



SietelLIMITED

ACN 004 217 734 Incorporated in Victoria

Sietel Limited

Annual General Meeting of Shareholders

Held at the Company registered office commencing 12:00 pm Monday 20 January 2020

Chairman's Address

Shareholders, Ladies and Gentlemen

The Board of Directors and staff welcome you all to this year's Annual General Meeting.

I refer you to the Annual Report and more specifically the Directors' Report and Financial Accounts.

Rather than repeat the information already contained in the Annual Report I now limit my current comments to a few matters which I consider are of interest to shareholders.

The Group Operating Profit before tax of \$1,891,750 shows a 59% increase over the previous year (2018 \$1,193,189). This increase can be attributed to the turnaround in the Cook's Body Work's result from a loss in the previous year of \$653,346 to an Operating profit before tax of \$18,656.

The listed ASX company share portfolio has been expanded via participation in dividend re-investment plans and modest purchases generally in existing top 200 listed companies.

The Group's investment in all ASX shares if sold at 30 Sep 2019 would have resulted in a gain of \$6,686,698 when compared with the original aggregate cost of this investment (2018 \$4,974,227).

Whilst Cook's Body Works continued to experience price discounting from competitors for fleet business, lower pricing by competitors has not always been matched by the service and quality level demanded by customers and this has assisted with the increase in turnover and improved overhead recovery.

Australian regulations and conditions continued to limit expansion by AAA in the gas and electric water heater business. A review is being undertaken of overheads and product range, including staff levels in light of achievable turnover.

The Company again this year added to the existing property portfolio in strategic areas when the opportunity arose.

The Directors valuation of all real-estate held by the Group at 30 September 2019 and associated estimate of the unrealized gain over book value is detailed in note 9 to the Financial Accounts.

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The Group continued to expand and increase its holdings in unlisted investments with the objective of providing some exposure to relatively new businesses which it is believed can provide potential for above average returns as offered by larger and more established businesses. The Board appreciates the higher risk of failure associated with investment in this sector so has adopted a policy of limited quantum and a wide spread of businesses and industries.

A table of the top fifteen listed investments held by the Group as at 30 September 2019 is included as note 33 to the Financial Accounts

The company's cash position has decreased in 2019 to a balance of \$1,678,848 (2018 \$2,158,459). During 2019 the company settled on an investment property totaling \$1,986,375. The company's resources still provide for investment opportunities if market conditions move against vendors in areas of interest to the group or if the new venture in the hot water appliance market provides scope for expansion.

We have not paid an ordinary dividend this year. The Board continues to espouse their policy of using retained earnings for investment in assets and or businesses considered advantageous to maintenance of long-term growth in shareholder value as reflected in share price and asset backing of the company's issued shares.

The policy of re investment of profits has been a major feature of the company for many years. This policy remains subject to review, where, for example, a distribution would not restrict the ability of the Group from taking advantage of opportunities for further strategic investments and expansion.

I would like to thank management and staff for their efforts over the past twelve months and look forward to continued steady growth over the coming years.



Mr Geoffrey L Rees
Chairman of Directors
Sietel Limited