

Chairman's Address to the AGM on 21 October 2013

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, the Capital Management Programme, important Corporate Governance issues including remuneration, and the Outlook for 2013-2014.

Investment Performance and Financial Results

I am pleased to report that Platinum Capital Limited has had an outstanding year, resulting from a recovery in global equity markets and the strong outperformance by the Investment Manager against both Australian and international benchmarks.

In the year ending 30 June 2013, Platinum Capital's Net Asset Value (NAV) increased by 42% pre-tax. For a comparison, the benchmark Morgan Stanley Capital Accumulation World Index increased 31% for the 12 months. After allowing for all tax liabilities, both realised and unrealised, the NAV increased by 34%. The comparable return from the Australian All Ordinaries Accumulation Index has been 20% for the 12 months.

Perhaps most pleasing was that total shareholder return measured in terms of Company share price plus dividends paid was 52% for the 12 months to 30 June 2013.

This strong short-term performance made a useful contribution to our very satisfactory long-term and medium-term performance against both the World Index and the Australian Index.

Since its inception in 1994, the compound annual appreciation of the Company's net assets on a pre-tax basis has been 13% per annum compared to the return from the Morgan Stanley Capital Accumulation World Index of 5%. The comparable return from the Australian All Ordinaries Accumulation Index has been 9% annually over the same 19 years.

The short-term, medium-term and long-term out-performance over both the World Index and over the Australian Index demonstrates that opportunities and rewards are there for patient investors.

For the year ended 30 June 2013, the Company made a pre-tax operating profit of \$75 million and a post-tax operating profit of \$59 million. This represents a 435% increase in profit from the prior year and is predominantly attributable to mark to market unrealised gains associated with historical buying of neglected stocks at attractive prices.

However, under Australian Accounting Standards, realised profits and losses are added to or reduced by changes in the market value of the Company's total assets. This can lead to large variations in reported profits from any one year to the next.

Therefore, despite the strong profit performance, it is still the opinion of your Directors that a more appropriate measure of the Company's results is the change in its NAV adjusted for dividends. On this measure the Company's pre-tax net asset value increased by 42% to \$1.51 per share during the year.

For the first three months of the current financial year, the pre-tax NAV, adjusted for dividends, was up a further 4.8% to \$1.53 per share.

Dividends

As a direct consequence of returning to positive retained earnings, the Company is pleased to report that a fully-franked final dividend of 5 cents per share was paid for the year ended 30 June 2013, making 7 cents per share for the full year.

The Company continues its policy of dividend smoothing, in an attempt to ensure that there are sufficient franking credits available to pay fully-franked dividends in the future. After the dividend was paid, the franking account balance would allow for a fully-franked dividend of a further 3 cents. The franking account balance will increase if the Company continues to pay tax on its earnings.

Capital Management Programme

On 28 March 2013, the Company announced the termination of the share buy-back programme that had been in operation since 2 April 2012. The programme ended because the significant discount between the Company's share price and its underlying NAV per share was no longer present. Under the buy-back programme, 506,675 shares were bought-back at an average price of \$0.96 per share and this represented 0.31% of issued share capital.

The Directors continue to monitor the Company's share price discount or premium to its NAV and any significant divergence for a prolonged period of time may result in a share buy-back programme or a rights issue in the future.

Corporate Governance Matters

As shareholders would be aware, Platinum Capital's funds are ultimately managed by Platinum Asset Management through two key agreements previously approved by shareholders; the Investment Management Agreement and the Administration Services Agreement.

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

Remuneration Matters

There has been no increase in remuneration paid to employees since 2003. There were no bonuses paid, despite NAV, share price, earnings and dividends all increasing in the 2012-2013 financial year.

Outlook for the Remainder of 2013 and 2014

As already mentioned, for the first three months of the year, the pre-tax NAV was up 4.8% to \$1.53.

As at 16 October 2013, the pre-tax NAV was \$1.52.

As highlighted recently by our Investment Manager:

"The markets have been unusually resilient to bad news. The appetite for risk has been evident in blue sky areas like e-commerce and biotech, and in recent weeks this hunger for open-ended opportunities has been met with a growing queue of placements and listings. It would be no surprise for the markets to have some retracement, but the general improving economic tone and still massive printing of money suggests that a retreat in prices should be used as a buying opportunity."

Finally

The strong results achieved in the last 12 months is a tribute to the skill and expertise of the Investment Manager, so I wish to express my appreciation of the outstanding contribution made by Kerr Neilson, Andrew Clifford and their team over the last year.

Bruce Phillips
Chairman
21 October 2013