VEALLS LIMITED

ACN 004 288 000

Registered Office
1st Floor 484 Toorak Road
Toorak Vic 3142
Postal Address
1st Floor 484 Toorak Road
Toorak Vic 3142
PH: (03) 9827-4110
FAX: (03) 9827-4112

30 September 2014

Company Announcements Office
Australian Stock Exchange
E-Lodgements

Dear Sir / Madam,

FINANCIAL REPORT

A copy of the company's Financial Report for the period ended 30 June 2014 follows.

Yours faithfully

Duncan Veall
Company Secretary

Vealls Limited

ABN 39 004 288 000

Financial Report

For the year ended 30 June 2014

Corporate Information

Capital Issued and Paid Up		$ 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

Controlled Entities

(Incorporated in Victoria)
V.L. Pastoral Pty Ltd
V.L. Investments Pty Ltd

(Incorporated in New Zealand)
Cardrona Ski Resort Ltd

(Incorporated in Singapore)
Vealls (Singapore) Pte Ltd

Directors
Ian Raymond Veall (Executive Chairman)
Martin Charles Veall (Executive Director)
Robert Sidney Righetti (Non-executive Director)
Duncan Reginald Veall (Executive Director)

Company Secretary
Duncan Reginald Veall

Registered Office
1st 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
Chartered Accountants
Level 14
140 William Street
Melbourne VIC 3000

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

Director's Report

The directors present this report on the consolidated entity of Vealls Limited in respect of the year ended 30 June 2014.

DIRECTORS

The names and details of the company's directors in office during the whole of the financial year and until the date of this report are as follows:

Ian Raymond Veall, B.Comm. (Melb.) – Executive Chairman
Age 90; Director since 1956, Managing Director 1961-1996, Chairman since 1966, 65 years experience with the company. Special responsibilities: Investments and Finance.

Martin Charles Veall, Diploma of Farm Management (Marcus Oldham College) – Executive Director.
Age 61; Director since 1989, 43 years experience in farm management. Special responsibilities: Agriculture and Forestry. Audit Committee.

Robert Sidney Righetti, Chartered Accountant – Non-executive Director.
Age 64, Director since 1996, Formerly Partner, Pannell Kerr Forster (Melbourne Partnership) Chartered Accountants, 43 years experience in accounting and auditing. Special responsibilities: Audit Committee.

Duncan Reginald Veall, B.Ec. (Monash) – Executive Director.
Age 58, Director since 1999, 25 years experience with the company. Special responsibilities: New Zealand subsidiaries.

No directors are currently or have in the past three years held directorships in other listed companies.

COMPANY SECRETARY

Duncan Reginald Veall, B.Ec. (Monash)
Appointed 2000. 25 years experience with the company.

Interest in the shares of the company

As at the date of this report, the interests of the directors in the shares of Vealls Limited were:

	Capital Shares	Income Shares	Preference Shares
IAN RAYMOND VEALL			
Shares held in own name	155,890	-	-
Shares held in name of another entity of which he is a member or director:			
Ijack Pty Ltd	7,000,000	-	-
Shirvell Pty Ltd	-	1,364,820	-
Winmardun Pty Ltd	748,000	-	-
Farex Pty Ltd	-	589,879	-
	7,903,890	**1,954,699**	-
MARTIN CHARLES VEALL			
Shares held in own name	1,800	-	-
Shares held in name of another entity of which he is a member or director:			
Winmardun Pty Ltd	748,000	-	-
Farex Pty Ltd	-	589,879	-
	749,800	**589,879**	-

Director's Report continued

	Capital Shares	Income Shares	Preference Shares
ROBERT SIDNEY RIGHETTI			
Shares held in own name	**500**	**-**	**-**
DUNCAN REGINALD VEALL			
Shares held in own name	-	-	26,408
Shares held in name of another entity of which he is a member or director:			
Winmardun Pty Ltd	748,000	-	-
DRV Superannuation Fund	329	-	3,650
	748,329	**-**	**30,058**

PRINCIPAL ACTIVITIES

The principal activities during the year of the consolidated entity were agriculture, forestry and investment in real estate and negotiable securities.

1. **Revenue & Other Income**
   Total revenue & other income for the year was $6.790m, the main items being interest received on short-term bank deposits generated by the Cardrona ski field over the lengthy period it was owned and operated by the company and subsequently from its sale proceeds; and from fair value gains on Investments and Biological assets.

2. **Profit**
   Consolidated net profit was $5.108m after income tax expense of $0.797m from continuing operations and $7.704m from discontinued operations relating to the sale of Cardrona Alpine Resort in New Zealand and Clear Springs Station Jingellic, NSW – a total of $12.812m.

   Other comprehensive income totalled $3.871m mainly from foreign currency exchange rate gains in the NZD/AUD rate.

3. **Cash Flows**
   Net cash flow was $45.218m.

4. **Financial Position**
   Total assets increased by $13.328m while total liabilities decreased by $3.019m. This movement together with foreign currency exchange rate translations resulted in an increase in shareholders' funds of $16.347m.

5. **Dividends**
   Final dividends of 0.35c on preference shares, 5.30c on income shares and 0.50c on capital shares have been declared payable on 31 October 2014. The dividends are fully franked at a tax rate of 30%.

6. **Review of Operations**

   (a) In furtherance of the actions to be taken under the company's restructure of its operations;

   (i) The Cardrona ski field's assets were sold and settled on 15 November 2013. Clear Springs Station, Jingellic NSW was also sold and settled on 4 April 2014.

   (ii) The subsidiary companies V.L.Finance Pty Ltd, V.L.Credits Pty Ltd, Tunrove Pty Ltd and Swintons Pty Ltd were deregistered with V.L.Pastoral Pty Ltd to follow shortly. In New Zealand Vealls (NZ) Ltd was amalgamated with Cardrona Ski Resort Ltd now awaiting deregistration.

