

# 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

22 February 2017

Company Announcements Office  
Australian Stock Exchange  
E-Lodgements

Dear Sir / Madam,

## **CHANGE TO DIVIDEND RECORD DATE – 4D**

We advise that as the dividend record date (Monday 17 April 2017) announced in the recent 4D is not a trading day for the ASX, the Company has changed the record date to 18 April 2017. The payment date remains unchanged at 28 April 2017.

Following is an updated 4D.

Yours faithfully,



Duncan Veall  
Company Secretary

# Appendix 4D

## Half yearly report

*Rule 4.2 A.3*

Name of entity:

ABN Reference:

|                       |                       |
|-----------------------|-----------------------|
| <b>VEALLS LIMITED</b> | <b>39 004 288 000</b> |
|-----------------------|-----------------------|

**Current period**

**Previous corresponding period**

**Half year 31 December 2016**

**Half year 31 December 2015**

### Results for announcement to the market

| <b>Key Information</b>   | <b>Current period</b> | <b>Previous corresponding period</b> |  | <b>% Change</b> | <b>Amount of change</b> |
|--|-----------------------|--------------------------------------|--|-----------------|-------------------------|
|  | <b>\$A'000</b>        | <b>\$A'000</b>                       |  |                 | <b>\$A'000</b>          |
| Revenues from ordinary activities  | 1,651                 | 1,810                                |  | (8.8)           | (159)                   |
| Profit (loss) from continuing operations after tax attributable to members | 450                   | 927                                  |  | (51.5)          | (477)                   |
| Net profit (loss) for the period attributable to members                   | 450                   | 927                                  |  | (51.5)          | (477)                   |

| <b>Dividends</b>                               | <b>Amount per security</b> | <b>Franked amount per security at 30% tax</b> |
|--|----------------------------|---|
| <b>Record Date:</b> 18 April 2017              |                            |   |
| <b>Interim dividend Payable:</b> 28 April 2017 |                            |   |
| Preference shares                              | 0.35c                      | 0.35c   |
| Income shares                                  | 5.60c                      | 5.60c   |

There is no conduit foreign income (CFI) component of dividends

| <b>NTA backing</b>   | <b>Current period</b> | <b>Previous corresponding period</b> |
|--|-----------------------|--------------------------------------|
| Net tangible asset backing per ordinary (Capital) security | \$14.72               | \$14.07                              |

### Compliance Statement

This report should be read in conjunction with the annual financial report for the year ended 30 June 2016.



..... Date: 20 February 2017  
Duncan Reginald Veall (Director)

# **Vealls Limited**

**ABN 39 004 288 000**



## **Half-Year Financial Report**

**For the half-year ended 31 December 2016**

## Vealls Limited

ABN 39 004 288 000

### Corporate Information

|                                   |  |
|-----------------------------------|--|
| <b>Capital Issued and Paid Up</b> | \$ 1,235,388   |
| Consisting of:                    |  |
| 8,873,860                         | Capital shares   |
| 2,775,108                         | Income shares  |
| 40,474                            | 7% cumulative non-participating non-redeemable Preference shares |

|                            |   |
|----------------------------|---|
| <b>Controlled Entities</b> | (Incorporated in Victoria)<br>V.L. Investments Pty Ltd    |
|                            | (Incorporated in New Zealand)<br>Cardrona Ski Resort Ltd  |
|                            | (Incorporated in Singapore)<br>Vealls (Singapore) Pte Ltd |

#### Directors

Duncan Reginald Veall (Executive Chairman)  
Martin Charles Veall (Executive Director)  
Robert Sidney Righetti (Non-Executive Director)

#### Company Secretary

Duncan Reginald Veall

#### Registered Office

1<sup>st</sup> Floor  
484 Toorak Road  
Toorak Vic 3142  
Telephone +61 3 9827 4110  
Facsimile +61 3 9827 4112

#### Share Register

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
Telephone 61 8 9315 2333  
Facsimile 61 8 9315 2233

#### Auditors

BDO  
Collins Square | Tower 4  
Level 18, 727 Collins Street  
Melbourne VIC 3008

#### Stock Exchange Listing

Australian Stock Exchange Limited  
(Home Exchange: Melbourne, Vic)

## Vealls Limited

ABN 39 004 288 000

### Director's Report

Your directors present their report for the half-year ended 31 December 2016.

