Platinum International Fund
ARSN 089 528 307
Platinum Asia Fund
ARSN 104 043 110
Platinum European Fund
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Platinum Japan Fund
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Platinum International Brands Fund
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Platinum International Health Care Fund
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Platinum International Technology Fund
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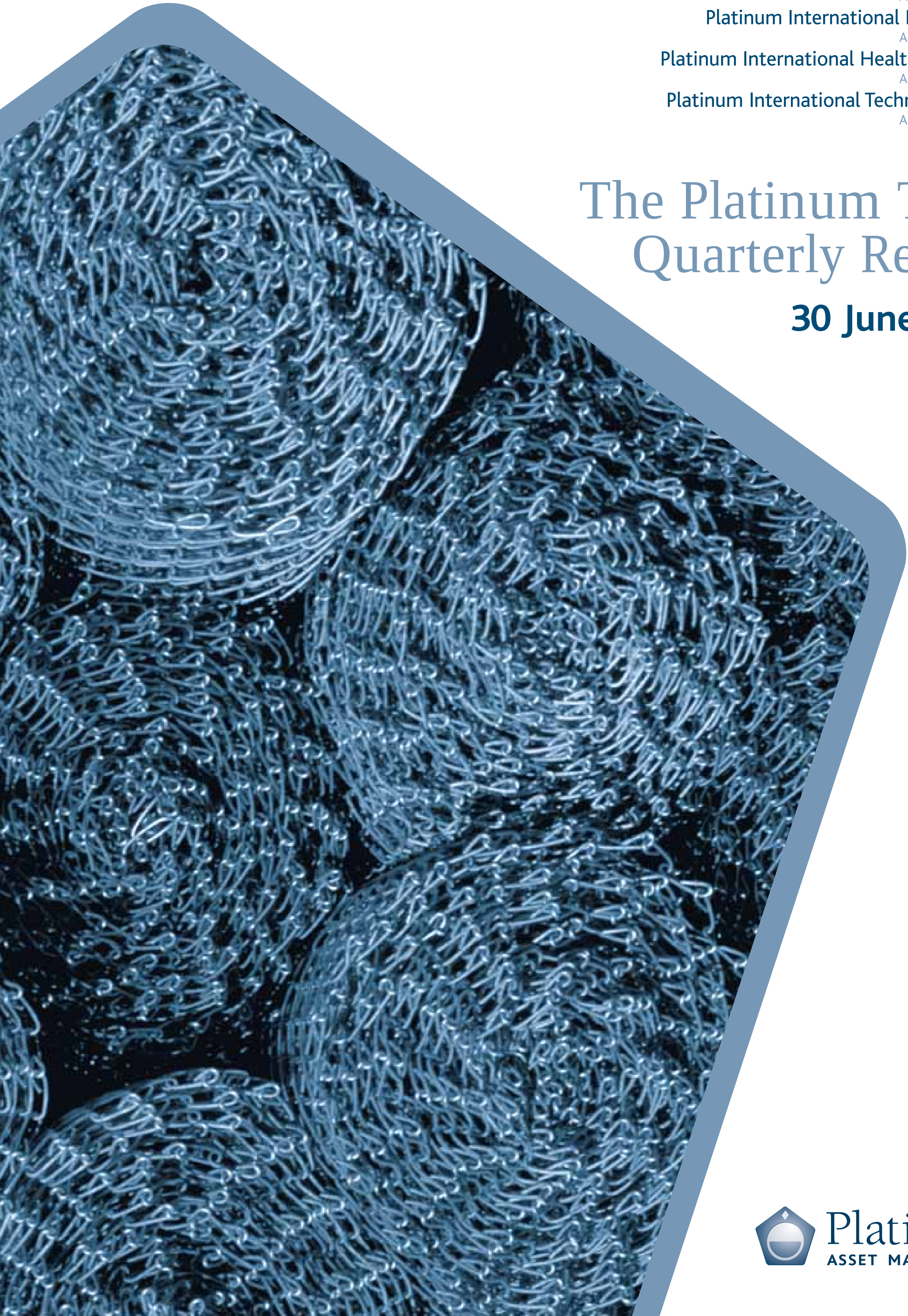
The Platinum Trust® Quarterly Report

30 June 2005



Platinum ASSET MANAGEMENT®

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Stay tuned! for the future of TV technology.

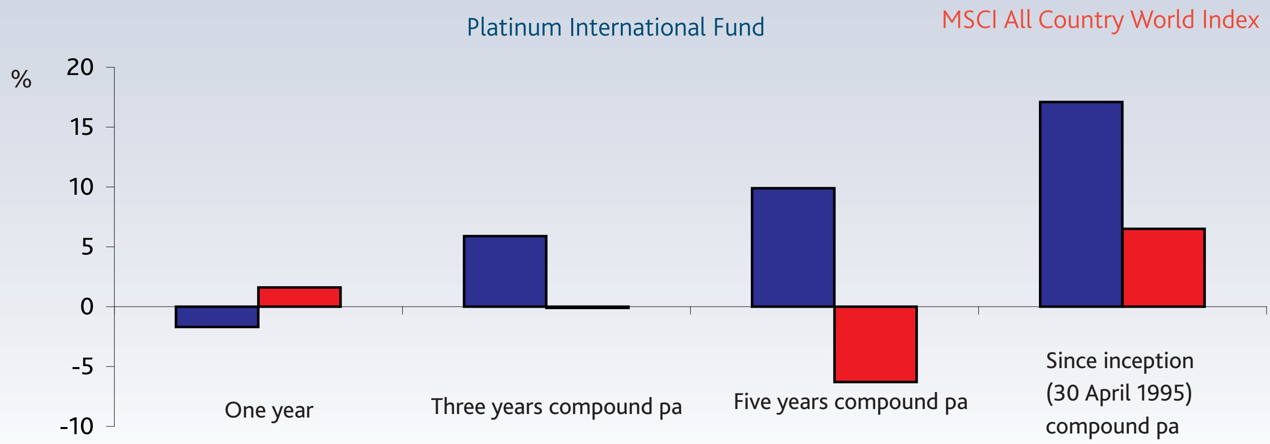
PERFORMANCE RETURNS TO 30 JUNE 2005

FUND	FUND SIZE	QUARTER	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	5 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA
INTERNATIONAL FUND	**$5,968m**	**-1.9%**	**-1.7%**	**12.1%**	**5.9%**	**9.9%**	**17.1%**
MSCI AC* WORLD INDEX		2.1%	1.6%	10.3%	-0.1%	-6.3%	6.5%
ASIA FUND	**$669m**	**4.6%**	**47.1%**	**39.1%**	**-**	**-**	**37.4%**
MSCI AC ASIA EX JAPAN INDEX		5.9%	16.4%	20.8%			19.4%
EUROPEAN FUND	**$199m**	**1.3%**	**3.7%**	**18.1%**	**9.5%**	**10.2%**	**15.7%**
MSCI AC EUROPE INDEX		0.7%	7.1%	15.3%	2.0%	-4.0%	-1.2%
JAPAN FUND	**$258m**	**-0.5%**	**3.5%**	**22.6%**	**11.1%**	**4.4%**	**22.9%**
MSCI JAPAN INDEX		-2.1%	-10.0%	12.6%	-3.3%	-10.9%	-0.7%
INTERNATIONAL BRANDS FUND	**$194m**	**5.7%**	**21.2%**	**24.0%**	**12.5%**	**17.5%**	**16.9%**
MSCI AC WORLD INDEX		2.1%	1.6%	10.3%	-0.1%	-6.3%	-6.6%
INTERNATIONAL HEALTH CARE FUND	**$8m**	**6.5%**	**-11.5%**	**(LAUNCHED NOVEMBER 2003)**			**-3.1%**
MSCI AC WORLD HEALTH CARE INDEX		5.7%	-2.3%				8.1%
INTERNATIONAL TECHNOLOGY FUND	**$45m**	**-4.3%**	**-14.8%**	**7.6%**	**5.2%**	**7.7%**	**8.5%**
MSCI AC WORLD IT INDEX		3.1%	-11.1%	4.3%	-2.2%	-21.5%	-20.9%

*Morgan Stanley Capital International All Country

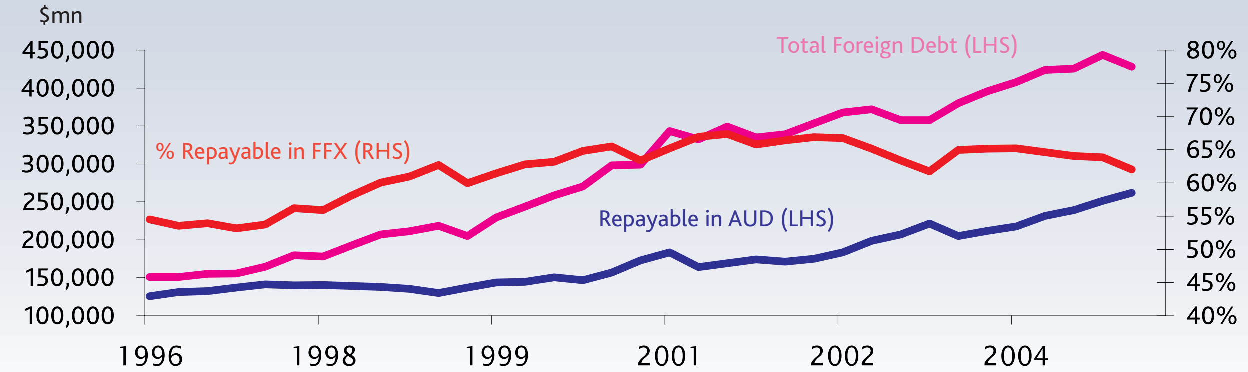
Source: Platinum and Factset. Refer to Note 1, page 36.

PLATINUM INTERNATIONAL FUND VERSUS MSCI WORLD INDEX TO 30 JUNE 2005



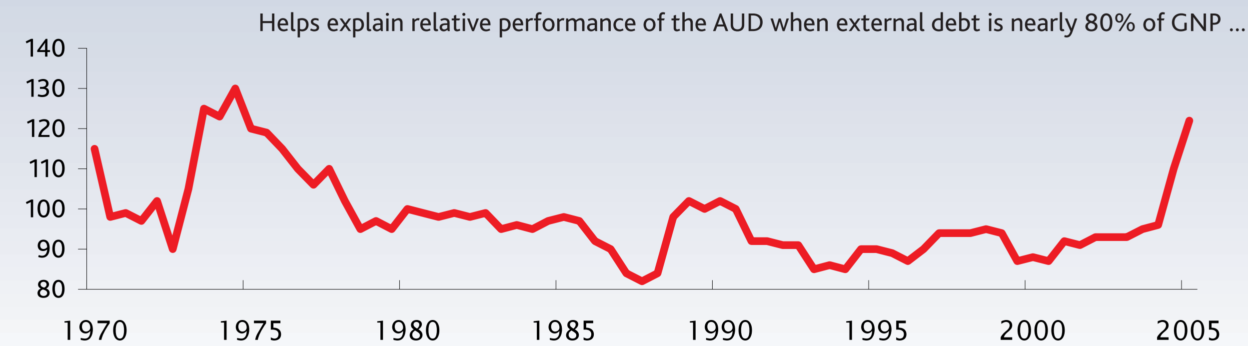
Source: Platinum and Factset. Refer to Note 1, page 36.