   (iii) When completed, this interim stage of the restructure will result in only two subsidiaries remaining.

Directors' Report continued

(b) Preliminary steps were taken in relation to the disposal of properties at Mt Martha, Victoria and at Moulins, France. It is expected that a period of more than two years may be required to complete this action.

7. Significant features of Operating Performance

(a) The main feature of the year's operations was the scheduled program of cashing up the company's operations. Cash and cash equivalents, in particular short-term bank deposits, increased significantly as a result.

(b) The exchange rate of the AUD vis-à-vis other currencies, especially the NZD/AUD rate, continued to be a major factor in the company's financial performance.

(c) The transition from operating through a number of diverse subsidiaries to an end objective of operating through a single investment company based in Singapore was progressed.

8. Other Financial Information

(a) Basic and diluted earnings per ordinary share were 141.09c compared with 35.54c in the prior year.

(b) Net tangible assets backing per ordinary share was $13.36 compared with $11.58 in the previous year.

(c) Returns to shareholders (cents per-share)

• Preference share dividends	0.70c
• Income share dividends	10.50c
• Capital shared dividends	0.50c

(d) Statement of Retained Earnings (Consolidated)

	000's
Balance at beginning of year	$66,623
Add - profit after tax	12,812
Add – transfers from reserves	11,262
Less – dividends paid	(336)
Balance at end of year	90,361

9. Subsequent events

In the opinion of the directors there are no events subsequent to the reporting date that would have a material financial effect on the financial statements for the year ended 30 June 2014.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Implementation of the company's restructure of its operations will result over time in the acquisition of investments through the hub of Singapore of securities listed on the stock exchanges of the Asian area.

It is not feasible at this juncture to indicate expected results from such operations other than to observe that investment policy is intended to be directed to both income and capital growth over the longer term from a spread of securities.

An important consideration in the timing of this process will be the foreign exchange rates at the time funds are transferred from their existing currencies to the investment currencies.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Directors' Report continued

REMUNERATION REPORT

Pursuant to Section 300A Corporations Act 2001 the directors state:

Remuneration policy

(a) There is no remunerations or appointments committee of the board, and the directors and other officers' emoluments are determined in accordance with a policy that encompasses the relevant criteria and procedures to be followed.

(b) A director of the company, including an executive officer, is usually appointed by invitation of the board, but may be appointed otherwise by the company's shareholders in general meeting. All directors are in any case ultimately either confirmed or not confirmed to hold office by vote of the shareholders.

(c) The board is responsible for setting the direction taken by the company in its operations and the nature of such operations; and is responsible thereafter for monitoring the results that flow from its decisions.

(d) An executive director (officer) is additionally responsible for the management of the company's operations in accordance with the board's directives in that regard.

(e) A non-executive director receives an emolument for serving as a director of the company and/or its subsidiaries. The emoluments consists of fees, superannuation and such other benefits as may firstly be agreed between that director and the board's chairman and secondly be approved by the remaining directors. The maximum amount of directors' fees payable is limited to the amount approved by the company's shareholders.

(f) An executive director does not receive an emolument for serving as a director, but receives an emolument for serving as an executive officer with management responsibilities. The emolument consists of salary, superannuation and such other benefits as are agreed between that director and the remaining directors.

(g) The emolument of a director is determined by reference to the particular service to be provided to the company and/or its subsidiaries, the nature of that service, the knowledge and skill required and the time and application to the position expected of that director.

(h) Information from external consultants will usually be sought about current market remuneration levels and conditions over a range of positions relevant to the company's operations and the particular circumstances, and this guide will also be used in determination of an emolument.

(i) The board measures the company's performance by reference to the movement over time in the value of Shareholders' Equity as shown by the consolidated balance sheet and expressed as a dollar value per issued share; and the amounts distributed to shareholders in dividends or by other means and expressed as a dollar value per issued share.

(j) Maintenance of such values per share would be rated an "average" performance; reductions would be rated "below average"; and an increase would be rated "above average" performances.

(k) The performance of a non-executive director in the role of director is the determining factor in the emolument of that director.

(l) The performance of an executive director in the dual role of director and executive officer is the determining factor in the emolument of that director.

(m) There is no direct relationship between the emolument of a director or executive officer and the performance of the company, except over time. For example, no director or executive officer receives payment in relation to profits of the company and/or its subsidiaries; or receives the issue of shares or options to acquire shares except by entitlement thereto as a shareholder.

(n) The company's performance in the short term at or "below average" rating may, but not necessarily will, lead to a reduction in the emolument of a director or executive officer because there are several factors that can materially affect the company's operations that are beyond the immediate control of a director or executive officer. For instance, global economic conditions, particularly interest and exchange rate movements, and weather conditions. Conversely, an "above average" rating may, but not necessarily will, lead to an increase in the emolument of a director or executive officer.

(o) On the other hand, a "below average" rating in the longer term is bound to affect the emolument of a director or executive officer in one way or another, because, unless persuasive reasons can be given to and accepted by shareholders for such a rating, it is highly likely shareholders will use their voting power to reject the directors. Conversely, an "above average" rating is highly likely to lead to an increase in the emolument of a director or executive officer.

Directors' Report continued

The following table sets out the company's earnings and the consequences of the company's performance on shareholder wealth as defined by subsections 300A (1AA) and (1AB) of the Corporations Act 2001.