#### DIRECTORS

The names of each person who was a director of the company during the period 1 July 2016 to the date of this report are as shown below. Each director was in office for the whole period.

| <u>Name</u>            | <u>Designation</u>   |                     |
|------------------------|----------------------|---------------------|
| Duncan Reginald Veall  | Executive (Chairman) | director since 1999 |
| Martin Charles Veall   | Executive            | director since 1989 |
| Robert Sidney Righetti | Non-Executive        | director since 1996 |

#### Principal Activities

During the half-year the principal activities of the consolidated entity continued to be our agricultural investment in forestry and the investment in real estate and negotiable securities.

#### Review and results of operations

##### Operating Results

##### Revenue

Total revenue from continuing operations for the half-year was \$1.651m.

##### Profit

Consolidated net profit after income tax expense for the half-year was \$0.450m. The profit was significantly affected by other expenses with further comment at note 7.

##### Cash flows

Net cash flows were \$(0.007)m. Cash increased by \$0.618m due to the impact of changes in exchange rates on bank deposits held in currencies other than Australian dollars.

##### Review

The progression of the sale of the oak forest at Moulins, France has further advanced with some final details in France to be resolved. The property at Mt Martha, Victoria, has been the subject of continuing discussions with council noting that the council has recently been re-elected. It is therefore not possible to put a timeframe on the outcome of these discussions.

The New Zealand subsidiaries, Cardrona Ski Resort Ltd and Vealls (Singapore) Pte Ltd – New Zealand branch are intended to be shut 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.

The main feature of the half-year was the continued investment of funds in short term securities with the result of an increase in cash and cash equivalents. It is noted that the NZD / AUD exchange rate has had significant effects on the company's results and financial position and, so long as substantial NZD funds are held, will continue to do so.

The review of the company's operations that was previously announced has progressed with an update expected at the conclusion of the review.

## **Vealls Limited**

ABN 39 004 288 000

### **Auditors Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

### **Rounding**

The amounts contained in this report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Duncan Reginald Veall  
Executive Chairman

Melbourne, 20 February 2017

## DECLARATION OF INDEPENDENCE BY RICHARD DEAN TO THE DIRECTORS OF VEALLS LIMITED

As lead auditor for the review of Vealls Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Vealls Limited and the entities it controlled during the period.



Richard Dean  
Partner

**BDO East Coast Partnership**

Melbourne, 20 February 2017

## Vealls Limited

ABN 39 004 288 000

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

|   | Note | 31.12.2016<br>\$000 | 31.12.2015<br>\$000 |
|---|------|---------------------|---------------------|
| <b>Revenue</b>  |      |                     |                     |
| Interest  |      | 1,430               | 1,708               |
| Other Income  |      | 221                 | 102                 |
| <b>Total Revenue</b>  |      | <b>1,651</b>        | <b>1,810</b>        |
| <b>Less Expenses:</b>   |      |                     |                     |
| Employee benefits expense                                       |      | (98)                | (123)               |
| Rates and taxes   |      | (76)                | (11)                |
| Light, power and telephone                                      |      | (3)                 | (3)                 |
| Professional costs  |      | (211)               | (174)               |
| Listing & share registry fees                                   |      | (25)                | (26)                |
| Other expenses  | 7    | (492)               | (42)                |
| <b>Total Expenses</b>   |      | <b>(905)</b>        | <b>(379)</b>        |
| <b>Profit before income tax expense</b>                         |      | <b>746</b>          | <b>1,431</b>        |
| Income tax expense  |      | (296)               | (504)               |
| <b>Net Profit for the period</b>                                |      | <b>450</b>          | <b>927</b>          |
| <br><b>Other comprehensive income:</b>                          |      |                     |                     |
| <i>Items that may be reclassified to profit or loss</i>         |      |                     |                     |
| Fair value Gains / (Losses)                                     |      |                     |                     |
| Available for Sale Financial Assets                             |      | (1)                 | (54)                |
| Foreign Currency Translation                                    |      | 476                 | 3,503               |
| <b>Total other comprehensive income for the period</b>          |      | <b>475</b>          | <b>3,449</b>        |
| <b>Total comprehensive income for the period</b>                |      | <b>925</b>          | <b>4,376</b>        |
| <br>  |      |                     |                     |
| Basic and Diluted earnings per share from continuing activities |      | 3.31c               | 8.72c               |
| Basic and Diluted earnings per share attributed to members      |      | 3.31c               | 8.72c               |

