



**Sietel**LIMITED

ACN 004 217 734 Incorporated in Victoria

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Sietel Limited

Annual General Meeting of Shareholders

Held at the Company registered office commencing 12:00 pm Friday 11 February 2022

**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 after tax of \$1,362,026 shows a 23% decrease over the previous year (2020 \$1,762,613).

Sietel's contribution to Group Operating Profit after tax increased by \$3,551 which was an acceptable result given the continued impact of the pandemic.

Cook's Body Work's and Alliance Appliances Australia's losses after tax reduced the Group Operating Profit after tax by \$183,576 and \$110,818 respectively with both entities impacted by the drawn out lockdowns. These two businesses received a combined total government COVID assistance payment of \$359,063 (2020 \$503,213)

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 2021 would have resulted in a gain of \$11,147,748 when compared with the original aggregate cost of this investment (2020 \$2,042,988 gain). The contribution of \$9,104,760 to the above gain is largely the result of market reversal of the initial reaction to the impact of COVID-19.

Cook's Body Works were able to operate during the government lock down periods but experienced difficult operating conditions because of restrictions imposed by a COVID -19 safe work plan, reduced demand by customers as they assessed the impact of the pandemic and government restrictions and price discounting given the limited work availability.

Australian regulations and conditions continued to limit expansion by AAA in the gas and electric water heater business. A review of overheads including staff levels in light of achievable turnover has been implemented however increased freight and imported product prices more than offset the cost savings.

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The recovery period for Cook's Body Works will be impacted into the 2021/22 financial year as management is faced with a difficult period. Although demand for the company's product has shown strong signs of recovery to pre COVID levels, problems arising from the pandemic including costs and shortages of materials and labour remain.

The Directors valuation of all real-estate held by the Group at 30 September 2021 and associated estimate of the unrealized gain over book value is detailed in note 9 to the Financial Accounts.

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 2021 is included as note 33 to the Financial Accounts

The group's cash position has decreased in 2021 to a balance of \$1,382,969 (2020 \$3,089,011).

The company's cash and access to finance provide for investment opportunities if market conditions move against vendors in areas of interest to the group or if opportunities provide management with room for expansion in the group's operating businesses.

The company reviewed its investment balance between cash holdings, equities and real estate and available resources via conservative borrowing during the year and increased its investment in inner suburban retail real-estate. This investment except for a 10% deposit of \$675,000 paid in late September 2021 was not settled till February 8<sup>th</sup> 2022 when the balance of \$6,565,763 was paid which included government stamp duty.

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 steady growth over the coming years.

Mr Geoffrey L Rees  
Chairman of Directors  
Sietel Limited