(a) Earnings

Year ended 30 June:	**2010**	**2011**	**2012**	**2013**	**2014**
Net Profit ('000's)					
Before tax	5,210	4,529	2,688	4,172	5,905
After tax	4,023	5,341	2,018	3,440	12,812

(b) Shareholder Wealth

Year ended 30 June:	**2010**	**2011**	**2012**	**2013**	**2014**
(1) Dividends -					
Preference shares	0.70c	0.70c	0.70c	0.70c	0.70c
Income shares	9.70c	9.90c	10.10c	10.30c	10.50c
Capital shares	0.50c	0.50c	0.50c	0.50c	0.50c
(2) Share Price *					
Preference shares	0	0	0	0	0
Income shares	+45c	-40c	+15c	+60c	- 65c
Capital shares	+5c	+120c	+145c	+70c	+125c

* Change in the price between beginning and end of year

DIRECTOR'S MEETINGS

The number of meetings of the board of directors and committees of the board and the number of meetings attended by each of the directors during the financial year were as follows:

	Directors'		**Audit Committee**	
	Number of meetings held	**Meetings attended**	**Number of meetings held**	**Meetings attended**
Ian Raymond Veall	6	6	-	-
Martin Charles Veall	6	5	2	2
Robert Sidney Righetti	6	5	2	2
Duncan Reginald Veall	6	6	-	-

Remuneration of directors and executive officers

Details of the nature and amount of each element of the emolument of each director of the company and each of the executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are as follows:

Directors' Report continued

2014

DIRECTORS	Short- term benefits		Post – employment benefits			Total
	Cash, salary and commissions	Non-cash benefits	Super-annuation	Long – term benefits	Other benefits	
	$	$	$	$	$	$
Ian Raymond Veall (Chairman)	46,421	-	-	774	-	47,195
Martin Charles Veall (Executive director)	40,000	-	3,600	667	-	44,267
Robert Sidney Righetti (Non-executive director)	35,000	-	4,375	-	-	39,375
Duncan Reginald Veall (Executive director)	91,000	-	9,919	943	-	101,862
	212,421	**-**	**17,894**	**2,384**	**-**	**232,699**

2013

DIRECTORS	Short- term benefits		Post – employment benefits			Total
	Cash, salary and commissions	Non-cash benefits	Super-annuation	Long – term benefits	Other benefits	
	$	$	$	$	$	$
Ian Raymond Veall (Chairman)	46,421	-	-	774	-	47,195
Martin Charles Veall (Executive director)	40,000	-	3,600	667	-	44,267
Robert Sidney Righetti (Non-executive director)	35,000	-	4,375	-	-	39,375
Duncan Reginald Veall (Executive director)	91,000	2,837	9,919	-	-	103,756
	212,421	**2,837**	**17,894**	**1,441**	**-**	**234,593**

Note: With the exception of Mr R S Righetti who is a non-executive director, each of the above named are also the only executive officers of the company and the consolidated entity. The shareholdings of directors have not changed throughout the current year or preceding year and are set out on page 2/3 of this report other than 329 capital shares acquired during 2014 by Mr D R Veall.

AUDITOR'S 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 ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

Ian Raymond Veall
Executive Chairman
Melbourne, 29th September 2014

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GPO Box 5099 Melbourne VIC 3001
AUSTRALIA

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

As lead auditor of Vealls Limited for the year ended 30 Jun 2014, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Richard Dean
Partner

BDO East Coast Partnership

Melbourne, 29 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Economic Entity 2014 $000	2013 $000
Revenue and other income from continuing operations	2	6,790	1,476
Employee benefits expense		(182)	(143)
Transport costs		(13)	(2)
Rates and taxes		(159)	(148)
Repairs and maintenance		(4)	(1)
Insurance		(2)	(2)
Light, power and telephone		(65)	(9)
Professional costs		(198)	(350)
Listing & share registry fees		(45)	(40)
Merchant & bank fees		(1)	(2)
Sale expenses		(146)	-
Other expenses		(70)	(103)
Profit before income tax expense from continuing operations		**5,905**	**676**
Income tax (expense)/benefit	4	(797)	397
Profit after tax from continuing operations		**5,108**	**1,073**
Profit after tax from discontinued operations	6	7,704	2,386
Profit after tax attributable to owners of Vealls Ltd		**12,812**	**3,459**
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Fair value gains/(losses)			
- Available-for-sale financial assets		(22)	(78)
- Foreign currency translation		3,893	4,253
Other comprehensive income for the year, net of tax		**3,871**	**4,175**
Total comprehensive income for the year attributable to owners of Vealls Ltd		**16,683**	**7,634**
Total comprehensive income for the year from:			
Continuing operations		8,979	5,248
Discontinued operations		7,704	2,386
		16,683	**7,634**
Earnings per share from continuing operations	21	54.27 cents	8.87 cents
Basic earnings per share	21	141.09 cents	35.76 cents
Diluted earnings per share	21	141.09 cents	35.76 cents

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Economic Entity 2014 $000	2013 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	99,681	50,908
Non-current assets classified as held for sale	29	-	37,453
Trade and other receivables	9	17	606
Inventories	12	-	346
Agricultural & biological assets	10	-	4
TOTAL CURRENT ASSETS		**99,698**	**89,317**
NON-CURRENT ASSETS			
Investment properties	11	18,614	15,776
Available for sale financial assets	13	218	240
Deferred tax assets	16	55	371
Agricultural & biological assets	10	3,345	2,898
TOTAL NON-CURRENT ASSETS		**22,232**	**19,285**
TOTAL ASSETS		**121,930**	**108,602**
CURRENT LIABILITIES			
Trade and other payables	15	179	3,558
Income Tax Payable		1,302	130
Provisions	17	184	395
TOTAL CURRENT LIABILITIES		**1,665**	**4,083**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	16	260	861
TOTAL NON-CURRENT LIABILITIES		**260**	**861**
TOTAL LIABILITIES		**1,925**	**4,944**
NET ASSETS		**120,005**	**103,658**
EQUITY			
Issued capital	18	1,235	1,235
Reserves		28,409	35,800
Retained earnings		90,361	66,623
TOTAL EQUITY		**120,005**	**103,658**

The accompanying notes form part of these financial statements.