The accompanying notes form part of these financial statements



# Vealls Limited

ABN 39 004 288 000

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

|                                      | NOTE | 31.12.2016<br>\$'000 | 30.06.2016<br>\$'000 |
|--------------------------------------|------|----------------------|----------------------|
| <b>ASSETS</b>                        |      |                      |                      |
| <b>Current assets</b>                |      |                      |                      |
| Cash and cash equivalents            | 3    | 106,250              | 105,639              |
| Trade and other receivables          |      | 57                   | 28                   |
| Income tax receivable                |      | -                    | 279                  |
| <b>Total Current Assets</b>          |      | <b>106,307</b>       | <b>105,946</b>       |
| <b>Non-current assets</b>            |      |                      |                      |
| Investment properties                |      | 21,894               | 21,894               |
| Available-for-sale financial assets  |      | 198                  | 199                  |
| Deferred tax assets                  | 6    | 1,188                | 1,233                |
| Agricultural & biological assets     |      | 5,047                | 5,047                |
| <b>Total non-current assets</b>      |      | <b>28,327</b>        | <b>28,373</b>        |
| <b>TOTAL ASSETS</b>                  |      | <b>134,634</b>       | <b>134,319</b>       |
| <b>LIABILITIES</b>                   |      |                      |                      |
| <b>Current Liabilities</b>           |      |                      |                      |
| Trade and other payables             |      | 593                  | 117                  |
| Income tax payable                   |      | 515                  | 1,131                |
| Provisions                           |      | 79                   | 220                  |
| <b>Total current liabilities</b>     |      | <b>1,187</b>         | <b>1,468</b>         |
| <b>Non-current liabilities</b>       |      |                      |                      |
| Deferred tax liabilities             |      | 1,413                | 1,545                |
| <b>Total non-current liabilities</b> |      | <b>1,413</b>         | <b>1,545</b>         |
| <b>TOTAL LIABILITIES</b>             |      | <b>2,600</b>         | <b>3,013</b>         |
| <b>NET ASSETS</b>                    |      | <b>132,034</b>       | <b>131,306</b>       |
| <b>EQUITY</b>                        |      |                      |                      |
| Contributed equity                   |      | 1,235                | 1,235                |
| Reserves                             |      | 4,663                | 4,188                |
| Retained earnings                    |      | 126,136              | 125,883              |
| <b>TOTAL EQUITY</b>                  |      | <b>132,034</b>       | <b>131,306</b>       |