AUSTRALIAN FOREIGN DEBT



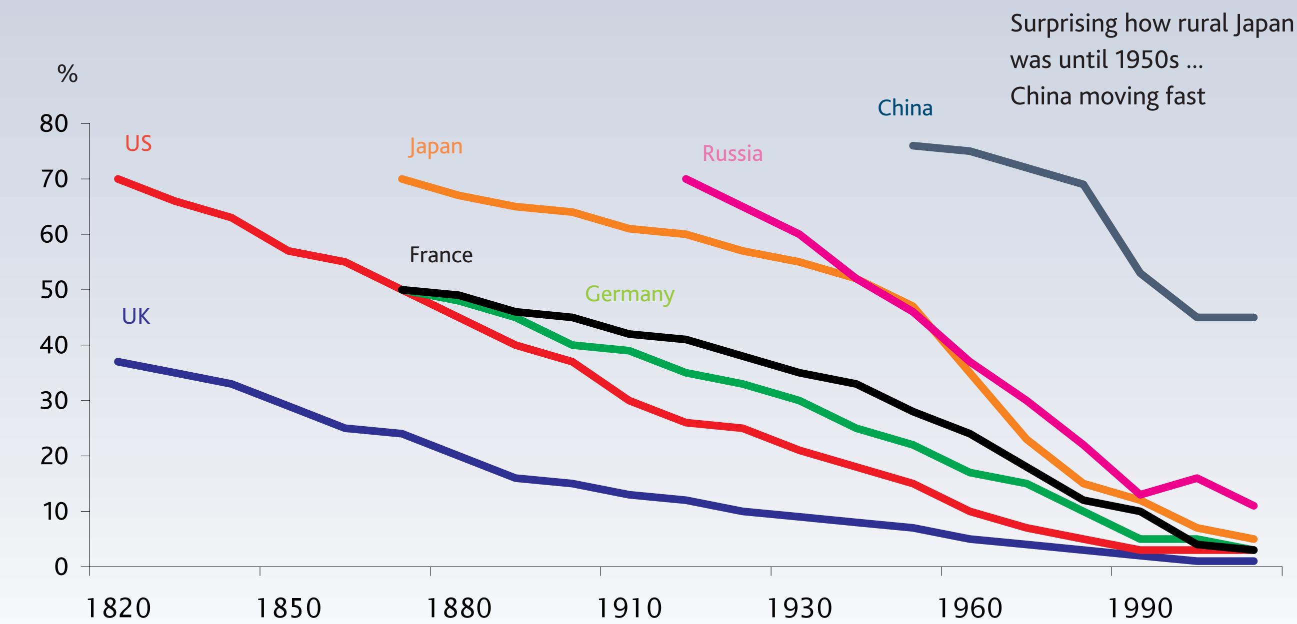
Source: RBA

AUSTRALIAN TERMS OF TRADE



Source: RBA

EMPLOYMENT IN AGRICULTURE AS A % OF TOTAL EMPLOYMENT



Source: Maddison, A. (1997), Causal influences on productivity performance 1820-1992: A global perspective, Journal of Productivity Analysis and CSFB estimates

PLATINUM INTERNATIONAL FUND

Kerr Neilson
Managing Director

PERFORMANCE

Our performance over the 12 months has been below par. Analysis of the key components reveals that currencies and the weightings of the disposition of the Fund's assets were the culprits.

In each of the principal geographic areas performance in native currencies has been average to good. There were two exceptions, however, the US where we underperformed a flattish market by about 2% and developing Asia where our Indian and Korean holdings outperformed the region by a massive margin. This is where relative weightings play a part. Approximately a third of the Fund's assets were deployed in each of Europe and Japan, which respectively rose by about 13% and fell by about 2%. In North America we had about 15% invested long and in India and Korea some 12% on average. Short selling of stocks and indices in positive markets was costly, sapping performance by about 3%, but shorting in a rising market is the cost of insurance. The outcome in native currencies was acceptable but as the unit price is calculated in A$, which in aggregate rose as shown in the table to the right, the A$ return was negative at 1.7% for the year and -1.9% for the quarter.

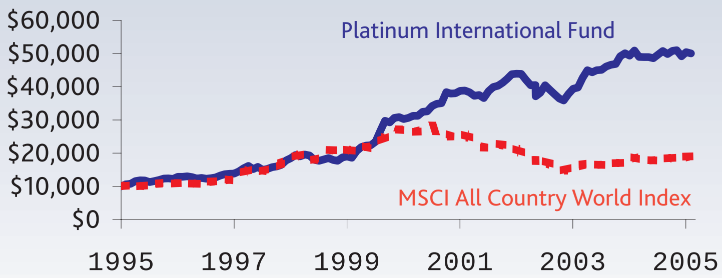
That it would have been better to have more exposure to India and Korea is evident but in view of the relative size of these markets that was, unfortunately, not realistic. The high exposure to Japan, which was the weakest large market, was in keeping with our contrarian bias. Moreover, it was supported by both our mechanistic and qualitative work which suggests that Japan was and remains the most attractive of the large equity markets.

MSCI WORLD INDEX INDUSTRY BREAKDOWN (LOCAL)

SECTOR PERFORMANCE	QUARTER	1 YEAR
ENERGY	6.2%	33.9%
UTILITIES	7.9%	26.9%
MATERIALS	-3.4%	12.1%
FINANCIALS	3.1%	9.7%
TELECOMMUNICATIONS	0.7%	8.9%
INDUSTRIALS	-0.9%	8.6%
HEALTH CARE	5.9%	6.0%
CONSUMER DISCRETIONARY	0.1%	4.3%
CONSUMER STAPLES	0.6%	4.0%
INFORMATION TECHNOLOGY	2.6%	-3.6%

Source: Bloomberg

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 MAY 1995 TO 30 JUNE 2005



Source: Platinum and Factset. Refer to Note 2, page 36..

Not hedging back into A$ from yen and euro was indubitably our largest error. This decision was tinged by concerns of national foreign borrowings which remains a problem. Our principal hedge was out of the US$ into the A$, though this position was relatively modest and was reduced as the A$ rose.

CURRENCY CHANGE VERSUS $A

	YEAR TO 30 JUNE 2005
SOUTH KOREAN WON	2.4%
CANADIAN DOLLAR	-0.2%
TAIWAN DOLLAR	-2.0%
SINGAPORE DOLLAR	-6.6%
EURO	-9.0%
BRITISH POUND	-9.7%
JAPANESE YEN	-10.0%
SWISS FRANC	-10.6%

Source: Bloomberg

Taking a deeper look into the stocks held is helpful. Here we find that shares held in information technology (IT) companies such as Infineon, Alcatel, Maxtor, Sun Microsystems, Foundry and NEC, all incurred large losses, as did telco holdings such as NTT and NTT DoCoMo. Big winners were mainly in the energy sector such as Royal Dutch (Shell), Mitsubishi Corp and JGC.

This pattern largely corresponds with the MSCI global industry performance, see table below left, which shows that energy and materials led the field, accompanied by interest sensitives like utilities. The laggards were IT and consumer staples.

CURRENCY

As noted previously our currency management of late has been defective. The position at present is as follows:

MAJOR CURRENCY EXPOSURES

	JUN 2005
JAPANESE YEN	39%
EUROPE - EURO	21%
AUSTRALIAN DOLLAR	15%
US DOLLAR	7%
SOUTH KOREAN WON	6%
EUROPE - OTHER (Swiss franc, British pounds, Norwegian krone)	4%

Source: Platinum

Should the A$ weakness seen since the beginning of July persist, we may hedge back into it, even though our earlier concerns have not been assuaged.

SHORTING

We have been gradually reducing our shorts on some of the US regional banks and financials as they appear to have reduced their interest rate carry trades and hence their financial risk. The hottest game in town is now housing and we are completing our review for potential shorts.

CHANGES TO THE PORTFOLIO

DISPOSITION OF ASSETS		
REGION	JUN 2005	MAR 2005
JAPAN	31%	28%
WESTERN EUROPE	29%	29%
NORTH AMERICA	17%	17%
EMERGING MARKETS	12%	13%
AUSTRALIA	0%	0%
CASH	11%	13%
SHORTS	30%	28%

Source: Platinum

The more significant changes to the portfolio during the quarter were to increase our holdings in Citizen Watch, Nintendo, Canon, NTPC (power generator in India) and Infineon (DRAM and other semiconductors). At the same time we took advantage of strong energy prices to trim Royal Dutch (Shell), and sold TransOcean (oil rig owner) and Reliance Industries (as the family squabble regarding control was resolved). We are almost out of Merck (liquid crystal supplies and drugs) and we declared defeat to our theory that a boom in hard drives would benefit Maxtor.

Later in the report we refer to a group of Japanese companies that are conspicuous for having grown profits through this past 14 years of economic sloth and/or display abnormal profitability and consequently are cash rich. Nintendo, Canon and Citizen fall into this group although in each case there is a cloud shadowing their immediate prospects.

In the case of Canon, margins are at historically high levels and there is evidence that digital camera sales growth is slowing, while in some parts of the copier and printer market, competition is intensifying. These doubts, together with the company's failure to match ASML in current generation steppers, is causing the share to trade at historically low valuations. On the positive side, one can argue that this is not the first time there have been issues with delayed product releases, while among other things the impending boom in low cost colour printers, a market that Canon dominates, will provide plenty of margin protection.

The concerns weighing on Nintendo relate to the size and supposed superior technical sophistication of Sony and Microsoft in the provision of platforms for video games. Without engaging in all the esoteria of this massive industry, which in revenues exceeds the movie market! we have concluded that among the game platform suppliers, Nintendo is fully competitive. It is, however, targeting a younger segment of the market. Its Game Cube sales

BREAKDOWN OF FUND'S LONG INVESTMENTS BY INDUSTRY			
CATEGORIES	EXAMPLES OF STOCKS	JUN 2005	MAR 2005
CYCLICALS/MANUFACTURING	TOYOTA MOTOR, SCHINDLER, SIEMENS, LINDE, OCE	29%	27%
FINANCIALS	CREDIT AGRICOLE, MITSUBISHI TOKYO FINANCIAL, MITSUI SUMITOMO INSURANCE	13%	15%
TECHNOLOGY/HARDWARE	AGERE, INFINEON TECH, SAMSUNG, AMD, SUN MICROSYSTEMS	11%	8%
RETAIL/SERVICES/LOGISTICS	CARREFOUR, DEUTSCHE POST, HORNBACH, MITSUBISHI CORP	9%	7%
CONSUMER BRANDS	HENKEL, ADIDAS SALOMON, LOTTE	7%	6%
SOFTWARE/MEDIA	SEOUL BROADCASTING, NEWSCORP	6%	6%
GOLD AND OTHER RESOURCES	SHELL, BARRICK GOLD, NEWMONT MINING, NORANDA	5%	6%
TELECOMS	ALCATEL, NTT DOCOMO	5%	5%
MEDICAL	TAKEDA, SCHERING, MERCK KGAA, GLAXOSMITHKLINE	4%	7%

Source: Platinum

have trailed off in anticipation of the forthcoming "Revolution", but the release of product will not be late. We suspect that it will have all the relevant features sought by its target market and the only issue outstanding is the speed at which it can produce game software (content). In the meantime, sales of its portable dual screen device are doing well and there could be some game surprises.