Vealls Limited ABN 39 004 288 000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital	Retained Earnings	General Reserve	Asset Replacement Reserve	Asset Revaluation Reserve	Asset Realisation Reserve	Foreign Currency Translation Reserve	Total
	$000	$000	$000	$000	$000	$000	$000	$000
At *1 July 2012*	1,235	62,989	5,981	4,619	15,095	11,992	(5,557)	96,354
Profit for the period	-	3,459	-	-	-	-	-	3,459
Other comprehensive income	-	-	-	-	(78)	-	4,253	4,175
Total Comprehensive Income for the period	**-**	**3,459**	**-**	**-**	**(78)**	**-**	**4,253**	**7,634**
Transfers to and from Reserves	-	505	662	-	(635)	-	(532)	-
Transactions with owners in their capacity as owners								
Dividends paid	-	(330)	-	-	-	-	-	(330)
Balance at *30 June 2013*	**1,235**	**66,623**	**6,643**	**4,619**	**14,382**	**11,992**	**(1,836)**	**103,658**
At *1 July 2013*	1,235	66,623	6,643	4,619	14,382	11,992	(1,836)	103,658
Profit for the period	-	12,812	-	-	-	-	-	12,812
Other comprehensive income	-	-	-	-	(22)	-	3,893	3,871
Total Comprehensive Income for the period	**-**	**12,812**	**-**	**-**	**(22)**	**-**	**3,893**	**16,683**
Transfers to and from Reserves	-	11,262	(6,643)	(4,619)	(2,547)	2,547	-	-
Transactions with owners in their capacity as owners								
Dividends paid	-	(336)	-	-	-	-	-	(336)
Balance at *30 June 2014*	**1,235**	**90,361**	**-**	**-**	**11,813**	**14,539**	**2,057**	**120,005**

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

		Economic Entity	
		2014	2013
		$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Receipts from customers (inclusive of GST)		1,193	13,635
Payments to suppliers and employees (Inclusive of GST)		(1,103)	(9,276)
Income tax paid		91	(852)
Net cash flows from operating activities	23	**181**	**3,507**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,425	1,714
Dividends received		2	9
Purchase of property, plant and equipment		-	(158)
Proceeds from sale of property, plant and equipment		42,946	205
Net cash from investing activities		**45,373**	**1,770**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(336)	(330)
Net cash flows used in financing activities		**(336)**	**(330)**
Net increase in cash and cash equivalents		**45,218**	**4,947**
Cash and cash equivalents at beginning of year		50,908	44,467
Effects of exchange rate changes on cash		3,555	1,494
Cash and cash equivalents at end of period	8	**99,681**	**50,908**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities.

The financial report covers the consolidated entity of Vealls Limited and the entities it controlled during the year. Vealls Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Vealls Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. The financial statements were authorised for issue on 29th September 2014.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets and financial assets for which the fair value basis of accounting has been applied.

New and Revised Accounting Standards and Interpretations

The consolidated entity has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013 which has a new definition 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The Standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosure where fair value is used.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity where Vealls Limited is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

A list of controlled entities is contained in Note 14 to the financial statements. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

b. Income Tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investment in subsidiaries, associates and interest in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductable temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductable temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax related to items outside profit or loss is recognised outside profit or loss.

Deferred tax items recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Vealls Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation legalisation. Each entity in the group recognises its own current and deferred tax liabilities as a separate tax payer within the group, except for any deferred tax assets resulting from unused tax losses and tax credits which are immediately assumed by the parent entity. The current tax liability and tax loss of each entity is assumed by the parent entity. The group notified the ATO that it had formed an income tax consolidated group to apply from 1 July 2002.

c. Inventories

Inventories are measured at the lower of cost or net realisable value.

d. Foreign Currency Translation

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the date of the transaction

Exchange differences arising on settlement of transactions and on the translation of monetary items at year end are recognised in either profit or loss.

When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, the exchange component of that gain or loss shall be recognised directly in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

Foreign Operations

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

The assets and liabilities of foreign operations are translated at year-end exchange rates prevailing at that reporting date. The revenues and expenses of foreign operations are translated into Australian dollars at average exchange rates, which approximate the rate at the date of the transaction.

Exchange differences arising on translation of foreign operations are recognised directly in the group's foreign currency translation reserve in other comprehensive income. These differences are recognised in profit or loss in the period when an operation is disposed.

e. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

f. Agricultural Assets

Agricultural assets are measured at their fair value less point-of-sale costs on initial recognition and at each reporting date. Fair value of mixed age forest timber is determined at current market price. The aggregate gain or loss arising on initial recognition and from changes in fair value less estimated point of sale costs is recognised as income or expense of the period.

g. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on annual valuations by the directors or external independent valuers.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

A revaluation increment is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recorded in profit or loss.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed as the higher of fair value less costs to sell and value in use. Value in use is determined on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

g. Property, Plant and Equipment (Cont'd)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on either a straight line (Aust) or reducing balance (NZ) basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Major depreciation periods are:	**30 June 2014**	**30 June 2013**
Freehold buildings	40 years	40 years
Plant and equipment	5 to 15 years	5 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

h. Financial Instruments

Recognition

Financial instruments are initially measured at fair value on trade date, net of transaction costs, other than financial assets measured at fair value through profit or loss, which are measured at fair value, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged or significant decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

i. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. Asset replacement reserve

Amounts set aside from retained profits to this reserve provide for the escalating costs of replacing certain items of plant and equipment employed in the ski field operations.

