PLATINUM JAPAN FUND

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Portfolio Manager

PERFORMANCE

The Japanese and Korean equity markets both jumped by about 20% over the quarter reflecting a global surge of liquidity into stock markets. As the table on page 5 demonstrates, Japan was the best performing developed market over this period but only ranked about average against the emerging markets. Essentially Japan is seen as an "emerging market" in the sense that it is emerging from a severe bout of deflation!

In Japan no sector of the market fell, with the best performing areas being the cyclicals such as steel stocks which rose by a stunning 52%! The portfolio participated in this frenzy with the likes of Tokyu Land, JGC and Hitachi Metals all up strongly. In Korea the shipbuilders continued to perform well and our newer purchases of banks were also timely.

Performance ($A)	Platinum Japan Fund	MSCI Japan
Quarter	20.3%	19.0%
Year	29.9%	20.4%
Since Inception (1 July 1998)	25.2% pa	1.8% pa

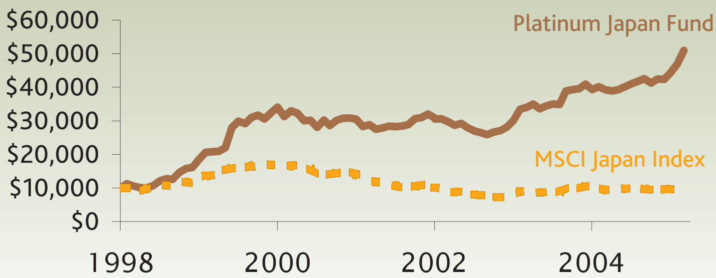
Source: Platinum and Factset. Refer to Note 2, page 5.

DISPOSITION OF ASSETS

REGION	SEP 2005	JUN 2005
JAPAN	70%	72%
KOREA	15%	15%
CASH	15%	13%
SHORTS	2%	0%

Source: Platinum

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



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

CHANGES TO THE PORTFOLIO

There is no significant change to the overall composition of the portfolio. The major changes to the composition of the stocks held related to shifts in relative value.

Stocks Bought:

Toshiba, Taisei, SK Telecom, Square Enix.

Stocks Sold:

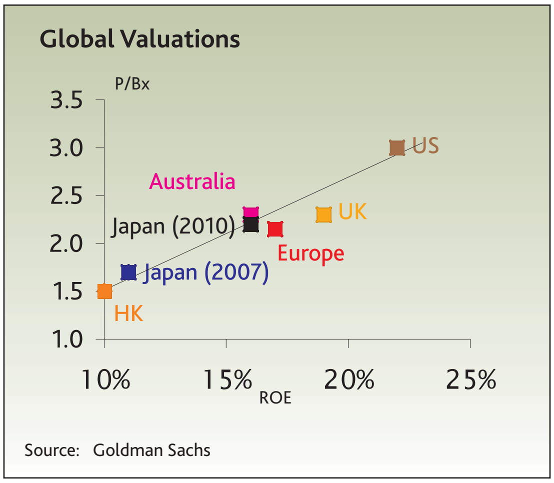
Mitsubishi Tokyo Bank, Sumitomo Corp, Tokyu Land.

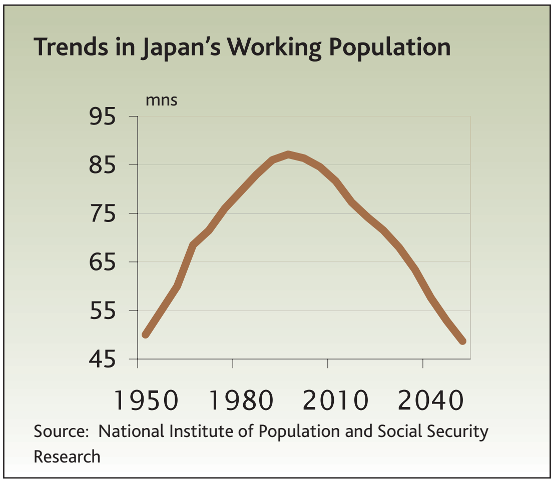
COMMENTARY

Japanese market rally

After such a strong quarter of performance most people ask us where the market can go in terms of index levels? A simple answer might be to compare valuations in Japan with developed market counterparts and on this basis many would argue that Japan is fairly priced with PEs on par with the US and somewhat higher than in Europe. The chart over, produced by Kathy Matsui from Goldman Sachs, demonstrates this with Japan currently priced in line with world markets for its **current level of returns** (ROE). However, if ROEs rise in the future then so can the valuation of the Japanese market and indeed if returns were to rise toward normal global levels, the market could appreciate by 40-50% over the next two years. With pricing power stabilising, a declining employee cost burden due to retirements and the general breaking of the Japanese labour contract, and better use of underleveraged balance sheets, we think this is a **likely event**.