The accompanying notes form part of these financial statements

## Vealls Limited

ABN 39 004 288 000

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

|   | Share Capital<br>\$'000 | Retained<br>Profits<br>\$'000 | Asset<br>Revaluation<br>Reserve<br>\$'000 | Asset<br>Realisation<br>Reserve<br>\$'000 | Foreign<br>Currency<br>Translation<br>\$'000 | Total<br>\$'000 |
|---|-------------------------|-------------------------------|---|---|--|-----------------|
| <b>Balance at 1 July 2015</b>                               | 1,235                   | 95,053                        | 11,791                                    | 14,539                                    | (538)  | 122,080         |
| Profit for the half-year                                    | -                       | 927                           | -   | -   | -  | 927             |
| Other comprehensive income                                  | -                       | -                             | (54)                                      | -   | 3,503  | 3,449           |
| <b>Total comprehensive income for the half-year</b>         | <b>-</b>                | <b>927</b>                    | <b>(54)</b>                               | <b>-</b>                                  | <b>3,503</b>                                 | <b>4,376</b>    |
| <i>Transactions with owners in their capacity as owners</i> |                         |                               |   |   |  |                 |
| Dividends paid (Note 2)                                     | -                       | (194)                         | -   | -   | -  | (194)           |
| <b>Balance at 31 December 2015</b>                          | <b>1,235</b>            | <b>95,786</b>                 | <b>11,737</b>                             | <b>14,539</b>                             | <b>2,965</b>                                 | <b>126,262</b>  |
| <br>  |                         |                               |   |   |  |                 |
| <b>Balance at 1 July 2016</b>                               | 1,235                   | 125,883                       | 30  | -   | 4,158  | 131,306         |
| Profit for the half-year                                    | -                       | 450                           | -   | -   | -  | 450             |
| Other comprehensive income                                  | -                       | -                             | (1)                                       | -   | 476  | 475             |
| <b>Total comprehensive income for the half-year</b>         | <b>-</b>                | <b>450</b>                    | <b>(1)</b>                                | <b>-</b>                                  | <b>476</b>                                   | <b>925</b>      |
| <i>Transactions with owners in their capacity as owners</i> |                         |                               |   |   |  |                 |
| Dividends paid (Note 2)                                     | -                       | (197)                         | -   | -   | -  | (197)           |
| <b>Balance at 31 December 2016</b>                          | <b>1,235</b>            | <b>126,136</b>                | <b>29</b>                                 | <b>-</b>                                  | <b>4,634</b>                                 | <b>132,034</b>  |

The accompanying notes form part of these financial statements

## Vealls Limited

ABN 39 004 288 000

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

|  | 31.12.2016<br>\$'000 | 31.12.2015<br>\$'000 |
|--|----------------------|----------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             |                      |                      |
| Payments to suppliers and employees (inclusive of GST) | (608)                | (509)                |
| Receipts from other income                             | 81                   | -                    |
| Interest received                                      | 1,438                | 1,708                |
| Income tax paid  | (722)                | (388)                |
| Net cash provided by operating activities              | 189                  | 811                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |                      |                      |
| Dividends received                                     | 1                    | 2                    |
| Net cash provided by investing activities              | 1                    | 2                    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>             |                      |                      |
| Dividends paid   | (197)                | (194)                |
| Net cash (used in) financing activities                | (197)                | (194)                |
| Net (decrease)/increase in cash held                   | (7)                  | 619                  |
| Cash and cash equivalents at beginning of period       | 105,639              | 99,330               |
| Effects of exchange rate changes on cash               | 618                  | 3,709                |
| <b>Cash and cash equivalents at end of year</b>        | <b>106,250</b>       | <b>103,658</b>       |

The accompanying notes form part of these financial statements

# Vealls Limited

ABN 39 004 288 000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

### Note 1: Basis of preparation and accounting policies

#### Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001 as appropriate for profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The half-year financial report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year report be read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcements made by Vealls Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

#### New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

|  | 31.12.2016 | 31.12.2015 |
|--|------------|------------|
|  | \$'000     | \$'000     |

### Note 2: Dividends

#### Previous year dividends paid on 31 October 2016:

|  |       |       |
|--|-------|-------|
| i) Fully franked dividend on preference shares of 0.35 cents per share<br>(2015: franked 0.35 cents per share) | 1     | 1     |
| ii) Fully franked dividend on income shares of 5.50 cents per share<br>(2015: franked 5.40 cents per share)    | 152   | 149   |
| iii) Fully franked dividend on capital shares of 0.50 cents per share<br>(2015: franked 0.50 cents per share)  | 44    | 44    |
|  | <hr/> | <hr/> |
|  | 197   | 194   |

#### Dividends proposed but not recognised as a liability payable 28

##### April 2017:

|  |       |       |
|--|-------|-------|
| i) Fully franked dividend on preference shares of 0.35 cents per share<br>(2016: franked 0.35 cents per share) | 1     | 1     |
| ii) Fully franked dividend on income shares of 5.60 cents per share<br>(2016: franked 5.50 cents per share)    | 155   | 153   |
|  | <hr/> | <hr/> |
|  | 156   | 154   |

# Vealls Limited

ABN 39 004 288 000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

|  | 31.12.2016<br>\$'000 | 30.06.2016<br>\$'000 |
|--|----------------------|----------------------|
| <b>Note 3: Cash and cash equivalents</b> |                      |                      |
| Cash at bank and in hand                 | 642                  | 317                  |
| Short-term bank deposits                 | 105,608              | 105,322              |
| <b>Total</b>                             | <b>106,250</b>       | <b>105,639</b>       |

### Note 4: Segment Information

#### Identification of reportable segments.

The Group has identified its operating segments based on internal reports used by management and the Board of Directors in assessing performance and in determining the allocation of resources. The reportable segments are based on aggregated operating segments determined by the nature of the principle activities being undertaken.

