

Chairman's address to the AGM on 22 October 2012

Listing Rule 3.13.3

Introduction

I will concentrate on the key issues of concern to shareholders, namely the Company's recent Investment Performance and Financial Results, Dividends, Remuneration Matters, the status of the Capital Management Programme, important Corporate Governance issues and the Outlook for 2012-2013.

Investment Performance and Financial Results

International economies have experienced another difficult year and Platinum Capital has not been immune to this macro-economic environment. The benchmark Morgan Stanley Capital International (MSCI) World Index decreased by 2.3% for the year ended 30 June 2012. In comparison, the Company's Net Asset Value (NAV) decreased by a disappointing 7.8% pre-tax.

During the year, the Company made a pre-tax operating loss of \$15.3 million and a post-tax loss of \$17.5 million. This was directly attributable to the slowdown in global equity markets and the impact of this on the value of the Company's investment portfolio.

In our preferred measure of financial performance, namely the pre-tax NAV adjusted for dividends, the last year saw a reduction from \$1.19 per share at 30 June 2011 to \$1.07 per share at 30 June 2012.

Our disappointing investment performance over what is now the last two years, is anomalous compared to our good long-term returns against the MSCI World Index and the Australian All Ordinaries Accumulation Index. Everyone at Platinum Capital is working hard to restore the Company to this long-term outperformance.

To this end, I am pleased to advise that since the end of the 2011-12 year, our investment performance has started to improve, with the pre-tax NAV increasing from \$1.07 per share to \$1.12 per share over the first three months of the new financial year, which represents an increase of 4.1% for the quarter.

Dividends

As previously reported to the Australian Securities Exchange (ASX), the Company's deficit in retained earnings, has precluded it from paying an interim or final dividend for the year ended 30 June 2012.

At year end, the Company had a deficit of 10.5 cents per share in retained earnings. This deficit must return to positive territory before dividend payments can resume. Pleasingly, the deficit in retained earnings had reduced to 6.8 cents per share at 30 September 2012.

Should this trend continue, there are sufficient franking credits in hand to suggest that when dividends are resumed, they will be fully franked.

Remuneration Matters

At last year's Annual General Meeting (AGM), only 5.7% of total shares on issue voted on the Remuneration Report resolution. Of this small subset of shareholders that voted, greater than 25% of the votes recorded were against the Remuneration Report resolution. This gave the Company its "first strike" and means that the Board could be spilled if there is a "second strike" at this meeting.

Platinum Capital remunerates its Investment Manager under an agreement previously approved by shareholders. As a consequence, the Remuneration Report applies to only three persons remunerated by the Company (i.e. the Non-Executive Directors). Total remuneration paid to each of these Non-Executive Directors ranges from \$54,500 to \$59,950 per year. The Company paid no bonuses to any Director or employee during the year.

As a result of the "first strike", the Company reviewed the remuneration paid to its Non-Executive Directors and found they are in line with comparable performing Listed Investment Companies (LICs).

Further, there has been no increase in remuneration paid to the Company's Non-Executive Directors since 2003, despite long-term superior performance during this time.

Capital Management Programme

Shareholders passed a non-binding resolution on capital management at the AGM of 2010. The resolution recommended implementing a capital management proposal seeking to limit the difference between the Company's share price and its NAV to a range of -10% (discount) and +15% (premium).

On 19 March 2012, the Company announced a share buy-back as part of the capital management programme approved by shareholders. The buy-back programme started on 2 April 2012, with all shares being acquired through the ASX. At 22 October 2012, 506,675 shares had been bought back at an average price of \$0.96 per share, which benefits ongoing shareholders.

The share buy-back programme has been reasonably successful in limiting the discount to around 10%.

Corporate Governance

As shareholders would be aware, Platinum Capital's funds are ultimately managed by Platinum Investment Management Limited. As both companies have common executives, and to ensure the affairs of your 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 again 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.

Outlook for 2012-2013

As already mentioned, in the first three months of the 2012-13 year, the Company's pre-tax Net Asset Value was up 4.1% to a level of \$1.12 per share.

As at 17 October 2012, the pre-tax Net Asset Value was \$1.14, which was up 5.7% from the year ended 30 June 2012.

Despite this pleasing result, global economies are likely to be challenging for the remainder of 2012-13, but we believe opportunities will be there for patient investors.

On one hand, most developed countries, particularly in Europe, are burdened with too much debt, while developing nations face challenges of transitioning from export-driven to internal demand-driven economies.

However, there is cause for optimism in some areas. The market has already built-in a degree of caution in the valuations of companies. Company balance sheets are generally very strong, unemployment is falling in the world's largest economy, the USA, and China continues to grow, albeit at slower than its previous stellar rates.

The market now seems to be entering a new phase. Action by major Central Banks is seemingly reducing the sense of anxiety within markets. To the extent that money has been priced at artificially low levels, there is also some effect on the real economy in terms of consumers' ability and willingness to borrow.

As has been noted over the last year or so, we are well-placed to participate in this environment.

Finally

Whilst we have not achieved the results we were hoping for in 2011-12, it was not through the lack of effort, so I wish to express my appreciation of the contribution made by all the people at Platinum over the last year.

Bruce Phillips
Chairman
22 October 2012