PLATINUM INTERNATIONAL TECHNOLOGY FUND

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PERFORMANCE

During the quarter the Fund declined by 6.8%, a small setback after the strong gains recorded in the first three quarters of the year. The performance over one year is a positive 30.6%. By comparison, the MSCI World Information Technology Index (in A$) was down 11.8 % for the quarter and up 10.5 % for the year.

In a generally negative market, some of our large technology stocks have been particularly badly punished by widespread selling (Ericsson -20%, Alcatel -22%, Microsoft -15%). The market climate has been negatively affected by rising interest rates globally and an increase in the equity risk premium. Investors have been raising doubts about short-term earnings progression. In the sell-off, investors seem to have negatively treated both good and bad quality companies, and we now find many stocks approaching interesting valuations.

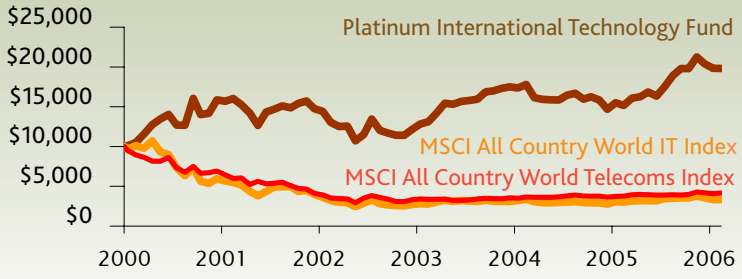
On the positive side, newly added Oracle reported good results and was up 5%. Small Japanese company, Hamamatsu Photonics, went from strength to strength with an impressive +7% in the context of a very weak Japanese market.

DISPOSITION OF ASSETS

REGION	JUN 2006	MAR 2006
OTHER ASIA (INCL KOREA)	22%	29%
JAPAN	16%	20%
NORTH AMERICA	14%	19%
EUROPE	12%	12%
CASH	36%	20%
SHORTS	0%	5%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 JUNE 2006



Source: Platinum and Factset. Refer to Note 2, page 6.

CHANGES TO THE PORTFOLIO

During the quarter we initiated some short positions in a group of highly valued optical components stocks, on the assumption that their valuations were excessive. Their prompt decline served the Fund well with shorts contributing a positive 1.5% to performance. We closed the short positions after the stock prices reached their targets.

Early in the quarter we also trimmed many of the Fund's holdings where valuations had become more stretched, and this process has resulted in raising the Fund's total cash position to 36%.

After weakness, valuations of some of our favourite names are now becoming more attractive, and we have started reinvesting the Fund's cash to add to our positions, confident in recovery where there are positive long-term stories.

COMMENTARY

Telecom consolidation trends

The last six months have witnessed an acceleration in the ongoing consolidation process within the telecommunication industry. Recent events appear to be the latest chapters of a process originated a few years ago.

In the US, SBC Communication (now renamed AT&T), is gradually emerging as the largest telecom operator in the world, from its original roots in America's mid-west. First SBC established Cingular (a nationwide wireless network) in joint-venture with rival BellSouth, to provide mobile services in the relatively under-penetrated US market. Then it acquired long-distance leviathan AT&T to achieve true national (and international) coverage. Lately it took-over smaller rival BellSouth to gain full control of the Cingular joint-venture and become a national integrated telecom provider.

AT&T was not alone. In fact, its moves have closely followed rival Verizon, which has built a nationwide cellular network, and expanded into business services through its recent acquisition of former internet glory, MCI-Worldcom.

Similarly in Europe, telecom carriers are repurchasing previously floated/partially separated business: France Telecom has merged with its mobile subsidiary Orange and Deutsche Telecom has reabsorbed its internet subsidiary T-Online.

Major drivers of this flurry of activity have largely been competitive forces, deregulation and technological change. The ability of telecom operators to compete against each other and the emergence of Internet Protocol (IP) as the unifying language for a multitude of telecom devices are creating a totally new landscape.

Many telecom carriers are offering new or complementary services to their customers. Fixed-line voice companies are offering wireless voice, internet broadband and video services. Wireless voice companies are offering wireless

broadband. Cable companies are offering fixed-line voice, internet and wireless voice. The boundaries are blurring.

Operators are increasingly aiming at offering triple (voice + data + video) or even quadruple (the same + wireless) "plays" to their customer's base. Converged services are increasingly the focal point of every operator.

Media companies are watching these developments with interest and (sometimes) apprehension. Delivery of media content is rapidly developing into a myriad of channels. Some telecom operators are acquiring media companies. Others are co-operating with them. Moreover, the proliferation of fast and reliable internet connections, together with new devices that facilitate easy recording of TV programs, movies and music from the internet, are fostering the emergence of a totally new phenomenon: independent websites, often with little or minimal control from the original content providers, distributing videos across the internet for free. Have a look at website *Youtube.com*, a repository of videos created by thousands of individuals with the intention of sharing their respective artistic efforts.

Video is becoming ubiquitous and even mobile phone operators have started offering TV broadcasts over their networks. However, it is not economically advantageous to use the newly deployed 3G technologies for video broadcasting: it is an inefficient use of limited network capacity to use mobile phone network to transmit a multicast service.