#### Description of each segment.

##### Investment.

The investment business comprises interest bearing deposits, listed shares and freehold land at Mt Martha Vic.

##### Agriculture.

Forestry is conducted at Foret de Leyde near Moulins, France.

#### Accounting Policies

Segment revenue and expenses are those directly attributable to the segment. Segment assets include all assets used by a segment and consist principally of cash, receivables, term deposits and property.

The tables below represent revenue and profit information for reportable segments for the half-year ended 31 December 2016 and 2015.

#### 31 December 2016

|   | Investments<br>\$'000 | Agriculture<br>\$'000 | Total<br>\$'000 |
|---|-----------------------|-----------------------|-----------------|
| <b>Segment Revenue:</b>                       |                       |                       |                 |
| Interest revenue                              | 1,430                 | -                     | 1,430           |
| Other revenue                                 | 221                   | -                     | 221             |
| <b>Total segment revenue</b>                  | <b>1,651</b>          | <b>-</b>              | <b>1,651</b>    |
| <b>Result:</b>                                |                       |                       |                 |
| <b>Segment result (net profit before tax)</b> | <b>746</b>            | <b>-</b>              | <b>746</b>      |
| <b>Assets:</b>                                |                       |                       |                 |
| <b>Segment assets</b>                         | <b>127,793</b>        | <b>6,841</b>          | <b>134,634</b>  |
| <b>Liabilities:</b>                           |                       |                       |                 |
| <b>Segment liabilities</b>                    | <b>1,253</b>          | <b>1,347</b>          | <b>2,600</b>    |

## Vealls Limited

ABN 39 004 288 000

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

#### Note 4: Segment Information (cont'd)

31 December 2015

|   | Investments<br>\$'000 | Agriculture<br>\$'000 | Total<br>\$'000 |
|---|-----------------------|-----------------------|-----------------|
| <b>Segment Revenue:</b>                       |                       |                       |                 |
| Interest revenue                              | 1,708                 | -                     | 1,708           |
| Other revenue                                 | 102                   | -                     | 102             |
| <b>Total segment revenue</b>                  | <b>1,810</b>          | <b>-</b>              | <b>1,810</b>    |
| <b>Result:</b>                                |                       |                       |                 |
| <b>Segment result (net profit before tax)</b> | <b>1,431</b>          | <b>-</b>              | <b>1,431</b>    |
| <b>Assets at 30 June 2016:</b>                |                       |                       |                 |
| <b>Segment assets</b>                         | <b>127,478</b>        | <b>6,841</b>          | <b>134,319</b>  |
| <b>Liabilities at 30 June 2016:</b>           |                       |                       |                 |
| <b>Segment liabilities</b>                    | <b>1,666</b>          | <b>1,347</b>          | <b>3,013</b>    |

# Vealls Limited

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

### Note 5. Fair value measurement

The Group uses various methods in estimating the fair value of assets designated or measured at fair value. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The assets carried at fair value as well as the methods used to estimate the fair value is summarised in the table below:

#### Fair value measurement

|                                      | Level 1 | Level 2 | Level 3 | Total  |
|--------------------------------------|---------|---------|---------|--------|
| As at 31 December 2016               | \$'000  | \$'000  | \$'000  | \$'000 |
| <i>Assets</i>                        |         |         |         |        |
| Listed ordinary shares at fair value | 198     | -       | -       | 198    |
| Investment properties                | -       | -       | 21,894  | 21,894 |
| Agricultural & Biological Assets     | -       | -       | 5,047   | 5,047  |
| Total assets                         | 198     | -       | 26,941  | 27,139 |
| <br>                                 |         |         |         |        |
| As at 30 June 2016                   | Level 1 | Level 2 | Level 3 | Total  |
|                                      | \$'000  | \$'000  | \$'000  | \$'000 |
| <i>Assets</i>                        |         |         |         |        |
| Listed ordinary shares at fair value | 199     | -       | -       | 199    |
| Investment properties                | -       | -       | 21,894  | 21,894 |
| Agricultural & Biological Assets     | -       | -       | 5,047   | 5,047  |
| Total assets                         | 199     | -       | 26,941  | 27,140 |

There were no transfers between levels during the half- year.

