

Chairman's Address to the AGM on 30 October 2014

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 2014-2015.

Investment Performance and Financial Results

I am pleased to report that Platinum Capital Limited has had another very solid year.

In the year ending 30 June 2014, our net asset value (NAV) increased by 17.3% pre-tax, slightly below the 19.2% gain of the MSCI World Index benchmark in Australian Dollar terms. After allowing for all tax liabilities, both realised and unrealised, the Company's NAV increased by 13.2%.

Perhaps most pleasing was that total shareholder returns, measured in terms of Company share price plus dividends paid, was 27.2% for the 12 months. 2014 represented the Company's 20 year anniversary and our long-term track record has been very sound, supported by the payment of fully franked dividends over time.

Since inception, the compound annual appreciation of the Company's net assets on a pre-tax basis has been 12.8% per annum compared to the return from the MSCI World Index of 5.9%. The comparable return from the Australian All Ordinaries Accumulation Index has been 9.4% annually over the same 20 years.

Your Board believes that the proven track record over time demonstrates that opportunities and rewards are there for patient investors.

For the year ended 30 June 2014, the Company made a statutory pre-tax operating profit of \$46.2 million and a post-tax operating profit of \$32.9 million. Whilst this represents a decline in statutory profit from the very strong previous year, it is important to recognise the significant achievement in being able to build on last year's result.

Also, 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 recorded statutory profits from any one year to the next.

Therefore, despite the good statutory profits made this year, your Directors maintain that a more appropriate measure of the Company's performance is the pre-tax NAV adjusted for dividends. On this measure, the pre-tax NAV was \$1.64 per share at 30 June 2014, as compared to \$1.51 per share at 30 June 2013. After adjusting for dividends the Company's pre-tax NAV increased by 17.3%.

At 30 September 2014, the pre-tax NAV has remained at \$1.64 despite a 5 cents per share fully franked dividend paid out on 8 September 2014, making 8 cents for the full year.

Dividends

The Board is very mindful of the fact that the company tax rate is likely to be reduced from its current rate of 30% to 28.5% with effect from July 1, 2015. This provides one further opportunity to utilise the existing franking account credits before this date, when we consider the interim dividend in February 2015.

The Company continues its policy of dividend smoothing and does its best to ensure that there are sufficient franking credits available to pay fully-franked dividends in the future. Of course the ability to generate fully-franked dividends will continue to be dependent on the Company's ability to realise profits and pay tax.

Capital Management Programme

The Directors continue to monitor the Company's share price discount or premium to its pre-tax NAV and any significant divergence may result in either a share buy-back programme or a share issue in the future.

On November 11, 2013, the Company announced a two-part capital raising comprising a placement of shares to sophisticated and professional investors and a 1:5 pro-rata non-renounceable rights offer to eligible shareholders at \$1.55 per share. The purpose of the capital raising was primarily to allow the Company to add capital to its investment portfolio, to take advantage of a number of interesting investment opportunities existing in global markets.

The two-part capital raising raised gross proceeds of \$98.3m through the issue of 63.4m additional shares and this increased issued share capital by 38%. The Company invested the proceeds in accordance with its well-tested investment approach of searching for undervalued securities across the world.

The liquidity of the company's stock on the ASX was a factor in the consideration of the capital raising and it has been pleasing to observe the increased trading levels since.

Overall the Board was very pleased with the success of the capital raising and the investments we have made with the funds raised. The Placement was heavily over-subscribed and, if the market conditions are appropriate, the Board will consider doing more capital raisings in the future.

Corporate Governance Matters

As shareholders are aware, Platinum Capital's funds are managed by Platinum Investment Management Limited (PIML) 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 PIML's management team. We are accordingly confident in the integrity and reporting of the Company's financial results to shareholders.

Outlook for the Remainder of 2014 and 2015

For the first three months of the year, the pre-tax return was 2.9%, but as at 27 October 2014, the pre-tax NAV dropped to \$1.56. This has been caused by unfavourable market movements during October.

As highlighted recently by our Investment Manager:

“...volatility in markets seems likely, but the hunt for duration in a world facing low inflation and growth against a back drop of very cheap money, suggests that real assets i.e. shares, will continue to attract investors. The portfolio management challenge will be to achieve the correct balance between predictable earnings growth and the low valuation being placed on companies with less certain outlooks”.

Finally

The performance of the Company is a tribute to the skill and expertise of the Investment Manager, so I again wish to express my appreciation of the outstanding contribution made by Kerr Neilson, Andrew Clifford and their team over the last year. Also in this, the Company's 20th year, it is also appropriate today to acknowledge their significant efforts in expertly managing Platinum Capital since its inception.

Bruce Phillips
Chairman
30 October 2014