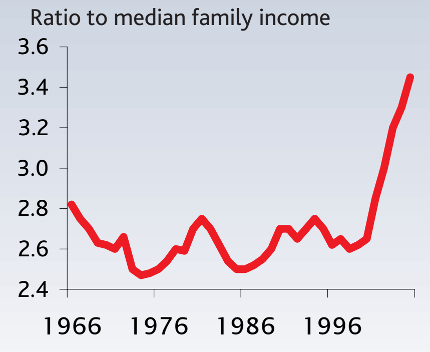
The share price of Citizen Watch was recently punished when it announced a buy-in of its listed subsidiaries. The increase in shares outstanding implied by this was treated by the market as a take-over defensive tactic in an environment that has become unduly sensitive to such machinations. We did not accept this interpretation.

COMMENTARY

As we pull out the retrospectascope® to examine our errors, we see that for the last year or so, the best single decision would have been to bank entirely on interest sensitive plays around the world. This would have meant buying direct beneficiaries like utilities, toll road operators and REITs (Real Estate Investment Trusts) and indirect beneficiaries such as retailers and housing developers. As is mostly the case when applying the scope, we would not have credited at the time that a run-away oil price and strong commodity prices could be compatible with this *ex post* outcome. Far from damaging expenditure the oil price rise was accompanied by aggressive recycling of trade surpluses back into the debt markets and by an accommodative Federal reserve in the US, which raised short rates only tentatively. The contrasting behaviour of the various Central Banks thus contributed to the **hunt for yield** and may explain the strange downward rating of quality companies that has been evident for some time now.

The US housing boom, which is now getting front page treatment from many high quality magazines, is, we believe, a late-stage phenomena. US equities have been disappointing and with interest rates at such low levels as to discourage saving, it is easy for speculators to exaggerate the case for housing. Participants in the property merry-go round in the Netherlands, the UK and Australia have joined in the fun. Americans have, however, been particularly active in treating their homes as some sort of wondrous (and tax affective) ATM for cashing out their rising "equity". With this in mind, and taking account of the post-liminary lifting of interest rates in the US, we suspect the dire warnings being trumpeted about the property market are too early but will nevertheless end in the same deflating manner that we are witnessing elsewhere. The behaviour of the shares of house builders could anticipate this change in trend. (That price falls are less evident in the super luxury category is totally consistent with the widening wealth disparity and the flow-on effect of the vogue for financial engineering.)

US House Prices



Source: Goldman Sachs, Dep't of Commerce, Freddie Mac, Nat'l Asscn of Realtors

At the same time as Anglo-Saxon societies are enjoying their autumn harvest, the Chinese have been deploying over 40% of their economy on fixed investment which is over twice that employed in so-called developed countries. This has already led to very low levels of profit on the mainland in certain industries and may drag down foreign company profits as surpluses appear on international markets (eg. steel, aluminium and even cars). More interesting, though, is China's desire to secure long term supplies eg. Unical for $US18.5 billion in cash, and to move up the supply chain to control distribution and to own brands eg. IBM's PC business. Depending on the level of this activity, **this could have interesting implications as recycled current account surpluses are applied to real assets rather than nominal obligations such as US treasuries**. Either way, there are important political implications.

CHINA AND US RESOURCES

MNS OF TONS	CHINA 2005E	US 2003A
COAL PRODUCTION	2,077	1,083
ALUMINIUM PRODUCTION	7.4	5.7
COPPER CONSUMPTION	3.6	2.5
CEMENT PRODUCTION	1,148	112
STEEL PRODUCTION CAPACITY	340	110
OIL CONSUMPTION	306	1,042
ELECTRICITY GENERATION CAPACITY (GW)	506	751

Source: China Building Materials Association, Antaike, CSFB, ML, IEA, MS, Cemex

Over-investment, official policy intervention, diminishing profitability and some tightening in the labour market, portend a **gradual slowing of China's growth rate** over the next eighteen months. As an interesting aside to the spreading wealth effect in China, there are now apparently 100 million internet users - largely by way of internet cafés/booths. This is having intriguing implications for information dissemination across this vast market, most noticeably, the labour market. We hear that one of the reasons labour is conspicuously tight in specific industries is that rural workers are using on-line access to search for information regarding conditions and pay when seeking employment. Improved transparency is also facilitating a fairer treatment of the rural population who can visit official sites to check on taxes and entitlements.

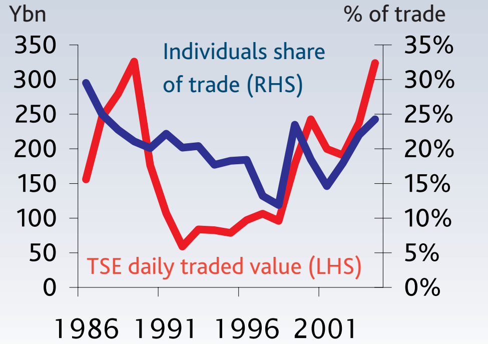
As to the other emerging giant, India, the outlook stays very positive. On the political front it is encouraging that the Federal Parliament passed legislation to promote the establishment of Special Economic Zones through tax incentives. Sadly, the left wing faction obstructed the clause concerning labour law modification but to combat this difficulty, the progressive States are delegating administrative powers to development commissioners. We suspect that the success of the prosperous reform-minded States will gradually ripple across to their more recalcitrant neighbours. Foreign investment is still modest at around $4 billion pa (a trivial 7% of flows into China) and we believe the economy is still in the **early years of a credit-funded consumer boom**. Bank credit between 1992 and 1999 hovered between 18% and 22% of GNP and is now on an upward trend at 34%. This is still an extremely modest level compared with its Asian neighbours of typically 80% and as high as 130% in China.

Some of our investors have trouble understanding **our love affair with Japanese companies**. They point to the sluggish economy and to share valuations the same or slightly lower than the US and generally higher than in Europe. Our response is that this frames the question too narrowly; insufficient weight is being given to the emphasis that quality Japanese companies place on strategic positioning, their commitment to product development and their remarkable profitability. This latter point is often masked by the high cash balances some companies have gathered, on which they obviously earn a pittance. We believe this "balance sheet inefficiency", is a hang-over from earlier, highly-regulated times which will progressively be corrected.

Even before the new threat of corporate raiders in Japan and with cross-holdings having been significantly reduced, companies had begun to specify higher dividend payout ratios, typically 30% of earnings, and have been cautiously engaging in share buy-backs. We believe this gives a category of "superior Japanese company" an unusually strong underpinning. Not only are they typically yielding twice as much as JGBs (Government bonds), but if their cash and investment holdings are netted off from their stock market values, they are on PEs varying, typically, between 8 and 15. This may not satisfy the sceptics except for the fact that in this last 14 years of low economic growth and falling output prices this group of companies has achieved earnings growth of 6 to 7% a year in terms of yen, a relatively strong currency.

With evidence of returning confidence among Japanese investors, as demonstrated by rising share trading volume by individual investors, the enthusiasm for REITs, high dividend funds and foreign investment funds, we can see the time when these companies will be more highly valued so as to reflect their intrinsic worth and their superior business economics.

Tokyo Stock Exchange Daily Traded Value



Source: Tokyo Stock Exchange

In Europe we are pursuing our usual share-targeting approach. Even during the last few years of dull growth good companies have exploited market opportunities in Eastern Europe and elsewhere and their share prices have reflected this. The general outlook remains murky but profitability across the board is at record levels and restructuring remains the focus. The issue now for Europe relates to the precise role of the European parliament. Will the new roadmap persist with the French vision of integration or will a more federalist model be chosen?

OUTLOOK

Company profits are at historically high levels and further advances are already reflected in current share prices. Valuations are reasonable rather than low, and medium term growth is uncertain. We are watching with interest the behaviour of UK consumers to give us some hint of the delayed effects of higher interest rates. We are also monitoring the gold price in currencies other than the US$ and observe that it is beginning to break upwards after many years of relative neglect. This at a time when there are many bond aficionados perhaps believing inflation is vanquished ... we wonder!

In terms of the companies that the Fund owns, we are generally confident that their earnings prospects are intact and should the US$ remain where it is against the yen and euro, earnings may pleasantly surprise. This would give several sullen and indolent holdings a positive jolt.

PLATINUM ASIA FUND

Andrew Clifford
Portfolio Manager

PERFORMANCE

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

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

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

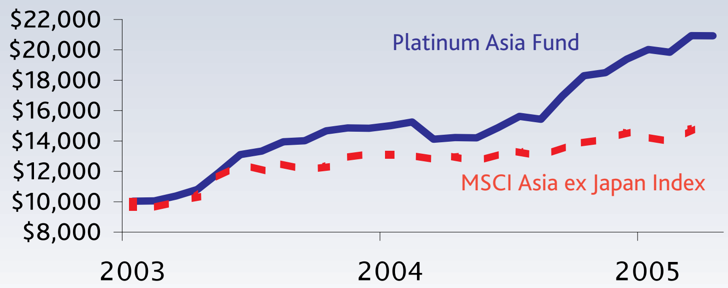
DISPOSITION OF ASSETS

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

Source: Platinum

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

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



Source: Platinum and Factset. Refer to Note 2, page 36.

CHANGES TO THE PORTFOLIO

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

COMMENTARY

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

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

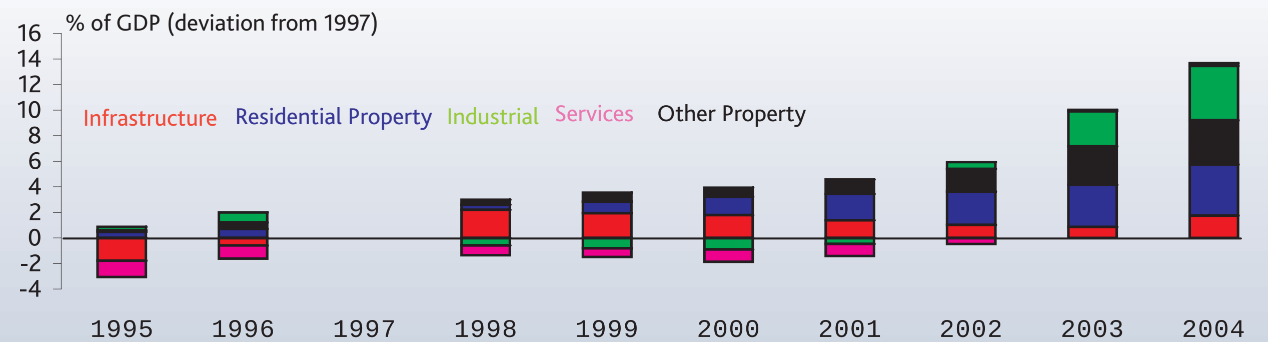
Why is this important? It is not that the Fund has any direct exposure to these entities with falling profits as we have for some time been wary of investing in highly competitive areas in the PRC. The big issue is what these falling profits mean for the driving force of economic growth in China, capital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

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

Another major contributor to investment growth over the last five years has been property, and it is clear from our meetings that appetite for property is still building. Many of the industrialists in Wenzhou were reinvesting their profits in property development across the country. In Chongqing in the first 10 minutes of a one hour drive from the airport to the city more than 60 cranes were counted. Indeed if it weren't for the extraordinary pollution that limited visibility to 150 metres, the count would probably have been much higher (see photos on page 34)! The chart below shows that property has made up more than half of the increase in investment in China since 1997.