Therefore alternative solutions have been developed. In Korea, telecom operators transmit video over a technology called Digital Media Broadcasting (DMB), relying on satellite communications. In the US, Verizon Wireless will roll out mobile-TV services using a technology called MediaFlo developed by Qualcomm. At the same time wireless-tower operator Crown Castle International is building a rival TV broadcasting network using a competing technology called Direct Video Broadcast - Handheld (DVB-H).

In Europe, Vodafone Italia and Telecom Italia are using the same DVB-H technology in co-operation with national TV broadcaster Mediaset which invested €uro 250 million to build a dedicated network. Hutchison Italy's 3 is also using DVB-H but it has chosen a different approach: building a competing network at a cost of euro €20 million with the intention of creating and distributing its own content.

The widening range of communication and media choices is suggesting that users will increasingly be attracted by mobile solutions. This does not mean that we will suddenly stop watching TV sitting on our couch, but we will be able to have nearly universal access to our favourite programs. Moreover, we will probably interact more with the devices, possibly using our phones or remote controllers to buy services, search for information etc.

The creation of large and integrated carriers is having an impact on their principal suppliers: telecom equipment vendors. The scale of some telecom operators is becoming so daunting that equipment vendors risk finding themselves on the wrong side of the bargaining table. AT&T alone has become the largest telecom equipment

spender in the world with a budget of around $US20 billion for 2006.

After the recession hit equipment manufacturers in 2000-2002, most of them focused on those specialised areas where they had a competitive advantage, or where the market had good short-term prospects. So, for example, Ericsson devoted most of its efforts to mobile networks, Alcatel to broadband access, Nokia to mobile phones and Cisco to routers/switches. For a few years the idea of convergence among disparate technologies remained a long-term target but not a short-term priority. The most successful vendor equipment players had become highly specialised in relatively narrow areas.

Today, with IP becoming the common underlying language of future generation networks, vendors of equipment are increasingly facing the dilemma of remaining "pure-play" specialists in a narrow area, or growing by developing/acquiring new skills in neighbouring sectors. Moreover, the emergence of competition from Asia (from the likes of Huawei and ZTE of China, and Samsung of Korea), is likely to increase competitive pressure on industry margins.

In the first six months of 2006, three major transactions occurred among communications vendors:

1. a proposed merger between Alcatel and Lucent,

2. a joint-venture between Nokia of Finland and Siemens of Germany to combine their respective network equipment divisions, and

3. the acquisition of Scientific Atlanta by Cisco Systems in the US.

All these companies had as a common target the strengthening of their respective product portfolios in order to improve their strategic positions in the fast changing telecom arena.

French based Alcatel, the global leader in broadband access, had previously tried to merge with US based Lucent. However, only after a long restructuring period which left the Americans without the necessary scale to remain competitive, did the two eventually agree on a marriage. The combination will create the largest equipment vendor in the world, with $US16 billion of sales and an unparalleled range of technologies with leadership in areas like optical networking (23% market share, or more than twice that of the second, troubled, player Nortel), and DSL (36% market share versus Huawei's 21%) and with a strong know-how in the nascent area of IP convergence.

Siemens was originally founded in 1847 as a telecom equipment manufacturer and has progressed to achieve excellence in disparate areas of engineering and technology thanks to its focus on long-term R&D. After nearly 160 years, management realised that Siemens Telecom could no longer independently compete with current market conditions. Highly dependent on domestic telecom operator Deutsche Telekom, and with a cost structure burdened by excessive labour costs, it was only a matter of time before a suitable candidate would agree on a combination. The Finnish (Nokia) will manage the combined entity from Helsinki and will combine their strengths in mobile networks with Siemens products in

switching and fixed-line networks. While not an easy task, the strategy is coherent, targeting the convergence of mobile and fixed telecommunications, and creates the third largest telecom vendor in the world behind Alcatel/Lucent and Ericsson.

Cisco Systems acquired cable-TV equipment manufacturer Scientific Atlanta with similar intentions. Already dominant with its telecom routers and switches, Cisco identified the equipment for cable TV operators as a very interesting growth area. With transition to digital and High Definition TV, and the provision of triple/quadruple play services, cable operators will have to invest more in their systems to increase available bandwidth so that everybody in the household will have access to TV, broadband and telephone calls.

In particular Scientific Atlanta's know-how in IP-TV (a digital service television technology distributed using Internet Protocol, generally using fiber optic cables) will enable cable operators to offer two-way services for users to individually select TV programs at any time.

OUTLOOK

Technology stocks are likely to face some head-winds for the rest of the year, including a delayed adoption of the new Microsoft Vista software amongst signs of temporary oversupply of flat panel TVs and mobile handsets.

On the positive side, our long-term view about the telecom capital expenditure cycle has not changed and we believe that leaders in this area will reap the benefits of the upward trend.

While a slowdown in consumer demand in the US remains the key risk for technology stocks, we now find valuations in the sector increasingly attractive, and we start to see many potential investment opportunities for the 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.

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