

VEALLS LIMITED

ABN 39 004 288 000

Registered Office

1st Floor 484 Toorak Road
Toorak Vic 3142

Postal Address

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18 November 2009

ASX

Companies Announcements Office

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

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CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING HELD ON THURSDAY 18 NOVEMBER 2009

On behalf of the Board I welcome you to the 59th Annual General Meeting of the Company.

The Financial Statements and Reports for the year ended 30 June 2009 give details of the financial results and position of the Group. The significant features of operating performance are set out in Item 6 of the Directors' Report and may be summarized as:

On the one hand there was a realized profit of \$3.576m on the sale of the rural property, Rippling Water Station; but on the other hand there was an unrealized loss of \$1.417m on the market value of Mt Martha land.

It was just co-incidental that both events happened in the same financial reporting period and consequently had a distorting effect on the underlying operations of the Group.

In a similar way, Income Tax Expense of \$3.031m included a capital gains tax of \$1.058m on the rural property sale and an additional \$0.819m Deferred Tax Liability following a recalculation.

If these non-core items were removed from the Income Statement, the year's result would have shown an improvement on the previous year.

The Consolidated Balance Sheet shows a continuing strong financial position with high liquidity and no external borrowings.

Cash and Cash Equivalents were boosted by the sale proceeds of Rippling Water Station (\$7.0m), with a balance of \$4.7m that was paid after balance date.

The carrying values of Investment Properties, Property Plant & Equipment and Agricultural and Biological Assets reduced by \$9.0m, mainly on account of the sale of Rippling Water Station and the write down of Mt Martha land.

Total Assets increased by \$6.5m and were offset by an increase in Current and Deferred Tax of \$2.3m. Shareholder's Equity showed a resultant increase of \$4.2m equal to \$0.47c per Capital share.

In the current half year, the 2009 ski season at Cardrona Ski Resort has been completed and although there was evidence that there was some reluctance by the public to spend as freely as they had in the past, the outcome was considered satisfactory.

No doubt the general economic conditions in New Zealand were a factor as they were to a lesser extent in Australia. As usual, the management and staff maintained their high standards and are to be commended on their efforts.

While the first half year's figures will benefit by the inclusion of Cardrona's operating results, it must be remembered that the full year's figures will bear the expenditures that will be incurred by it in the second half year.

At Clear Springs Station pastures are in excellent order after heavy spring rains and all livestock are doing well. While this is a good start to the current year, future weather conditions and cattle markets are always unpredictable and so inhibit forecasting months ahead.

The build up in cash that is held for the most part in deposits at call and short term with reputable banks is readily available for alternative investment.

One area to which funds have been allocated is at Cardrona Ski Resort where, for a number of years past, continued development of the skifield and its infrastructure has taken place. This process has physical limitations however, so that related activities are likely to come into calculations in the near term.

Another area is through Vealls Singapore Pte Ltd as investment in listed securities in the Far East Asian Region and India. While the evident stabilization of the global financial system gives early promise of a return to better economic conditions for such investments, there remain uncertainties about the sustainability of such conditions when and if fiscal stimuli cease. As a long term investor, the timing of investment is a critical factor.

Finally I want to draw attention to the payment of future dividends and frankability as mentioned in the Directors' Report at Item 4. The payment of tax in Australia as a result of the sale of Rippling Water Station will generate franking credits at a level that would enable dividends to be fully franked again for a number of years hence in accordance with the Company's dividend policies. Imputed dividends are generally recognized as of value to shareholders who are in a position to utilize them for tax purposes.



Duncan Veall
Deputy Executive Chairman

18 November 2009