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

China's Fixed Asset Investment Ratio



Source: CEIC, CSFB estimates

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

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

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

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

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

PLATINUM EUROPEAN FUND

Toby Harrop
Portfolio Manager

PERFORMANCE

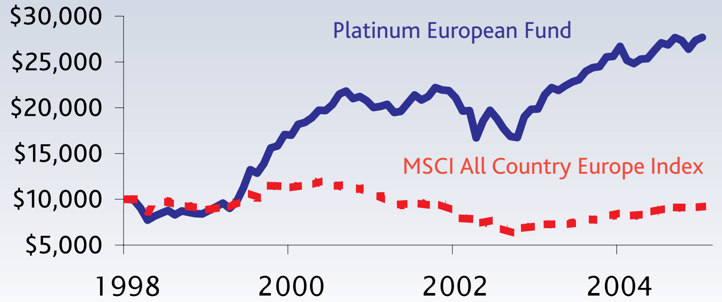
European stock markets advanced 6.5% in aggregate over the three months; the Scandinavian bourses sparkled, with Finland +10%, Denmark +9%, Norway +8% and Sweden +7%. Nokia (+16%, with a market weighting of nearly 40%) and paper/mining equipment maker Metso (+30%) led Finland; there is seemingly a bubble in Denmark; Norway is about oil; and Ericsson (+26%) drove the Swedish market. The large markets were solid: UK, France and Germany up 4% to 6%. Italy was unchanged over the quarter.

By industry, telecom equipment stood out (+16% over the period), while the advance was broad so that tobacco and real estate (+13%), beverages and energy (+11%) and water and computer software (+10%) all performed well - the pattern is not obvious! Paper was down 7% - reasonable volume and price developments were offset by the 6-8 week shutdown (strike then lockout) of the Finnish industry. Steel, down 10%, reflected market concerns over increasing exports from China.

In the three months to 30 June 2005, European currencies fell sharply against the US$ (euro -7%, Swiss franc -7%, Sterling -5%, and even the oil-supported Norwegian krone -3%), while the A$ was only modestly weaker against the US$. This meant that the MSCI Europe measured in A$ surrendered almost its entire local currency gain, to finish +0.7% for the quarter.

The Platinum European Fund, which was +1.3% for the quarter, suffered the same difficulty: some good stock performances were undermined by poor currency positioning (basically unhedged). With Ericsson (+26%), Metso (+30%), and French laboratory testing company Eurofins (+25% for the quarter) all among the five largest positions in the Fund, this performance outcome is tiresome indeed. Shorts were mixed but not significant over the quarter, while the 70%

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 30 JUNE 2005



Source: Platinum and Factset. Refer to Note 2, page 36.

or so net invested position was clearly too cautious in hindsight.

COMMENTARY

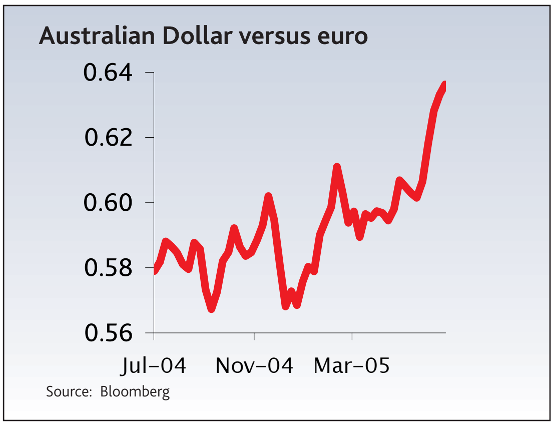
The euro, referenda and GDP growth

Markets supposedly discount the obvious, the known, the suspected, and even the speculated. Before the late May French referendum on the proposed European constitution, the surveys and opinion polls pointed decisively to a "non!" outcome. The euro was trading at $US1.26. The voters delivered exactly as the surveys suggested, and yet the currency sold off, and with limited rebounds has lost seven "big figures" in the five weeks since. Today it sits at $US1.19, looking miserable, and has reversed the entire move which started at $US1.20 a year ago and peaked at $US1.37 in December 2004. Are these recent currency movements about the outcome of the French (and Dutch) referenda? Or about the longer term implications of those votes? Or do the upward directions of global stock markets suggest another explanation?

Over the years we have alluded to our scepticism about the likely peaceful sustainability of monetary union without meaningful political union. The very idea of common exchange rates and interest rates, with uncoordinated - and worse, pro-cyclically constrained - fiscal policy has seemed an interim solution at best. We have had much sympathy for the idea of an effective European power bloc as a counterweight to the US and China, but reservations over the manoeuvrings of Paris in seeking disproportionate French influence over her neighbours. Ignoring wider global implications, it has generally seemed to us that a continent of individual countries with policy flexibility (fiscal, monetary, exchange rate etc) was the preferable model. Once the euro mechanism came into being, however, we have tended to presume that the path toward greater integration (by which we mean a more powerful - and demonstrably representative - European Parliament replacing the opaque procedures of the European Commission, and thus a functioning supranational government to parallel the Europe-wide monetary mechanism) was logical - though not inevitable!

Thus perhaps the referenda outcome should be seen in the reflexive context of the *fact* of rejection leading to a loss of momentum and legitimacy in the process of integration. Without this forward momentum you have instead the contradictions of the system exposed, with no obvious or nearby path to redemption. It is worth mentioning that the various trade imbalances (principally the north Asian trade surpluses) exacerbated the move up of the euro against the US$ (which was up 60% over the first four years of the century), as several Asian central banks diversified their reserves from US$ into euros. It is difficult to know how much of these discretionary (?) euro holdings have been sold, or whether more may be sold if the euro falls further …

Our more immediate concern is the A$/euro cross exchange rate, and the 10% move up which has occurred in the last year, especially in May/June 2005. The A$ has many forces bearing on it: it is heavily traded (in the sense that speculative trade overwhelms "real" flows), it is (via the reality of the terms of trade) seen as a proxy for global growth (especially when that growth is resource intensive), and yet it is threatened by a large current account deficit, and an even larger net foreign indebtedness. These latter two factors have discouraged us from holding much of the currency in preference to European FX exposure. However, market perceptions of Chinese and US growth have overwhelmed the negative case for the A$ against the Europeans, and thus in the last twelve months (and especially the last month) the Fund has suffered the rising A$/€uro cross rate. Stock markets generally have confirmed the argument that GDP growth is good (or good enough - and certainly better than some have speculated over the last year).



May/June Europe company visits - good corporate profits despite local economies

We had ten days of company meetings in Europe during the quarter, including technology companies in Cambridge, media businesses and retailers in Paris, and the Helsinki-based pulp and paper companies. We also had a few days in central and northern Germany, which to drive through, even at autobahn speed, is a dazzling springtime green. Business, from a profitability angle, is good in Europe, though domestic sales growth is sluggish and the outlook dull. Both these trends are probably intensified since our visit late in 2004; the weaker currency over that interval permits the apparent contradiction.

We are finding some opportunities in the television companies in Europe, where stock prices have been lacklustre as investors worry about a weak advertising market, media fragmentation (ie. the impact of the internet and "lost" TV viewers), television audience fragmentation as pay TV penetration increases, and as new delivery mechanisms (digital terrestrial TV, TV over ADSL etc) tempt viewers. But some of these worries are exaggerated in our view, and unchanged stock prices over six or even ten years are worthy of investigation. Without falling for the false pattern trap, the experience of the US free to air TV industry is noteworthy. Over the last quarter century, audience share of the three traditional TV channels (ABC, CBS, NBC) has declined roughly from 90% to 35% (as the choice expanded to over 100 cable channels, as well as new generalist entrants such as Fox). And over that period, those three traditional channels have seen their advertising revenue ***grow*** at 4% pa. The point is that advertisers of soap flakes or cars still prefer to advertise to the mass audience on a small number of channels, rather than try to pick among dozens of special groups.

An interesting fillip in France should be advertising liberalisation, which allows retailers to advertise on TV from 2007 (hitherto they have been banned, and retailers comprise around 20% of TV advertising in other countries). That there is very little available advertising space on the main French channels suggests the impact should be on price and thus on TV station profitability fairly immediately. More complicated to understand is the potential impact on the UK's BSkyB of EU proposals that exclusive provision of football coverage be disallowed. This potentially alters the "must have" status, or maybe the pricing power of this (seemingly expensive) service. And just as with the Australian equivalent, pay TV in the UK has grown to virtual ubiquity during a prolonged economic boom, the ending of which may strain such a A$1,000/year expense.

We arrived in Helsinki at an interesting time, as the paper mill strike-turned-lockout entered its third week. This massive industry is only marginally profitable at prevailing paper prices, and the various practices such as union enforced mid-summer and Christmas shutdowns (the machines take over a week to start up again) had become anachronistic. At the end of June the dispute was resolved, and while the mid-summer/Christmas closures are no longer, the more contentious question of outsourcing labour - certainly cleaning and security, and maybe even machinery maintenance - has not been (publicly at least) decided.

CHANGES TO THE PORTFOLIO AND OUTLOOK

During the quarter six new positions were added to the Platinum European Fund, four of whom we visited in May/June. These purchases were funded in part by the sale of our holdings in Veolia Environnement (ex Vivendi Environnement, nee Generale des Eaux), which has roughly doubled since our purchase in April 2003, so that it seems fairly priced for now. Also influencing us is that these utilities, as "bond proxies", are worryingly well-owned in Europe at the moment. We sold also the very interesting French holding company named Wendel, whose principal assets are the testing/inspection services company Bureau Veritas (BV) and a stake in "low voltage" business Legrand. Again, this has been a big stock, and one of the two listed competitors of BV, UK-based Intertek (a short position of the Fund) has started to struggle lately. We prematurely re-established the short position in Porsche which has (quite reasonably) responded positively to the stronger US$ against the euro, and (quite unreasonably) responded positively also to the expected announcement of a fourth product line: a family sedan! Finally, we added at good prices to some of our struggling electronics companies (eg. Infineon, Medion) and also (at a good price) to the no-longer-struggling Ericsson.

The valuation of European share markets, on known information and modest (though not cautious) economic assumptions is around 14 times expected 2005 earnings, which is appealing relative to history. Ownership of stocks, depending on the perspective, does not look too dangerous: Germans now own less than half of the DAX (ie. the largest thirty companies) - a terrible shame for the residents during a period in which German companies are exploiting for shareholders (and at lease partly at the expense of German employees) their strong market positions built up over decades (profits are currently high versus their history). With the sort of luck or good management that we had in Australia over the last 10-15 years, the upcoming German election (which Chancellor Schroeder has called early and seems all but certain to lose) will see a change of welfare/pension/retirement policy forcing Germans to own more of their increasingly valuable stock market-listed companies.