k. Asset realisation reserve

Amounts of previous revaluation increments are transferred from asset revaluation reserve to asset realisation reserve in respect to disposals in the current period for non-current assets.

l. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

m. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits that are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

n. Investment property

Investment properties comprise interests in land and buildings, held for the purpose of long term capital growth. Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are stated at fair value. Fair value is determined by reference to valuations carried out at each reporting date. These valuations take the form of either a director's valuation or independent valuation (which are carried out at least every 3 years). The fair value model is determined as the amount the investment properties would be sold in an arms length transaction between willing and knowledgeable parties. Gains and losses arising from changes in fair value are recognised in the statement of comprehensive income in the period they arise.

o. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

p. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are expensed in the period in which they are incurred.

q. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

r. Discontinued Operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

s. Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

t. Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

These significant judgements and estimates are as follows:

(a) <u>Significant accounting judgements</u>

In the process of applying accounting policies the directors and management make various judgements that can significantly affect the amounts recognised in the financial report.

(1) Classification of assets and liabilities:

Assessment is made of the appropriate classification of each group of assets and liabilities into current and non-current and the appropriate descriptions of the items in each such classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(2) Impairment of assets:

Assessment is made of all the assets at each reporting date to determine that their carrying value is not in excess of their estimated recoverable amount.

(3) Fair value measurement hierarchy:

The consolidated entity is required to classify all assets and liabilities, Measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

(4) Taxation:

Assessment is made of the types of arrangement considered to be a tax on income and whether deferred tax assets and deferred tax liabilities are correctly recognised in the statement of financial position, with movements therein reflected in income tax expense for the reporting period.

(b) <u>Significant accounting estimates and assumptions</u>

(1) Estimation of useful life of assets:

Estimation of useful life of assets is based on historical experience and forecast trends that may affect their economic operation in the future. Adjustments to useful lives are made as and when necessary.

(2) Valuation of Investments:

Investments in Agricultural and Biological assets and Investment Properties are carried at fair value determined by an independent valuer (at least every three years) or by the director's estimate of fair value at other times after consultation with knowledgeable parties.

u. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian accounting standards and interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' has been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, is measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 July 2014 will have no impact on the consolidated entity.

IFRS 15 (issued June 2014) Revenue from Contracts with Customers

An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. Annual reporting periods beginning on or after 1 January 2017. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: REVENUE

	2014 $000	2013 $000
(a) Revenue - continuing operations		
— from services	1,193	-
Total	1,193	-
(b) Other Revenue – continuing operations		
— Interest	2,425	1,302
— Dividends	2	9
— Sundry	2	-
Total	2,429	1,311
Total Revenue	**3,622**	**1,311**
(c) Other Income - continuing operations		
- Net Gain/(Loss) on Disposal of Property Plant & Equipment	-	146
- Fair value gains	3,168	19
Total Other Income	**3,168**	**165**
Total Revenue and Other Income	**6,790**	**1,476**

NOTE 3: OTHER ITEMS

	2014 $000	2013 $000
(a) Expenses – continuing operations		
Rental expense on operating leases	52	111
	52	111

		2014 $'000	2013 $'000
NOTE 4: INCOME TAX EXPENSE			
(a)	Income tax expense		
	- Current income tax	1,249	981
	- Deferred income tax	(285)	(249)
	- Tax (over) provided in prior years	(167)	-
	Income tax expense	**797**	**732**
(b)	Income tax expense is attributable to:		
	Profit/(loss) from continuing operations	797	(356)
	Profit from discontinued operations	-	1,088
		797	**732**
(c)	Reconciliation between tax expense and accounting profit before tax multiplied by applicable tax rates		
	Profit before income tax from continuing operations	5,905	676
	Profit before income tax from discontinued operations	7,704	3,515
	Accounting profit before tax	13,609	4,191
	Income tax at 30%	4,083	1,257
	- Non taxable capital gain	(2,119)	(5)
	- Non taxable fair value	(840)	-
	- Other	35	-
	- Foreign tax adjustment	(195)	(184)
	- Foreign exchange and other translation adjustments	-	(638)
	Under (over) provision in prior years	(167)	-
	Income tax expense	**797**	**732**

Note:

During the year ended 30 June 2011 the operations of Cardrona ski field in New Zealand were transferred from Cardrona Ski Resort Limited to Vealls (Singapore) Pte Ltd, both wholly owned subsidiaries of the company, as part of an internal reorganisation of their functions.
Aspects of the transaction involved were complex and included, in particular, the incidence of tax. It is possible that material income tax expense could be incurred, in which case there would be a reduction in the net income and shareholders' equity of the company.
The directors, however, considered such a result unlikely and accordingly no adjustment has been made in the financial statements to reflect such an eventuality. Subsequently, New Zealand Inland Revenue commenced an audit in November 2012 of Cardrona Ski Resort Limited that is currently ongoing. This development is being assessed.

NOTE 5: COMPENSATION FOR KEY MANAGEMENT PERSONNEL	2014 $'000	2013 $'000
Short-term benefits	213	215
Long-term benefits	20	20
Total Compensation	**233**	**235**

NOTE 6: DISCONTINUED OPERATIONS

Description

With effect from 20 June 2013 the operations of the Cardrona ski field in New Zealand were sold. In addition the group's remaining pastoral interests were also disposed of in the 2014 financial year. These sales are part of the rationalisation of the group.

