

## **Chairman's address to the AGM on 29 October 2010**

### **Listing Rule 3.13.3**

#### Introduction

I will discuss the Company's Investment Performance, Corporate Governance, Dividends, Corporate Actions, a Capital Management Proposal and the Outlook for 2010-2011.

#### Investment Performance

For the year ending on 30 June 2010, Platinum Capital's net asset value increased by 12.2% pre-tax and by 8.5% after allowing for all tax liabilities, both realised and unrealised. For a comparison, the benchmark Morgan Stanley Capital Index increased by 7% on a pre-tax basis for the 12 months.

This good short-term performance made a useful contribution to our very satisfactory long-term and medium-term out-performance of both the world index and of the Australian index, demonstrating that the Company can achieve positive returns even in difficult markets.

Since its inception in 1994, the compound annual appreciation of the Company's assets on a pre-tax basis has been 13.6% compared to the return from the MSCI of 4.4%. The comparable return from the Australian All Ordinaries Accumulation Index has been 9.4% annually over the same 16 years.

#### Corporate Governance

As shareholders would be aware, Platinum Capital's funds are ultimately managed by Platinum Asset Management. As both companies have common executives, to ensure the affairs of the Company are managed with appropriate corporate governance, shareholders of Platinum Capital have put in place strong representation of independent directors on the board.

In the past year, the independent directors are pleased to report they have continued to monitor the performance of the Investment Manager with the full and transparent co-operation of Platinum Asset Management and its management team and are accordingly confident in the integrity and reporting of the Company's financial results to shareholders.

#### Dividends

A fully franked final dividend of 5 cents per share was paid to shareholders on 2 September 2010, making 10 cents for the full year as against 10 cents in the previous twelve months. We continue with our policy of trying to smooth dividend payouts.

#### Corporate Actions

In the 2009-2010 year, the Company operated a Share Purchase Plan (SPP). The SPP raised \$16,571,474 and resulted in the allotment of 10,831,029 shares.

#### Capital management proposal

Today, we will be asking you to provide the Directors with an advisory vote on a capital management proposal. Details of the proposal were mailed out to shareholders, along with the AGM notice of meeting.

We have been delighted with the feedback and support from shareholders.

In summary, where the share price has traded at a significant premium (of the order of 15% or more) to the underlying net asset value of the shares, for a period of time, the Company could raise additional capital through a renounceable rights issue.

Conversely, where the share price has traded at a significant discount to the net asset value of the shares (of the order of 10% or more) for a period of time, the Company could enter into an on-market buy-back of the shares.

We expect that over time, the capital management programme, if adopted, will reduce the volatility of the Company's share price, increase liquidity of share trading and encourage the Company's shares to trade closer to their underlying net asset value.

If the capital management proposal is adopted, the Board would consider discontinuing any future SPPs, as the capital management proposal, will be more equitable to all shareholders relative to the SPP.

#### Outlook for 2010-2011

The Investment Manager is of the opinion "that it is not an easy environment for value orientated investors but if trends are read correctly, good returns may be earned without having to resort to becoming a momentum investor. Should the Chinese surprise markets by allowing a rapid appreciation of the Yuan, markets could rise appreciably on improved fundamentals."

In the year to 30 September 2010, the Company's NAV was down 2.76% after tax to a level of \$1.2625 per share post tax. As at 26 October 2010, the NAV was \$1.2705 up 0.63%.

#### 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.