On the other hand as we all read regularly there are record numbers of so-called hedge funds in existence, and with private equity and other funds all competing for investment opportunities it is clear that markets are not at a low risk, low point! The Fund is currently holding about 21% cash, and has in addition 12% shorts. Thus net exposure, at 67%, is low relative to the position in recent years, reflecting our concern that we have plenty of satisfactory ideas, but comparatively few at really compelling valuations. Currency exposure is in line with the underlying assets: euros 63%, Sweden/Denmark/Norway 13%, Swiss francs 6%, pounds sterling 4%, and other (mostly A$) 14%.

BREAKDOWN OF FUND'S LONG INVESTMENTS BY INDUSTRY

CATEGORIES	EXAMPLES OF STOCKS	JUN 2005	MAR 2005
CAPTIAL GOODS	OCE, SCHINDLER, SIEMENS	**17%**	**14%**
TECH/MEDIA	INFINEON TECH, ALCATEL	**15%**	**11%**
CHEMICALS/MATERIALS	LINDE, MERCK KGaA	**15%**	**15%**
CONSUMER/RETAIL	ADIDAS, HENKEL, HORNBACH, DOUGLAS	**14%**	**16%**
PHARMACEUTICAL/BIOTECHNOLOGY	NOVOZYMES, GLAXOSMITHKLINE	**9%**	**9%**
FINANCIALS	CREDIT AGRICOLE, NORDEA	**5%**	**7%**
MISCELLANEOUS SERVICES	DEUTSCHE POST	**4%**	**11%**

Source: Platinum

PLATINUM JAPAN FUND

Jim Simpson
Portfolio Manager

PERFORMANCE

There was little movement in either the Japanese stock market or the Fund price over the quarter. The strength of the rebound of the US$ was a little surprising to us, as was the rise in the Korean stock market of around 4%. This market has traditionally shown a negative correlation with oil prices. A positive sign is the emergence of greater interest among domestic investors that seems to be driving that market.

Better performers for the Fund were generally in the mid cap technical space with names like Nissan Chemical and Hitachi Metals forging ahead, whilst on the downside the TV broadcasters gave up M&A related gains from the previous quarter.

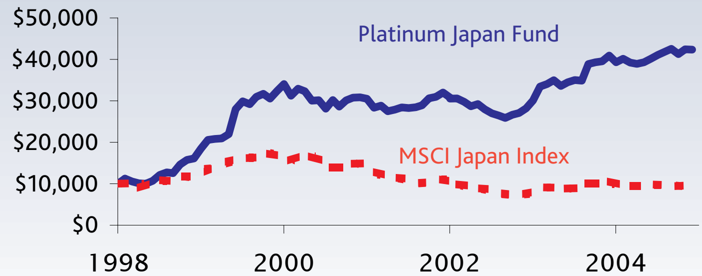
Performance ($A)	Platinum Japan Fund	MSCI Japan
Quarter	-0.5%	-2.1%
Year	3.5%	-10.0%
Since Inception (7 years)	22.9% pa	-0.7% pa

Source: Platinum and Factset. Refer to Note 2, page 36.

DISPOSITION OF ASSETS		
REGION	JUN 2005	MAR 2005
JAPAN	72%	74%
KOREA	15%	14%
CASH	13%	12%
SHORTS	0%	7%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 30 JUNE 2005



Source: Platinum and Factset. Refer to Note 2, page 36.

CHANGES TO THE PORTFOLIO

There was little change in the overall positioning of the portfolio apart from the closing of 7% of the Fund held in short positions. This was done opportunistically as the market suffered its mid quarter ills only to see a rebound by period end. There were some large changes to the stocks held in the Fund with the theme being to cutback on cyclical exposure in favour of higher quality (market share and profitability), cash generative, international companies. New additions to the portfolio included Fanuc, Dainippon Printing and Canon. These purchases were financed by sales of Tokuyama, NGK Insulator and Sumitomo Corp, all of which have been very successful investments but at least in the case of the first two are stretching valuations.

COMMENTARY

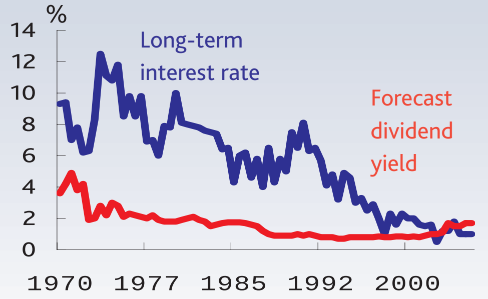
Hunger for yield and the rise of shareholder activism - support for share prices?

In our December 2004 quarterly we touched upon the rise of Japanese REITs (Real Estate Investment Trusts) and how it was being driven by the search amongst domestic investors for sources of yield. We also touched upon M&A and how a new class of investor was agitating for change at companies. It is clear that both of these tendencies remain well in place. At the risk of saying this too often; Japan is the most dysfunctional economy in the world as measured by the differential between the cost of money and the yield on real assets such as shares and property. Investors have a very strong incentive to take the risk of borrowing in order to go long real assets, yet to date, apart from REITs, there has been relatively little interest in houses and shares.

Part of the problem for shares has been the historical predilection of companies to retain capital in order to avoid the irritation of having to work with the over-bearing banks when seeking funds for expansion. Holding large amounts of cash or tying-up money in cross-holdings was seen as a bulwark against undesirable interference in the affairs of companies as they sought global prominence. In this environment individual investors were highly sceptical of shares, and hence regarded them as instruments of speculation rather than investments. However, this is changing dramatically as the economic incentives shift in favour of higher returns from shares.

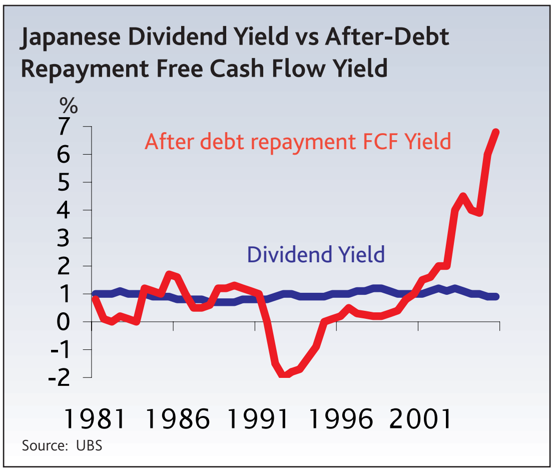
1) One has to go back to the 1950s to identify a period when the yield on government long term bonds fell below that earned from company dividends, but this is precisely what has happened in Japan. Although the response has been rather mild to date, it is clear that a more mature class of investor is reacting to this "price signal" by moving toward dividend yield funds sold through investment trusts. Korea is perhaps a leading indicator in this regard.

Japanese Forecast Dividend Yield and Interest Rates



Source: UBS

2) Companies for their part are seeing massive free cash flow generation from surging corporate profits and are being compelled in many instances by a changing shareholder base to distribute some of these funds to their investors. This action is significantly influenced by fears of hostile M&A activity with the only enduring response being to find ways to raise ones share price.



3) There is much one-eyed criticism of poison pill defences with little, if any, consideration given to the scale of such measures in other markets such as the USA or Continental Europe via intricate voting structures. However, this has not necessarily been to the long term detriment of shareholders.

4) There have also been regulatory moves at many levels which are improving the environment. The commercial code is being changed to make the regular payment of dividends possible. The taxation system is being adjusted to give dividends preferential tax treatment and international tax treaties have been negotiated to allow profits to be repatriated free of withholding tax.

The upshot of these moves is to further underwrite the level of the Japanese stock market. It is clear to us that any further major moves upward in Japan are going to have to come from domestic investor's actions given how underweight they are in their own market. Any moves that encourage greater investor participation in the market are likely to provide extra support. Indeed it is hard to see who the natural sellers of the Japanese market are.

Japan Post Privatisation

The seemingly inevitable privatisation of Japan Post is likely to have profound implications for the flow of investor's funds in Japan. For those with a greater interest in the subject, a recent piece written by Rob Zielinski of CLSA Japan goes into quite some detail.

<u>Japan Post - Key Statistics</u>

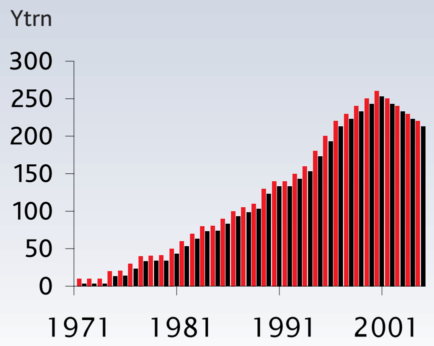
- 24,700 branches
- 261,000 employees
- World's second largest mail company (25 billion annual deliveries)
- World's largest deposit taking institution ($US2.1 trillion in deposits)
- World's largest life insurer ($US1.13 trillion in assets)

What is important here is not the mail business but the sheer scale of the financial institution. Through its network of regional offices it efficiently sucks up the savings of regional Japan, accounting for 23% of total system deposits (not much less than the total of the major city banks!). However, it has no lending capabilities and merely acts as a funnel for these savings into government loans and general account spending, through the JGB market. Via an elaborate web of mutual support of the LDP, the agricultural lobby and the "post office", there is at its worst, the foundation of the largest political slush fund in the world!!

The determination of Koizumi to privatise Japan Post is very odd for a politician as it virtually guarantees less influence for the government. This probably owes much to his personal history of running up against the bureaucrats and those in his own party when Minister for Posts. It also is owed to his reformist credentials and economic rationalist leanings as seen in his appointment of Takenaka as finance minister. By privatising, Koizumi will effectively remove the advantages that Japan Post has had which have included government guarantees and exemptions from reserve requirements, deposit insurance and taxation. This should continue to encourage the steady flow of funds out of Japan Post (see below) which is already happening as long term fixed deposits mature and due to its lack of innovative product alternatives.

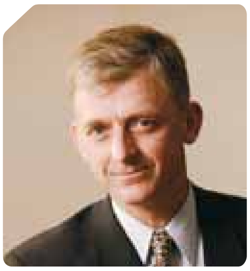
Some commentators are concerned that a rapid withdrawal of funds from Japan Post could trigger a run on the Japanese bond market. However, the decline of Japan Post is likely to be a 10 year event as privatisation will also allow it to offer more competitive products. Nonetheless it is clear that many more investors will have their eyes opened to alternative investments which is likely to mean the equity market is well supported. Additionally with the shrinkage of government that comes with the decline of Japan Post, it may be that the private sector can more than compensate for the loss of growth as natural competitive juices begin to flow more freely. This reshuffling of the competitive deck could unleash a frenzy of financial product innovation that will confound old-timers.

Postal Savings Deposits Outstanding



Source: CLSA

PLATINUM INTERNATIONAL BRANDS FUND



Simon Trevett
Portfolio Manager

PERFORMANCE

The positive performance of the Fund has continued, albeit at a slower pace than the past quarter. Over the twelve months the Fund has achieved a performance of 21% compared with the MSCI World Index of 2%. For the quarter the Fund rose 5.7%, ahead of the 2.1% performance of the index.