Financial performance information

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Sale of services	39	10,597
Sale of goods	-	1,744
Interest received	-	412
Other	-	436
Total revenue	39	13,189
Cost of sales	-	(748)
Employee benefit expense	-	(4,014)
Depreciation and amortization expense	-	(1,570)
Other expenses	(39)	(3,342)
Total expenses	(39)	(9,674)
Profit before income tax expense	-	3,515
Income tax expense	-	(1,129)
Profit after income tax expense	-	2,386
Profit on disposal before income tax expense	7,704	-
Income tax expense	-	-
Profit on disposal after income tax expense	7,704	-
Profit after income tax expense from discontinued operations	7,704	2,386

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Cash flow information

	Consolidated 2014 $'000	Consolidated 2013 $'000
Net cash from operating activities	-	3,376
Net cash provided from investing activities	42,946	354
Net increase in cash and cash equivalents from discontinued operations	42,946	3,730

	Consolidated 2014 $'000	Consolidated 2013 $'000
Carrying amounts of assets and liabilities disposed		
Cash and cash equivalents	-	-
Trade and other receivables	132	-
Inventories	267	-
Property, plant and equipment	38,066	-
Total assets	38,465	-
Trade and other payables	(3,032)	-
Provisions	(191)	-
Total liabilities	(3,223)	-
Net assets	35,242	-

	Consolidated 2014 $'000	Consolidated 2013 $'000
Details of the disposal		
Total sale consideration	42,946	-
Carrying amount of net assets disposed	(35,242)	-
Profit on disposal before income tax	7,704	-
Income tax expense	-	-
Profit on disposal after income tax	7,704	-

NOTE 7: DIVIDENDS	2014 $'000	2013 $'000
Distributions paid		
Previous year final dividend paid on 31 October 2013		
i) Fully franked dividend on preference shares of 0.35 cents per share (2012: 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 5.10 cents per share (2012: 5.10 cents per share)	144	141
iii) Fully franked dividend on capital shares of 0.50 cents per share (2012: 0.50 cents per share)	44	44
	189	186
Current year interim dividend paid on 30 April 2014:		
i) Fully franked dividend on preference shares of 0.35 cents per share (2013: 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 5.30 cents per share (2013: 5.20 cents per share)	146	143
	147	144
Total dividends	336	330
Dividends proposed but not recognised as a liability payable:		
i) Fully franked dividend on preference shares of 0.35 cents per share (2013: 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 5.30 cents per share (2013: 5.20 cents per share)	146	143
iii) Fully franked dividend on capital shares of 0.50 cents per share (2013: 0.50 cents per share)	44	44
	191	188

Franking credit balance	**Parent 2014 $'000**	**Parent 2013 $'000**
The amount of franking credits available for the subsequent financial year are:		
• Franking account balance at the beginning of the financial year	3,005	3,147
• Franking debits from the payment of dividends during the financial year	(144)	(142)
• Franking account balance at the end of the financial year	**2,861**	**3,005**
The amount of franking credits available for future reporting periods:		
• Impact on the franking account of dividends declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	(82)	(81)

Tax rates: Tax rates at which the paid dividends have been franked is 30% (2013: 30%)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 $'000	2013 $'000
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	447	593
Short-term bank deposits	99,234	50,315
Total	**99,681**	**50,908**

NOTE 9: TRADE AND OTHER RECEIVABLES

Current Assets		
Sundry receivables	-	578
Goods and services tax	17	18
Prepayments	-	10
Total	**17**	**606**

NOTE 10: AGRICULTURAL AND BIOLOGICAL ASSETS

Current Assets		
Cattle - at fair value	-	4
Non Current Assets		
Standing timber – at fair value (Foret de Leyde – Moulins, France)	3,345	2,898

NOTE 11: INVESTMENT PROPERTIES

Non Current Assets		
(a) Freehold Land (Mt Martha, Vic) – at fair value		
Opening Balance at 1 July	14,400	14,400
Net gain on revaluation	2,800	-
Closing Balance at 30 June	17,200	14,400
(b) Freehold land and buildings (France) – at fair value		
Opening Balance at 1 July	1,376	1,207
Foreign Exchange Movement	38	169
Closing Balance at 30 June	1,414	1,376
Totals	**18,614**	**15,776**

Valuations of investment properties

The basis of the valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The Mt Martha property valuation is based on an independent assessment by a member of the Australian Property Institute and the French property by an independent Expert Forestier. Refer to note 27 for further information on fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 $'000	2013 $'000
NOTE 12: INVENTORIES		
Current		
Ski field merchandise - at cost	-	346

	2014 $'000	2013 $'000
NOTE 13: NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Listed ordinary shares	218	240
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current financial year are set out below:		
Opening fair value	240	318
Revaluation decrements	(22)	(78)
Closing fair value	218	240

Refer to note 27 for further information on fair value measurement.

NOTE 14: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)* 2014	2013
Parent Entity:			
Vealls Limited	Australia	-	-
Subsidiaries of ***Vealls Limited***:			
Swintons Pty Ltd (b)	Australia	100	100
VL Finance Pty Ltd (a)	Australia	-	100
VL Credits Pty Ltd (a)	Australia	-	100
VL Investments Pty Ltd	Australia	100	100
Tunrove Pty Ltd (a)	Australia	-	100
VL Pastoral Pty Ltd	Australia	100	100
Cardrona Ski Resort Ltd	New Zealand	100	100
Vealls (NZ) Ltd (c)	New Zealand	-	100
Vealls (Singapore) Pte Ltd	Singapore	100	100

* Percentage of voting power in proportion to ownership

(a) Deregistered during the 2014 financial year
(b) Deregistered on 14 July 2014
(c) In accordance with the provisions of the New Zealand Companies Act 1993 this company was amalgamated with Cardrona Ski Resort Ltd on 1 June 2014.

