent diminution	67,999	1,658	4,506	-	-	702	8,680

Platinum International Fund
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Notes to the Financial Statements

For the year ended 30 June 2006 (cont)

Note 17 Explanation of transition to Australian equivalents to IFRS (AIFRS) (cont)

Notes Explaining the Impacts on the Income Statements and Balance Sheets (cont)

(b) Transaction costs

Under AIFRS, initial measurement (cost) on acquisition of trading securities does not include directly attributable transaction costs such as fees and commissions paid to agents. Incremental transaction costs are expensed as incurred in the Income Statement. This differs from the previous AGAAP treatment where incremental transaction costs on acquisition of trading securities were included within initial measurement costs. The impact during the year ended 30 June 2005 is shown in the table below. On transition to AIFRS this change will not impact net assets attributable to unitholders.

	International Fund	Asia Fund	European Fund	Japan Fund	International Brands Fund	International Health Care Fund	International Technology Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recognition of transaction costs expense	5,975	1,277	165	501	208	15	49

(c) Financial liabilities

Under AIFRS, units on issue give the unitholder a right to redemption at fair value and are therefore considered a liability rather than equity. The liability is now measured at the value of the amount which would be redeemable as at reporting date and would not be disclosed as unitholders' funds.

(d) Finance costs

As unitholders' funds are classed as debt under AIFRS, it is necessary to recognise "increase/(decrease) in net assets" attributable to unitholders in the Income Statement as a finance cost. Under AIFRS, the Income Statement of the schemes will disclose a nil net profit.

This differs from the previous AGGAP treatment where the net profit for the year was disclosed as available for distribution to unitholders, however, there was no impact to net assets attributable to unitholders.

(e) Foreign exchange

The measurement currency of the registered schemes as determined in accordance with AASB 121: *The Effects of Changes in Foreign Rates* is the Australian dollar because this is the currency that reflects the economic substance of the underlying events and is the currency of the primary economic environments to which the registered schemes are exposed. The financial statements will continue to be presented in Australian dollars (the "presentation currency"). Since the measurement and presentation currency are both Australian dollars there will be no impact on net assets attributable to unitholders.

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Statement of Net Asset Value

Reconciliation of Net Asset Value before unitholders' liability in accordance with AIFRS to the Redemption Value*.

	International Fund		Asia Fund		European Fund		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Net assets attributable to unitholders per balance sheet	7,536,692	5,331,559	1,726,317	525,109	273,594	170,121	975,369	239,616	494,125	157,575	19,324	7,939	59,806	44,282
Add:														
Revaluation of financial assets	-	310,698	-	84,292	-	18,309	-	11,369	-	22,857	-	470	-	382
Distributions paid and payable to unitholders	997,666	322,062	104,092	59,455	28,886	11,137	86,893	6,478	31,563	13,253	556	48	147	140
Less:														
Redemption cost of financial assets**	(21,367)	(14,911)	(4,591)	(1,672)	(758)	(499)	(2,664)	(644)	(1,317)	(484)	(50)	(21)	(150)	(112)
Difference between "bid" price under AIFRS and last price	12,192	-	6,043	-	689	-	3,578	-	1,113	-	78	-	72	-
Adjustments	110	-	(11)	-	42	-	-	-	(2)	-	-	-	-	-
Net Asset Value for redemption purposes	8,525,293	5,949,408	1,831,850	667,184	302,453	199,068	1,063,176	256,819	525,482	193,201	19,908	8,436	59,875	44,692
Redemption price	2.1827	1.8204	2.3521	2.0115	2.3250	1.9573	2.7375	2.1041	2.0958	1.7743	1.1412	0.9304	1.1107	0.8534

* Financial assets are valued at the last sale price with an allowance for transaction costs.

** Depending on the day of the week that the reporting period ends will determine whether the above redemption price will be available for unitholders to sell their holdings.

Platinum International Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Directors' Declaration

In the Directors' opinion the financial statements and notes of:

Platinum International Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund (together the 'registered schemes') as set out on pages 7 to 48.

- (a) are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the registered schemes as at 30 June 2006 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the registered schemes will be able to pay its debts as and when they become due and payable.

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

M Halstead
Director

Sydney
18 August 2006

Independent Audit Report to the Unitholders of

Platinum International Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Platinum International Fund, Platinum Asia Fund, Platinum European Fund, Platinum Japan Fund, Platinum International Brands Fund, Platinum International Health Care Fund, and Platinum International Technology Fund (together the “registered schemes”) for the year ended 30 June 2006 included on the registered schemes’ web site. The registered schemes’ Directors are responsible for the integrity of the Platinum web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit opinion

In our opinion, the financial report of the registered schemes covered by this report for the financial year ended 30 June 2006:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the registered schemes as at 30 June 2006, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and Directors’ responsibility

The financial report comprises the Income Statements, Balance Sheets, Statements of Changes in Equity, Cash Flow Statements, accompanying notes to the Financial Statements, and the Directors’ Declaration for the registered schemes, for the year ended 30 June 2006.

The Directors of Platinum Asset Management (“the responsible entity”) are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Platinum International Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Audit opinion (cont)

Audit approach

We conducted an independent audit in order to express an opinion to the unitholders of the registered schemes. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our web-site <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the registered schemes' financial position, and its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by Directors or management.

Platinum International Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers
Chartered Accountants

A J Loveridge
Partner

Sydney
18 August 2006