

# VEALLS LIMITED

ACN 004 288 000

Registered Office

1<sup>st</sup> Floor 484 Toorak Road  
Toorak Vic 3142

Postal Address

1<sup>st</sup> Floor 484 Toorak Road  
Toorak Vic 3142

PH : (03) 9827-4110


FAX : (03) 9827-4112

25 November 2016

Company Announcements Office  
Australian Stock Exchange  
E-Lodgements

Pursuant to Listing Rule 3.13.3 we provide a copy of the Chairman's address to be given to the Annual General Meeting of Vealls Limited today.

Yours faithfully,



D R Veall  
Company Secretary

# VEALLS LIMITED

ACN 004 288 000

Registered Office

1<sup>st</sup> Floor 484 Toorak Road  
Toorak Vic 3142

Postal Address

1<sup>st</sup> Floor 484 Toorak Road  
Toorak Vic 3142

PH : (03) 9827-4110

FAX : (03) 9827-4112

## **CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING HELD ON FRIDAY 25 NOVEMBER 2016**

On behalf of the Board of Directors I welcome you to the 66<sup>th</sup> Annual General Meeting of the Company.

I first want to record the Board's appreciation for the invaluable contribution that the former Chairman, Mr Ian Veall, made to the Company over his 67 years of service. His leadership, wisdom and experience has left the Company in a strong financial position. Unfortunately, he passed away soon after retiring and his counsel will be sorely missed.

The review that was previously announced by the Company is currently underway and it would be premature to comment on it until it has been completed. It is a wide-ranging review that encompasses taxation, investment and the company's structure. We will update shareholders appropriately when the review has been completed.

Before proceeding to the business of today's meeting, I would like to give you an update on the current status of the implementation of the restructure of the group's operations.

1. Vealls (Singapore) Pte Ltd continues to operate in both New Zealand and Singapore and has short-term deposits mainly in NZD. The bulk of these deposits are invested through the hub of Singapore in Hong Kong while the remainder is invested in New Zealand. Presently the amount of NZD on deposit is \$66.580m.

Cardrona Ski Resort Ltd also has short-term deposits in NZD amounting to \$2.459m.

Currently the total aggregate amount of NZD on deposit is \$69.039m.

The intention remains for our New Zealand operations to be closed down at an appropriate time. A dispute has arisen with the purchaser of the ski field (which was sold in 2013) in relation to GST and this is currently being monitored by the Company. The amount in dispute is approximately NZD \$473,000.

2. The remaining activities that are scheduled for disposal are the freehold properties at Mt. Martha, Victoria (V.L. Investments Pty Ltd) and at Moulins, France (the oak forest owned by the Company) both of which have been further progressed.

The carrying value of these properties at 30 June 2016 was an aggregate of AUD \$26.941m. This is an increase of AUD \$3.173m over the 2015 independent valuations with the forest being the largest component.

In regard to the oak forest, the Company has received a pre-contract that it is pursuing with the prospective purchaser. Both parties have signed the pre-contract and its completion, barring any unforeseen circumstances, should be concluded in the near term.

One factor that has emerged through the sale process of the forest is the incidence of tax in France, which has created a foreign tax asset in Australia that requires the generation of foreign tax income to utilize it. To that end, the Company has increased its deposit investments through Singapore to generate such income.

In regard to the disposal of the property at Mt. Martha, we have developed various plans and attended several meetings with local council planners in conjunction with our consultants. The process is on going with our aim to maximise the sale potential.

Our Investment Program for the acquisition of securities through the hub of Singapore continues to be developed. We note that China is still experiencing lower growth which is affecting their trading partners and while we have seen a small increase in US interest rates this year, the recent election results there have added a new uncertainty to world markets which will start to unfold over the next few months. We expect to see volatility during this period.

In light of this volatility, the timing of the acquisition of selected securities remains a fundamental consideration, as are exchange rates and market conditions.

With current low interest rates, the price/earnings ratio of companies and property prices remains high. It is important to note that the Company's results continue to be affected by changes across a range of currency values in relation to the Australian dollar.

The Board has followed a conservative policy in relation to the company's capital and the investment thereof. Our current policy has continued to protect us from incurring potential capital losses while generating reasonable earnings.



D R Veall  
Chairman  
25 November 2016