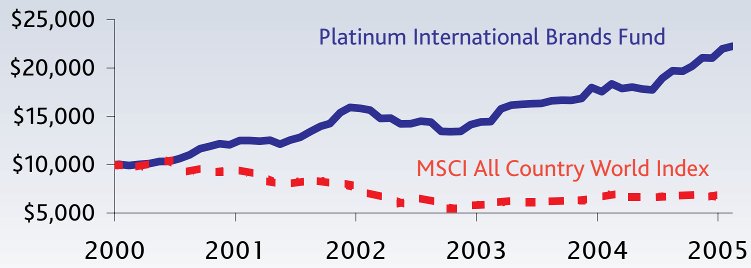
Our investment in Indian companies has continued to perform well for us across the quarter as have our European investments, albeit to a lesser extent. Our Japanese and Korean investments have not particularly contributed this past quarter, detracting marginally from performance. Likewise, our short position has only contributed marginally to the quarters' performance. Of more significance has been the currency moves, particularly the euro.

DISPOSITION OF ASSETS

REGION	JUN 2005	MAR 2005
EUROPE	28%	34%
OTHER ASIA (INCL KOREA)	27%	29%
JAPAN	24%	15%
NORTH AMERICA	4%	4%
CASH	17%	18%
SHORTS	9%	14%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 JUNE 2005



Source: Platinum and Factset. Refer to Note 2, page 36.

CHANGES TO THE PORTFOLIO

We have reduced our investment in India from 20% to 18%. Our investment in Japan has increased as we added to most of our existing holdings. We have also added new investments such as Alpine Electronics (a manufacturer of car audio and navigation equipment) and a return to Citizen Watch. Our invested position in Japan has therefore increased quite significantly from 15% to 24%. In Korea we have added a new investment, LG Electronics. Elsewhere, in Europe and North America we have made only minor changes to the portfolio.

LG Electronics might easily be dismissed as another 'cost based' competitor supplying the mass market for DVD players, TVs and mobile handsets. However, with nearly $2 billion in annual research and development spend, we suspect there is much more to this company than first appears. Their past achievements in many industries suggest a strategy of leadership or first-to-market, not that of a follower. They started in 1958 as Goldstar producing transistor radios and in 1966 produced the first TV in Korea. They now hold the number two spot globally in LCD monitors and Plasma Display TVs. The company has also been surprisingly successful in the US market in mobile phones and is certainly able to compete globally with the more recognised names. They are also leaders in the Home Theatre market.

We have closed our short position in the Australian market and added a short position in Porsche as discussed by Toby in the European report. Overall our short position has declined from 14% to 9%.

By way of explanation, we define our brands universe quite simply: a product or service where branding plays a relevant part of the purchase decision, *as made by the consumer*. That is we exclude many 'brands' that may indeed have brand attributes but the decision to purchase is directed by an intermediary, as is the case with branded pharmaceuticals where the decision is predominantly made by the physician.

However, as discussed below, we do try to challenge our thinking about how companies perceive their brands and how they define their product development as a result.

COMMENTARY

Arguably the most significant branded goods development of recent years has been the iPod device introduced by Apple in 2001. Is it just a better device or a technological improvement on the Sony Walkman/Discman era and the other portable music devices (mp3 players)? Perhaps we should even be cautious about describing the iPod in the same conceptual framework as portable music. Certainly the product's development with the introduction of 'podcasts', photos and the success of the online music store, 'iTunes' suggest otherwise. It provides much more satisfaction than a simple portable music player. The iPod is currently selling at the rate of 5 million units a quarter with expectations that this run rate will double within a year. Furthermore, over 200 million 'songs' have been downloaded from the 'iTunes' music store. Market research is suggesting that the iPod has penetrated the lifestyles of a broader audience much more deeply than might ever have been forecast. Interestingly, the adoption by teenagers of the device has not been dampened at all by the participation of their parents, retaining its status as a desirable symbol.

The iPod is being rapidly adopted by a range of industries which is also testament to the acceptance by the consumer, auto manufacturers, airlines and even clothing manufacturers are participating. Burton Snowboards, for example, have introduced a jacket with an 'electronic fabric' that allows the iPod to be controlled through a 'Softswitch' pad built into the jacket, without the use of wires.

The success of the iPod highlights a number of points that we find of interest and broadly applicable across many of our investments. For example, the way companies address the fundamental issue of value to the consumer, as represented by the quality in their brand as well as the product offering and the influence of price. Also, how companies define their market and direct their research and development spending requires some creativity.

To make it clearer, we highlight a number of examples below as they relate to current investments in the Fund.

We have long lamented the short term focus of the packaged goods companies. Most of the time the incremental product and packaging changes have quite often resulted in the consumer paying more for less, or the product simply deteriorated in the name of cost-savings. We maintain that consumers are astute in determining their value equation and only they will decide where they are prepared to compromise. As a case in point, Procter & Gamble believed that price discounts would allow them to successfully penetrate the German laundry market and compete for Henkel's share. Interestingly, they have pulled back from this tactic and, in fact, need to be more concerned about the development of Henkel's business in the US laundry market.

As an example of the differing perceptions of the importance of quality we compare the approaches of Nestlé, and Lindt and Spruengli. Lindt and Spruengli products reflect a focus on quality in the packaging, the product and the experience, compared with Nestlé, where we have concerns that the focus on profitability and cost cutting is equally being reflected in their products.

In the alcoholic beverage market the Fund has been invested in Pernod Ricard whilst also holding a short position in Anheuser Busch. The US beer market has seen significant change with the purchase of Miller by the London based SAB, now a much stronger competitor. The many years of consistently rising volumes and regular price increases have come to an end for Anheuser Busch. The beer market has recently been in decline despite the increase in discounting and promotional activity. At meetings with their distributors the focus of the beer companies is very specifically on the market share battle than the actual beverage. We also consider that there has been another equally important and fundamental change. The US alcohol market has been heavily regulated with some regulations (at state level) still in force since the days of prohibition, mostly restricting the activity of the spirit companies. Diageo has emerged to be the first company of sufficient size to be able to tackle the formidable distribution, legal and political obstacles. Pernod's recent acquisition of Allied Domecq places them as the number two participant with exceptional opportunities. Perhaps the moat that Anheuser Busch has built around the beer market has been breached by more than their most obvious competitors. It may also become far more significant that the consumer is receptive to a brand and product offering presented quite differently to those of the past decades. We have seen signs of this before with the success of the Skyy Vodka.

Nintendo, another of our investments sees the current game industry as unimaginative, much like Sony may have considered the music player market, before the incursion by Apple. The focus has shifted to graphic realism and complexity, and as a result, the market is flooded with visually impressive but increasingly difficult-to-master games. So the game industry is effectively limiting its target audience to, stereotypically, males 15-25 with lots of time. Nintendo appears to be thinking that it's time we focused again on making games fun and accessible to everyone and is betting that 'gamers' or consumers might think so too.

Being both a hardware and software developer, they have the luxury of being able to concurrently develop novel ideas from each perspective. On the hardware side, they introduced the Nintendo DS (Dual Screen) late last year. It has two screens, one of which is touch sensitive. So instead of using just a keypad, you can also direct the game's character via the screen. In software, their most intriguing game to date, taking advantage of the touch screen is 'Nintendogs', a virtual pet puppy. There is something addictive about patting and scratching your dog, or throwing a Frisbee, through the touchscreen. To reinforce the experience there is also a built-in microphone and voice recognition so the dog responds to your commands (when it wants to).

Nintendo's next big development will be revealed next year when they introduce their next-generation console, the “Revolution”. They are keeping details of it under wraps generating rumours that Nintendo is falling behind its development schedule. The stock price reflects this and other competitive concerns. We suspect other dynamics are at play and that Nintendo is placed quite differently from its competitors that must share their hardware development plans much earlier with their software partners.

It's an interesting observation that Nintendo believe that many consumers have been lost by the complexity or time commitment required by today's games. Apparently 40% of Nintendogs players are now women in their 20s and 30s, so perhaps the market is much more than the corner that we have worked ourselves into.

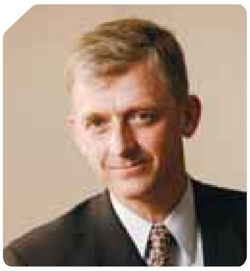
OUTLOOK

We have been building the investments in Japan whilst reducing our weighting in India. It is likely that we will continue to increase our investments in Japan whilst carefully monitoring the Indian market for opportunities.

More recently we added to our short position in Europe. Certainly many of the European companies share prices have performed well for us and it is also likely that over the next quarter we will adjust some of our existing positions and be opportunistic around some of the valuations that we are seeing.

We will continue to be circumspect about the US consumer as we learn more about the interplay of interest rate and oil price moves on the consumer. Our investment in Estée Lauder declined by over 10% in the quarter and we will review this investment.

PLATINUM INTERNATIONAL HEALTH CARE FUND



Simon Trevett
Portfolio Manager

PERFORMANCE

The Platinum International Health Care Fund had a positive quarter, up 7%. For the full year, however, it has fallen in value by 12%.

We commented in the last quarter's report that the specific event contributing to the fall in share prices across the biotechnology sector was the unexpected withdrawal of the drug Tysabri (for multiple sclerosis) as a consequence of unanticipated side effects. Coming so soon after the loss of the pain medications (Cox-2 inhibitors, such as Vioxx from Merck also due to side effects) and the very public debate about the safety of many of the commonly taken pain drugs, a significant and sustained reaction by all participants in the industry, including the regulators, has ensued.

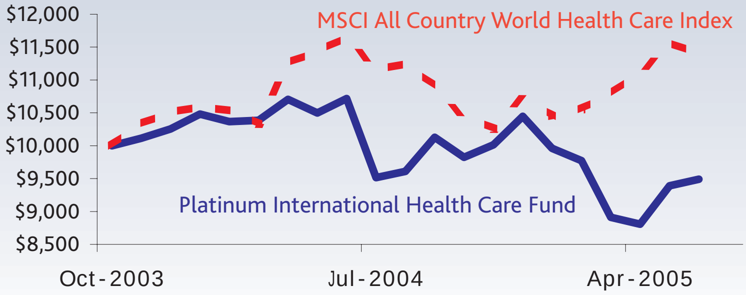
We hesitate to use the word unprecedented; there have been some very public withdrawals of drugs with severe side effects in the past. Indeed the current regulatory structures are derived in large part by the devastating side effects of the drug Thalidomide and the laws that were passed as a consequence. Ironically, Thalidomide has subsequently been approved for use in some specific cancers and its derivatives are proving to be useful treatments. Perhaps what is unprecedented is that the promise of Tysabri as a targeted therapy has brought into question the extent of our knowledge and experience with these style of drugs and the availability of the tools to evaluate them.

DISPOSITION OF ASSETS

REGION	JUN 2005	MAR 2005
NORTH AMERICA	63%	57%
EUROPE	25%	26%
JAPAN	2%	2%
OTHER ASIA (INCL KOREA)	3%	2%
CASH	7%	13%
SHORTS	1%	0%

Source: Platinum

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



Source: Platinum and Factset. Refer to Note 36.

Our performance has suffered by our exposure to the biotechnology sector and some specific failures of individual development programs. We would remind investors that there is likely to be volatility in the Fund's performance, especially on a quarterly basis as the timing of any specific news event can have a significant effect on any of the drug development companies, from the largest pharmaceutical company to the smallest of our biotechnology holdings.