#### **Level 3 assets and liabilities**

There were no movements in the fair value of the Level 3 assets during the half-year.

## Vealls Limited

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

#### Note 5. Fair value measurement (cont'd)

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

| Description                                    | Valuation method   | Unobservable inputs   | Sensitivity   |  |
|--|--|---|---|--|
| Freehold Land- Mt Martha                       | Valuation has been based on direct comparison approach, whereby similar sales at market value have been analysed to determine value. | The price per hectare has been valued by an independent valuation expert as at 30 June 2016. The price per hectare was estimated at \$698,000.  | The variance between the previous valuation carried out in June 2015 and the latest valuation was 7% over a year. The previous uplift in value was 5% over 4 years. | A 5% change would increase/decrease fair value by \$1,005,000  |
| Freehold land- France                          | Valuation has been based on direct comparison approach, whereby similar sales at market value have been analysed to determine value. | The valuation completed by a local independent valuer was based on the component parts of the property. Land values per hectare amounted to \$1,033,000. Valuations relating to the lodge, ponds and hunting capital amounted to \$761,000. | The variance between the previous valuation provided by the independent valuer and the latest valuation was a 30% increase.   | A 3% change in the hectare valuation would have an impact of \$54,000 on the carrying value of the asset.  |
|  |  | The valuation was completed in Euros and translated at \$1=€0.6699, the exchange rate at the date of the valuation.   | Since 30 June 2016 the Euro has depreciated against the Australian Dollar by 3%.  | At 30 December 2016 the foreign exchange rate was \$1=€0.6872. Translating the asset value at this rate would decrease the carrying value by \$45,000. |
| Agricultural & Biological Assets- Trees France | The estimation of the woods is based on the value of inventory taken in 2016.  | The independent valuation was based on estimated cubic metres using current value per cubic metre.  | The value of the woods increased by 37% between June 2015 and June 2016.  | A 10% change would increase or decrease fair value by \$504,700.   |
|  |  | The valuation was completed in Euros and translated at \$1=€0.6699, the exchange rate at the date of the valuation.   | Since 30 June 2016 the Euro has depreciated against the Australian Dollar by 3%.  | At 30 December 2016 the foreign exchange rate was \$1=€0.6872. Translating the asset value at this rate would decrease the carrying value by \$127,000 |



## **Vealls Limited**

ABN 39 004 288 000

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

#### **Note 6. Deferred Tax Assets**

The recognition of deferred tax assets arising from Foreign Tax Credits is dependent upon the Group generating sufficient foreign tax income to utilise the credits. The directors believe the group will generate sufficient foreign tax income to enable utilisation of the foreign tax credits.

#### **Note 7: Other Expenses**

Included in other expenses is an amount provided in relation to a dispute that has arisen with the purchaser of the ski field (which was sold in 2013) relating to GST. The amount provided is \$455,081 (NZ\$473,147). However, the directors do not believe the company is liable and are continuing discussions with the purchaser to have the GST amount settled.

#### **Note 8: Contingent Liabilities**

In the opinion of the directors there are no contingent liabilities at reporting date or at the date of this report.

#### **Note 9: Subsequent events**

In the opinion of the directors there are no matters that may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity in financial years after the half-year ended 31 December 2016.

**Vealls Limited**  
ABN 39 004 288 000

**DIRECTORS' DECLARATION**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Duncan Reginald Veall  
Executive Chairman

Melbourne, 20 February 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Vealls Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vealls Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Entity Name Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Vealls Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vealls Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Yours faithfully

**BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'Richard Dean'. Above the signature, the letters 'BDO' are written in a stylized, cursive font.

**Richard Dean**  
**Partner**

Melbourne, 20 February 2017