Being stock pickers we are reluctant to talk in the above terms so it should be taken as more of a general indication. On the ground it is a much more exciting environment as the market throws up many pricing inefficiencies which offer fertile ground for stock pickers. For example, the recent market excitement is leading to overpricing in many cyclical names as investors anticipate the ending of deflation. At the same time many higher quality names are being left behind. We will take advantage of this situation. As indicated above, future earnings will become a more important focus for investors and we expect the market may soon consolidate before going higher later in the year.





Mechatronics

The decline of the working age population is perhaps the most fundamental economic issue facing industrialised nations. It is particularly acute in Japan principally because of the lack of any substantial immigration. Indeed the labour force in Japan has been declining since around the year 2000 and on government projections, will fall by about 50% to 50 million persons by 2050!! Barring a change to immigration policy this will bring about an adjustment in the way Japanese corporations do business. Clearly a good proportion of their business will shift to China given the labour cost arbitrage, however, it is unlikely that they will be in a hurry to surrender their high tech heartland to the machinations of off-shore locations. We can envisage a two tiered approach with further rapid outsourcing of production to China but complemented by a renewed push to automate factories at home, in short, by developing robot workers.

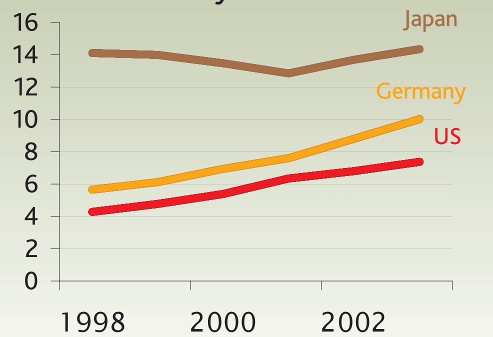
Toyota, Japan's biggest automaker, has come up with one answer in creating a new line of assembly robots with human-like hands and multiple sensors which will be able to perform a myriad of complicated tasks. Toyota's newest mechatronic endeavour is so ambitious it believes that it may eventually replace a large part of its human labour in even the final assembly which is usually extremely detailed, time consuming and, by Toyota standards, inefficient.

Production costs in China and SE Asia are much lower than Japan, however, in many circumstances intellectual piracy and patent issues are paramount. In such cases, many Japanese companies are forced to maintain, and even increase, production of key products and components in Japan. In Canon's case, it acquired a company (NEC Machinery) which can provide the mechatronic solution to ensure that the whole process of producing copier toner can remain in Japan and yet be an internationally competitive plant.

Some scientists are speculating that this human/machine interface is on the verge of accelerating and that it could change human lifestyles more radically than the advent of the computer or the mobile phone. While still years away in the US, the future is already unfolding in Japan with robots now used as receptionists, night watchmen, hospital workers, guides and pets. Officials compiled a report in January predicting that every household in Japan will own at least one robot by 2015! Kazuya Abe, a top official at NEDO (New Energy & Industrial Technology Development Organisation) openly states, "*We have reached the point in Japan of a major breakthrough in the use of robot technology and our society is changing as a result, it's all about AI -- artificial intelligence. That future is happening here now.*"

Japan's love affair with mechatronics is well documented. However, while the US has spent most of its time militarising the technologies, Japan has spent most of its efforts in practical commercial applications, namely the auto industry. In the next round of global competition, Japanese manufacturers who have battled a 250% appreciation of the yen and hyper-competition globally may be eliciting the silent co-operation of a new army of mechatronic machines. Rather than the homicidal Terminator cyborg of American movies, the global automotive industry may also be forced to buy Japanese mechatronics just to catch-up.

Number of robots per 100 employees in the automotive industry



Source: United Nations

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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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.