More generally, we would argue strongly that over the past twelve months there has been good progress in targeted therapies, not only for oncology but also for disease indications such as type-2 diabetes, virology (hepatitis), ophthalmology and CNS-related diseases such as sleeping disorders. New treatment approaches are moving beyond proof-of-concept studies in humans and overall the pipelines of many companies are making good progress. The relationship between pharmaceutical and biotech companies is strong, and licensing and even acquisition, has been a common theme throughout the year. Our discussions with the companies indicate that the business development teams of most industry participants are very active and that we will continue to see the relationships develop between those with strong balance sheets and those with interesting programs. Pfizer, for example, under recent changes to US tax law is repatriating nearly $37 billion (with a 5% tax charge) of foreign earnings most of which we anticipate will directly or indirectly be used for in-licensing or acquiring development programs.

CHANGES TO THE PORTFOLIO

We reduced our investments in US biotechnology companies. We have also taken a short position in Zimmer Holdings, an orthopaedic implant company with a market leading business in hip and knee replacements. The company, along with the industry has enjoyed an extended period of outstanding growth built on rising volumes, increasing prices and the development of extensive sales, marketing and training practices that have contributed to the preferential selection of the company's products by surgeons. The hospitals and regulators are taking a close look at the business practices and the relationships between surgeons, hospitals and the supplier. We suspect that with the company trading towards the high end of its historic valuation range and some challenges in sustaining historic growth rates, along with the business practice reviews, that we might see some pressure on the valuation.

COMMENTARY

The industry has been operating under the umbrella of some well publicised and debated issues, the high price of drugs in the US market, patent expiries and an abundance of litigation. The large pharmaceutical companies are also acutely aware that they have failed to produce the level of research success necessary to sustain them through the major patent expirations, even though the patent protected nature of excess earnings and cash flow should have provided for the new product flow. A loss of public and regulatory confidence has clearly been exacerbated by the recent safety issues and the impact and influence that this is having on the companies is giving us some very strong signals that significant changes are underway.

We will likely continue to see increased pressure applied to the companies and ongoing negative press as the pendulum on the balance between efficacy and safety swings back across to an almost obsessive level of focus on safety and the communication of the risks of taking drugs. It might be noted that with the recent drug withdrawals that there are patients that benefited from the drugs and would like to have continued treatment even with an understanding of the risks involved. If only we could reliably identify the patients to include or exclude. Technology is moving towards "targeted" and "personalised" medicine and has strongly influenced today's approach to drug discovery and development.

The R&D engines can be differentiated not so much by the size of the pipeline or speed a compound moves through development, nor even by the determination of a risk adjusted discounted cash flow on each of the pipeline products but perhaps more by looking at the different approaches being taken by each of the major companies. Our discussion with companies about their particular challenges has offered us a glimpse into the organisational and many other changes to their research and development approaches that have happened over recent years. Despite the significant investments in a range of technologies, with impressive capabilities such as 'high throughput screening', the process of research and development is not that of a standardised and industrialised process. There are many decision points at times of imperfect information, along with possibly competing or conflicting pressures from the perspectives of regulators, scientists, marketeers, or the company's board.

In trying to re-introduce the innovative spirit and achieve product success each of the companies have chosen different structures. We do not need to determine whether any one is superior to another, chances are that many of the different approaches will succeed. It is interesting to us though that some of the companies are much further advanced in their transformation and development than others. The benefit of hindsight shows intriguing progress as the companies systematically rebuild depleted franchises through external sourcing whilst also rebuilding their internal capabilities (Novartis' construction projects have been impressive!).

Traditionally basic research, such as studying the development of a disease and understanding the underlying molecular mechanism was left to academic institutions to solve, while pharmaceutical companies focused on screening for drug compounds, clinical development and subsequently selling the drug. Today the landscape has changed; traditional drug discovery relies more and more on in-depth knowledge of molecular and biological process through genomics and proteomics. Academics and biotechnology companies (many are founded out of the universities) have established a strong focus on translational medicine while pharmaceutical companies have strengthened their basic research knowledge. In particular the business development departments at pharmaceutical companies have been strengthened and the networks built through these alliance activities are an increasingly important part of drug development across the entire industry.

The licensing environment has become competitive and more advanced products come at a price, reflecting the value of information. Furthermore, there is no guarantee the collaborations will be successful as managing these activities can be challenging. Sometimes it is easier and cheaper long term to acquire a company or project. The current valuation of many biotechs along with the strength in the balance sheets of the larger companies should see a continued appetite for alliances and acquisitions, all aimed at strengthening pipelines.

Additionally, some pharmaceutical companies have taken a more vigorous approach and modified their own R&D engine. One example is Novartis who has carefully restructured its early stage research and development approach. A new research site was opened in Boston, the Basel site is significantly expanded and academic leaders have been successfully recruited. The idea has been to focus on detailed analysis of a disease, testing a compound in a disease model with well defined endpoints (efficacy and safety) and combining it all with a very healthy and strong academic network. This has not necessarily been easy to achieve with many obstacles to overcome ranging from cultural through to even such basic ones such as location.

Besides the industry having accomplished changes, the regulatory agencies also have to keep up-to-date with the latest technologies as well as trial designs. Interestingly the FDA in the US has been very pro-active and some even say forced the issue upon some companies.

Finally, there is also the question of financial flexibility, where Pfizer for example has significant capacity through the repatriation of funds, together with a substantial annual cash flow to create opportunities for itself. The valuation (at a PE of 12-13x), consistent with many of the companies in the sector, reflects in part the concerns of litigation and loss of patent protection on their major product Lipitor. The low PEs of the big pharmaceutical companies anticipate that the earnings are not sustainable and that on the assumption of loss of pricing power and limited new product flow, the PEs are potentially significantly higher. Our travels and discussion across the industry has given us some confidence that there is good progress being made on advancing and replenishing the industry's product portfolio.

OUTLOOK

How product licensing, the traditional in-house approach, acquisitions or a combination of all of the above will succeed remains to be determined. Each has their advantages and disadvantages and it will be important how each of the different companies blend the many influences including academic, scientific, regulatory and technological with their respective corporate cultures and balance sheets. We believe that these changes are providing us with interesting investment opportunities against the backdrop of the industry's woes and compressed valuations.

Specifically we are attracted to the opportunities with the large pharmaceutical companies across all the regions. We are also increasing our focus on the providers of the tools and technologies that are being adopted to meet the rising demands for better characterisation of a drug's efficacy and safety. In keeping with our longer term theme of matching a drug's capabilities with a patient's individual requirements we will continue to seek to add to our investments in the diagnostic arena.

Simon Trevett and Bianca Elzinger

PLATINUM INTERNATIONAL TECHNOLOGY FUND

Alex Barbi
Portfolio Manager

PERFORMANCE

During the quarter, the Fund's performance was -4.3% compared to an increase of 3.1% in the MSCI World Information Technology Index (in A$ terms) and 0.1% in the MSCI Telecommunications Index (A$).

A divergence of performance among various sectors suggests a more selective approach by investors. The worst performing sector was PC & Hardware (-4%) while the best was Electronic Manufacturing Services (+13%). During the quarter the Philadelphia Semiconductor Index (SOX), representing most US semiconductor companies, was virtually unchanged (+0.4%).

The Fund suffered from the 40% stock price collapse in Marconi which was excluded by British Telecom from their $19 billion capital expenditure programme. While Marconi had been recovering from a successful restructuring and had been a strong contributor to the Fund's performance in previous quarters, we overestimated its ability to once more compete in the premier league of equipment suppliers. The mistake cost the Fund nearly 2% this quarter. We have subsequently divested from the holding.

Among our largest positions, Ericsson (telecom equipment) and Canon (copiers and printers) added to performance, while Ushio (lighting technology), ZTE (telecom equipment) and Samsung Electronics (memories and telecom handsets) finished the quarter marginally lower.

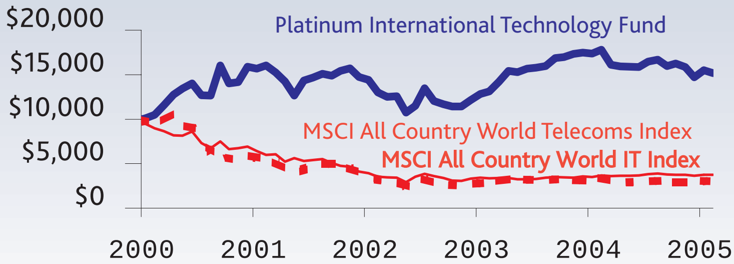
In terms of currencies, the strength of the A$ against the yen, Swedish krona and euro also had a negative impact on performance, only partly offset by the strength of the US$.

DISPOSITION OF ASSETS

REGION	JUN 2005	MAR 2005
OTHER ASIA (INCL KOREA)	21%	28%
JAPAN	19%	22%
NORTH AMERICA	17%	20%
EUROPE	14%	15%
CASH	29%	15%
SHORTS	5%	5%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 JUNE 2005



Source: Platinum and Factset. Refer to Note 2, page 36.

CHANGES TO THE PORTFOLIO

A strong rally in May provided the opportunity to streamline our portfolio and we divested several positions. We sold those stocks we no longer considered attractive or those that had achieved their appreciation potential. We also exited Hutchison Telecom after reassessing the competitive situation in the Indian telecom market.

We added selectively to some of our holdings and introduced a new position in LG Electronics (LGE) of Korea. LGE is rapidly becoming a power-house in mobile handsets and we think it will outperform its peers, consistent with our long-held view that Asian manufacturers (and Koreans in particular) will dramatically increase their market shares in consumer electronics. LGE also has a leading position in Liquid Crystal Display (LCD) through a joint venture with Philips and an excellent know-how in digital TV technology, an area which is promising to grow at a dramatic pace over the next few years.

COMMENTARY

Stay tuned!

Since we last wrote about the LCD TV phenomenon a few months ago, a lot has happened. Our readers may be aware that LCD TV prices have been declining sharply in recent months. In the USA, a second tier brand 32" LCD TV can be purchased for around $US1,600. The world is possibly at the dawn of the era where flat panel displays (such as LCD, Plasma Display or rear projection TVs barely 7 inches deep) are poised to displace traditional Cathode Ray Tube (CRT) TVs from the living rooms.

TV manufacturers are trying to make the TV set the new centrepiece of the digital home. Samsung is proposing TVs which will allow viewers to insert a card containing their music or photo collections and browse through them without any need to connect to a PC. Others are designing TVs with built-in digital video recorders and wireless links to multiple TV sets.

To make the market even more competitive, PC manufacturers have signalled their intention to

Source: JPMorgan.

participate in this feast. Dell and Hewlett Packard are already the largest customers of LCD flat panels for their PC businesses; they are keen to leverage their purchasing power, supply chain expertise and direct marketing presence to enter the more profitable market of consumer electronics.

To the potential buyer we say: stay tuned! You will soon see prices coming down further.

In addition to falling prices, there are significant technological advances afoot in the industry. If readers are impressed by the profile of current flat panel displays, it is conceivable that within the next five years these displays will become even thinner, maybe as thin as three centimetres.