	2014 $'000	2013 $'000
NOTE 15: TRADE AND OTHER PAYABLES		
Current Liabilities		
Trade payables	10	856
Other payables	169	2,702
Total	**179**	**3,558**

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTE 16: DEFERRED TAX

(a) Deferred Tax Assets

	2014 $'000	2013 $'000
Annual leave	18	67
Long service leave	37	47
Carry forward tax loss	-	257
Total	**55**	**371**
Movements		
Balance 1 July	371	107
Charged/(Credited) to income	(316)	264
Balance 30 June	**55**	**371**

(b) Deferred Tax Liabilities

	2014 $'000	2013 $'000
Investments	40	21
Agricultural & biological assets	220	25
Property plant & equipment	-	(1)
Total	**260**	**45**
Movements		
Balance 1 July	861	816
Charged/(Credited) to income	(601)	45
Balance 30 June	**260**	**861**

NOTE 17: PROVISIONS

	2014 $'000	2013 $'000
Current Liabilities		
Annual leave	61	237
Long service leave	123	158
Total	**184**	**395**

NOTE 18: ISSUED CAPITAL

	2014	2013
40,474 (2013: 40,474) fully paid preference shares	4	4
2,775,108 (2013: 2,775,108) fully paid income shares	344	344
8,873,860 (2013: 8,873,860) fully paid capital shares	887	887
	1,235	1,235

(a) Preference shares

	2014 No.	2013 No.
At the beginning and end of period	40,474	40,474

Dividends: Preference shareholders are entitled to receive a fixed cumulative preferential dividend of 7% p.a. on paid up capital.

Winding-up: Preference shareholders are entitled to repayment of the capital paid up on preference shares in priority to all other shareholders.

(b) Income shares

	2014 No.	2013 No.
At the beginning and end of period	2,775,108	2,775,108

Dividends: Income shareholders are entitled to receive dividends as declared in priority to dividends being paid on Capital shares.

Winding-up: Income shareholders are entitled to repayment of the capital paid up on income shares and an additional amount of 40c per share in priority to any repayment of capital shares.

(c) Capital shares

	2014 No.	2013 No.
At the beginning and end of period	8,873,860	8,873,860

Dividends: Capital shareholders are entitled to receive dividends as declared.

Winding-up: Capital shareholders are entitled to repayment of the capital paid up on capital shares and all surplus assets.

(d) Capital Management

Management's objective is to ensure that the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

There was no gearing ratio as at 30 June 2014 and 2013 as there were no external loans or borrowings.

NOTE 19: AUDITORS' REMUNERATION	2014 $	2013 $
Remuneration of the auditor of the parent entity for:		
• auditing or reviewing the financial report	38,800	42,400
• other services	4,400	10,300
Remuneration of other auditors of subsidiaries for:		
• auditing or reviewing the financial report of subsidiaries and other services	27,600	49,600
	70,800	**102,300**

NOTE 20: RESERVES

(a) Asset Revaluation Reserve

The asset revaluation reserve records increases and decreases in the fair value of non-current assets to the extent they offset one another. The reserve can only be used to pay dividends in limited circumstances.

(b) General Reserve

The general reserve records funds set aside for future expansion of the consolidated entity. The reserve contains sums prudentially appropriated from profits. It is available to pay dividends or anything else payable from retained earnings. This reserve has been transferred to retained earnings.

(c) Asset Replacement Reserve

The asset replacement reserve was used to accumulate sums necessary to meet the cost of replacing ski field capital equipment when required. It may be used to pay dividends or issue bonus shares. Due to the disposal of the ski field the reserve has been transferred to retained earnings.

(d) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign subsidiaries.

(e) Asset Realisation Reserve

The asset realisation reserve records realised gains on the sale of non-current assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21: EARNINGS PER SHARE	2014 $'000	2013 $'000
Reconciliation of earnings to profit		
Profit after tax	12,812	3,459
Preference & Income share dividends	(292)	(286)
Earnings used to calculate basic and diluted earnings per share	**12,520**	**3,173**

	2014 No. of shares	2013 No. of shares
Weighted average numbers of shares used in calculating basic and diluted earnings per share (capital shares)	8,873,860	8,873,860
	8,873,860	8,873,860

Earnings per share from continuing operations	54.27 cents	8.87 cents
Earnings per share from discontinued operations	86.82 cents	26.89 cents
Earnings per capital share	141.09 cents	35.76 cents

NOTE 22: CAPITAL AND LEASING COMMITMENTS	2014 $'000	2013 $'000
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	54	77
— between 12 months and 5 years	-	24
Total	54	101

NOTE 23: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after Income tax	12,812	3,459
Non-cash flows in profit		
Depreciation	-	1,569
Fair value gains	(3,168)	(19)
Net (gain) on disposal of property, plant and equipment	(7,704)	(147)
Dividend / Interest income classified as investing activities	(2,427)	(1,723)
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	393	(381)
Decrease in agricultural assets	4	-
Decrease in inventories	-	(160)
Increase/(decrease) in trade payables and other payables	(909)	1,003
Increase/(decrease) in tax balances	1,172	(120)
Increase in provisions	8	26
Net cash from operating activities	**181**	**3,507**

NOTE 24: 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 undertaken.

Description of each segment.

Skifield.

The skifield business was operated by Cardrona Alpine Resort in the South Island of New Zealand, between Wanaka and Queenstown until its assets were sold and settled in November 2013.

Investment.

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

Agriculture.

The agricultural business was based at the Clear Springs Station near Jingellic NSW, until it was sold in April 2014. Forestry is conducted at Foret de Leyde near Moulins, France.

Major Customers

The Group did not have any one customer to which it provided products and services amounting to more than 10% of the Group revenue in 2014 or 2013.

Accounting Policies

The table below represents revenue and profit information for reportable segments for the year ended 30 June 2014 and 2013.

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, plant and equipment, net of allowances and accumulated depreciation. Segment liabilities consist principally of payables and employee benefits.

Revenue from external customers by geographical locations is detailed below. Revenue is attributed to geographic location based on the location of the assets.

