



## **Chairman's address to the AGM on 23 October 2009**

### **Listing Rule 3.13.3**

#### Introduction

I will discuss the Company's Investment Performance, Accounting Standards, Dividends, Corporate Actions and the Outlook for 2009-2010.

#### Investment Performance

In the year ending on 30 June 2009, Platinum Capital's net asset value increased by 18.4% pre-tax and by 14.2% after allowing for all tax liabilities, both realised and unrealised. For a comparison the benchmark Morgan Stanley Capital Index fell 16.1% for the 12 months.

Since its inception in 1994 the compound annual appreciation of the Company's assets on a pre-tax basis has been 13.7% compared to the return from the MSCI of 4.2%. The comparable return from the Australian All Ordinaries Accumulation Index has been 8.9% annually over the 15 years.

#### Accounting Standards

The Annual Report is prepared under Australian International Financial Reporting Standards. Under these Standards, realised profits and losses are added to or reduced by changes in the market value of the Company's total assets. As regards to Investment Companies operating in volatile markets, this leads to large variations in reported profit as from any one year to the next.

In your Directors' opinion the longer-term movement of asset values, combined with the flow of dividends, is a better measure of performance.

#### Dividends

A fully franked final dividend of 5 cents per share is proposed, making 10 cents for the full year as against 10 cents in the previous twelve months. We continue with our policy of smoothing dividend payouts.

#### Corporate Actions

In November 2008 the Company undertook a 1:1 renounceable rights issue at \$1.07 per share to take advantage of opportunities to invest in securities we regarded as undervalued. This issue raised \$17.5m.

In response to shareholders' requests we also introduced a Share Purchase Plan ("SPP") which enabled us to issue stock at slightly below market price and free of brokers' commission.

This SPP was well received so we propose to make a further offer this year. Shareholders will receive details along with their dividend statements.

The SPP will be available only to Australian and New Zealand residents and is limited to the investment of no more than \$15,000 per shareholder and to a maximum of 30% of the fully paid ordinary shares on issue. New shares subscribed for will not qualify for the 2008/9 final dividend.

#### Outlook for 2009-2010

The Investment Manager is of the opinion that "it is likely to be several years before the consequences of the credit crisis have fully played themselves out". With such an uncertain background, it is impossible to forecast profit a year ahead.

What I can report is that in the first quarter in the year to the 30th September the Company's NAV was up 6.09% after tax to a level of \$1.41 per share post tax. As at 21st October, it was \$1.39 down 1.41%.

Given this satisfactory start to the year, and assuming there will not be another catastrophic crash in world share markets we can reasonably hope to maintain the dividend payment at a 10 cents per share annual rate.

You will appreciate, of course, that this is an aspiration and not a promise.

Finally

I wish to express my appreciation of the efforts of all the people at Platinum Asset Management along with those of my fellow Directors.

I wish to pay particular tribute to the late Graeme Galt, who served us well for seven years.