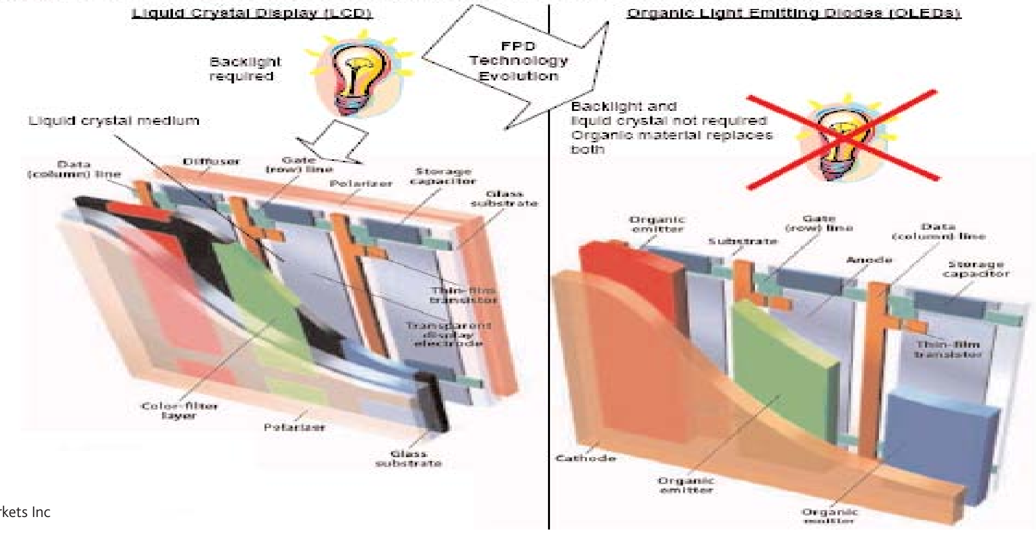
These new "super thin" displays are made possible with an emerging technology - organic light-emitting diode (OLED). OLEDs are molecules that glow when stimulated by electric current. You may recall that any liquid crystal display comprises, in very simple terms, millions of liquid crystals sandwiched between two sheets of ultra thin glass. Each panel needs to be lit by a number of fluorescent tubes mounted at the back. OLED displays do not require such a crude lighting mechanism. Instead of liquid crystals, millions of OLED molecules are embedded between the two sheets of glass.

While in LCD panels, each crystal acts like a shutter to allow light to pass, in OLED displays it is the electric current that passes through the organic molecules that produces the glow. Considering that the cost of a traditional Back Light Unit on a 32" LCD panel is around $250, or 35% of total production cost, the potential savings with OLED technology will be substantial.

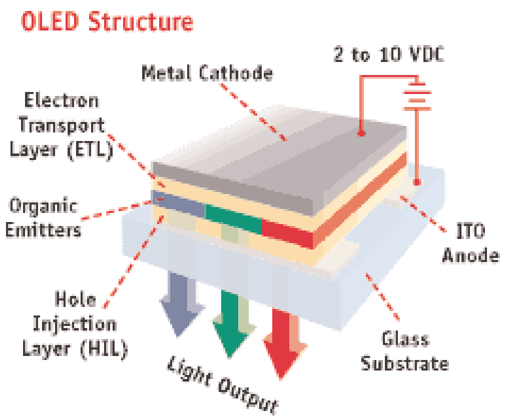
This revolutionary process has been facilitated by scientists and engineers' efforts in mastering the arcane art of formulating and fine-tuning the correct behaviour of OLEDs. In 2000, the Noble Prize for Chemistry was awarded precisely for the discovery of such molecules.

Mindful of the potential of OLED, the Fund has recently initiated a small position in Cambridge Display Technology of the UK. Cambridge Display is a company founded to commercialise discoveries made by the Cavendish Laboratory of Cambridge University. In 1989, two researchers (Professor Richard Friend and Dr Jeremy Burroughes) discovered that conjugated polymers/plastic could be made to glow. The discovery was quickly patented. To this day, Dr Burroughes remains the Chief Technology Officer of the company, which currently employs over 80 scientists with PhDs working to commercialise its technology.

Exhibit 1. From LCD to OLED, the Evolutionary Path of the Flat Panel Display



Source: CIBC World Markets Inc



Exciting as it may seem, the investment is not without risk. The major risk confronting Cambridge Display is a potential delay in reaching the commercial stage for OLED technology. The biggest obstacle remains the operating durability of the blue OLED molecule. You may recall that white light can be formed by combining the three primary colours (blue, green, and red). As a matter of physics/chemistry, blue molecules turn out to have a shorter lifespan relative to either red or green molecules. Needless to say, an OLED TV that only displays the green and red molecules is unlikely to be very appealing.

That said, Cambridge Display has consistently made progress in enhancing the lifespan of these mischievous blue molecules. In a recent trade show in Boston, Samsung (the largest LCD panel maker in the world) announced that it expects to bring its OLED TV to market in 2008, if not sooner. We are further encouraged by the fact that tiny OLED screens are increasingly being used as secondary displays in some of the higher specification mobile phones. The age of OLED has arrived.

OUTLOOK

We are still receiving conflicting signals about the health of consumer electronics and corporate IT spending globally. While general corporate IT spending will remain subdued both in the USA and in Europe, we think that some specific areas, mostly in consumer-related industries, have interesting growth potential.

In mobile communication, the take-off of Third Generation ("3G") services will trigger another cycle of handset upgrades benefiting the most advanced equipment suppliers. Similarly phone networks need to be upgraded to optimise the new technology.

In hardware, portable PC prices are declining fast and they are becoming more affordable, to the extent that many consumers will soon consider buying a laptop as a second PC or for their family and kids.

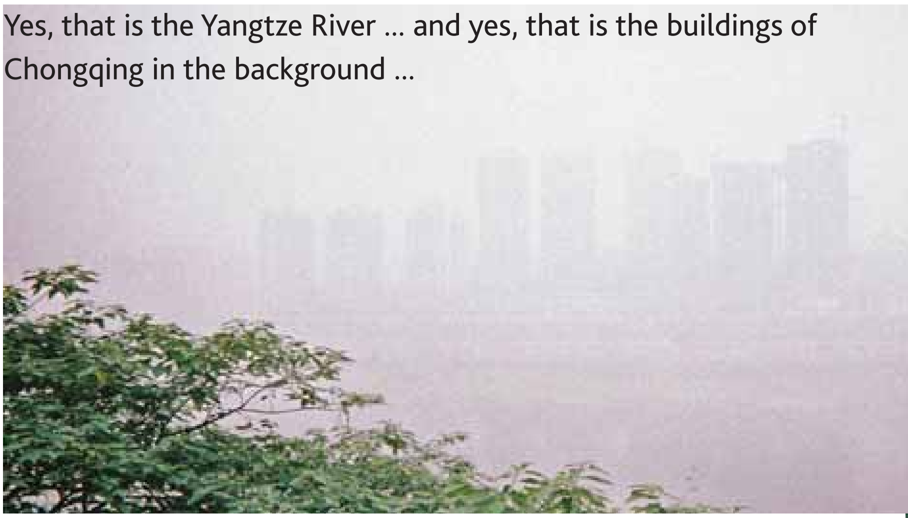
In PC components, the price of memory chips (DRAMs) have fallen to a level not seen since 2003, and PC assemblers are now becoming keener to increase the memory content of their products.

In consumer electronics, prices of flat panel TVs are gradually becoming more affordable and soon they will become more appealing to a broader audience, with the next Christmas season likely to be the inflection point.

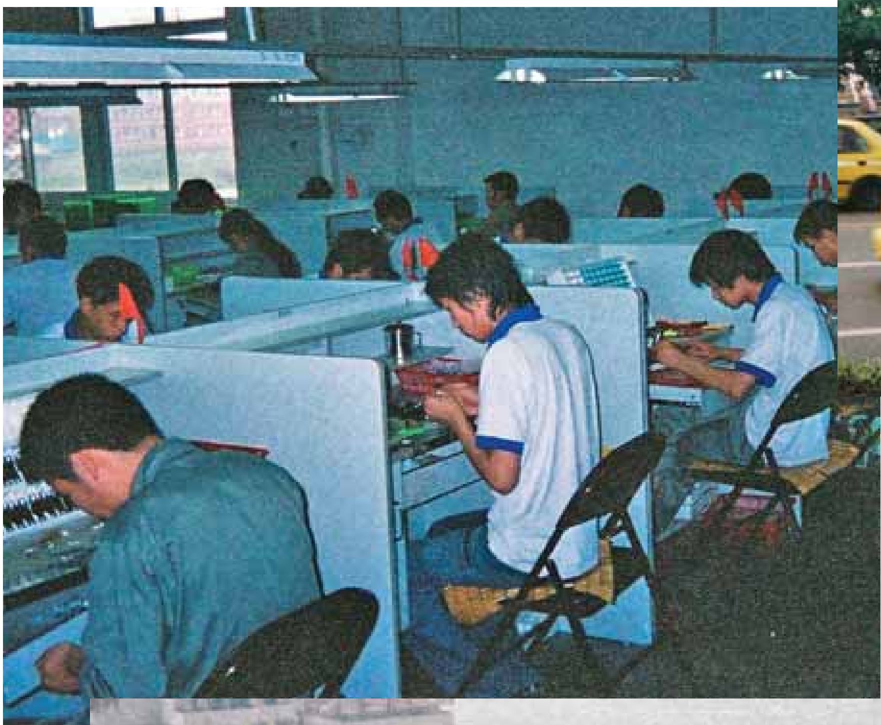
The Fund is invested across all these areas mostly through selected names in Europe, Asia and the USA.

<u>Alex Barbi and Douglas Huey</u>

China Trip - May 2005


Yes, that is the Yangtze River ... and yes, that is the buildings of Chongqing in the background ...


Chongqing - McDonald’s and temples co-existing ...


Making cigarette lighters at the Tiger Lighter Manufacturing Company in Taizhou


Chongqing - into the smog ...

"WHAT DO YOU HAVE FOR AN UNDERPERFORMING PORTFOLIO?"

NOTES

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

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

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

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

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

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

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

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

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

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

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

Platinum Asset Management Limited ABN 25 063 565 006 AFSL 221935 (Platinum) is the responsible entity and issuer of the Platinum Trust Funds (the Funds). The Platinum Trust Product Disclosure Statement No. 5 and its Supplementary (PDS), is the current offer document for the Funds. You can obtain a copy of the PDS from Platinum's website, www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), 02 9255 7500 or 0800 700 726 (New Zealand investors only) or via invest@platinum.com.au.

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

Platinum Asset Management is a Sydney-based manager specialising in international equities. The investment team uses a thematic stock-picking approach that concentrates on identifying out-of-favour stocks with the objective of achieving superior returns for our clients. We pay no heed to recognised indices. We aim to protect against loss and will hedge stocks, indices and currencies in our endeavours to do so.

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation while at Bankers Trust Australia. PAM currently manages around A$14 billion with over 20% of this coming from overseas investors. The staff are the owners of the company. The emphasis of the organisation is on managing clients' money rather than gathering funds: we have no sales staff and pay no inducements to promoters of our funds.

Since inception, the Platinum International Fund has achieved returns of well over twice those of the MSCI All Country World Index* and considerably more than interest rates on cash.

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* Please refer to page 2.

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