Revenue by geographic locations	2014 $'000	2013 $'000
From outside Australia	11,043	14,259
From inside Australia	322	387
	11,365	**14,646**

30 June 2014

	Ski field $'000	Investments $'000	Agriculture $'000	Total $'000
Segment Revenue				
Sales to external customers	-	-	-	-
Other revenue/income	-	6,422	407	6,829
Total segment revenue/income	**-**	**6,422**	**407**	**6,829**
Segment net operating profit before tax	**-**	**5,537**	**368**	**5,905**
ASSETS				
Segment assets	**-**	**117,171**	**4,759**	**121,930**
LIABILITIES				
Segment liabilities	**-**	**1,705**	**220**	**1,925**

30 June 2013

	Skifield $'000	Investments $'000	Agriculture $'000	Total $'000
Segment Revenue				
Sales to external customers	12,341	-	-	12,341
Other revenue	568	1,398	339	2,305
Total segment revenue	**12,909**	**1,398**	**339**	**14,646**
Segment net operating profit before tax	**3,362**	**622**	**188**	**4,172**
ASSETS				
Segment assets	**41,398**	**61,007**	**6,197**	**108,602**
LIABILITIES				
Segment liabilities	**3,817**	**297**	**830**	**4,944**
Interest received	354	1,360	-	1,714
Depreciation	(1,556)	-	(14)	(1,570)
Fair value gains (losses)	-	(78)	19	(59)
Foreign currency translation gains (losses)	3,445	284	524	4,253
Income tax expense/(benefit)	1,088	(412)	56	732

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 25: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

a) Transactions with related parties

	2014 $'000	2013 $'000
- Advances from subsidiary to parent entity	6,142	27
- Dividends paid by subsidiary to parent entity	30,972	-

b) Key management personnel equity holdings

	Balance as at 30/6/14	Balance as at 30/6/13
Fully paid capital shares of Vealls Limited	**No.**	**No.**
Specified Directors		
Ian Raymond Veall	7,903,890	7,903,890
Martin Charles Veall	749,800	749,800
Robert Sidney Righetti	500	500
Duncan Reginald Veall	748,329	748,000
	9,402,519	9,402,190
Fully paid income shares of Vealls Limited	**No.**	**No.**
Specified Directors		
Ian Raymond Veall	1,954,699	1,954,699
Martin Charles Veall	589,879	589,879
Robert Sidney Righetti	-	-
Duncan Reginald Veall	-	-
	2,544,578	2,544,578
Fully paid preference shares of Vealls Limited	**No.**	**No.**
Specified Directors		
Ian Raymond Veall	-	-
Martin Charles Veall	-	-
Robert Sidney Righetti	-	-
Duncan Reginald Veall	30,058	30,058
	30,058	30,058

NOTE 26: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable.

Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk.

(i) Interest Rate Risk

Interest rate risk arises from the consolidated entity's short term bank deposits at variable interest rates denominated in AUD, NZD, USD and SGD.

No hedging or derivatives are used and all movements are reflected directly in profit or loss.
During the year deposit interest rates per centum per annum varied between:

AUD	NZD	USD	SGD
3.57% - 2.40%	4.15% - 3.50%	0.10% - 0.02%	0.16% - 0.02%

At 30 June 2014 short term bank deposits in AUD functional currency totalled $99.681m.

A movement of +/- 1% in deposit interest rates would amount to $997,000 per annum in Interest Received/Receivable.

(ii) Market risk

Foreign currency risk

Foreign exchange risk arises when transactions are denominated in a currency that is not the consolidated entity's functional currency. This risk is minimal as there are few translations of little value.

The translation of the income statement of foreign subsidiary companies directly affects their operating results in AUD terms. Similarly, the translation of the assets and liabilities of such companies is reflected in Equity (Foreign Currency Translation Reserve).

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		**Liabilities**	
Consolidated	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**
US dollars	1,581	1,604	-	-
Singapore dollars	724	725	1	-
New Zealand dollars	60,188	17,448	1,143	3,871
	62,493	19,777	1,144	3,871

The consolidated entity had net assets denominated in foreign currencies of $61,349,000 (assets $62,493,000 less liabilities $1,144,000) as at 30 June 2014 (2013: $15,906,000 (assets $19,777,000 less liabilities $3,871,000)). Based on this exposure, had the Australian dollar weakened by 10% strengthened by 5% (2013: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been nil lower/nil higher (2013: nil lower/nil higher) and equity would have been $6,249,000 lower/$6,249,000 higher (2013: $795,000 lower/$759,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

Price risk

The consolidated entity is not exposed to any significant price risk.

(iii) Liquidity Risk

Analysis of financial assets and liabilities.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Financial assets to liabilities show a ratio that provides adequate liquidity to cover the Group's present and future operations.

	2014	2013
	$'000	$'000
Year ended 30 June	**Within 6 Months**	**Within 6 Months**
Financial Assets		
Cash and cash equivalents	99,681	50,908
Trade & other receivables	17	606
Available- for-sale financial assets	218	240
Total	**99,916**	**51,754**
Financial liabilities		
Trade and other payables	179	3,558
Total	**179**	**3,558**
Net difference:	**99,737**	**48,196**

(iv) Credit Risk

Credit risk arises from the potential default of the counter parties to the consolidated entity's deposits and trade and other receivables.

All deposits are placed with major trading banks of high rating and all credit customers are assessed on the basis of their financial position, past experience and industry reputation. Limits are set for each individual customer and regularly monitored.

NOTE 27: FAIR VALUE MEASURMENT

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

Consolidated - 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Listed ordinary shares at fair value	218	-	-	218
Investment properties	-	-	18,614	18,614
Agricultural & Biological Assets	-	-	3,345	3,345
Total assets	218	-	21,959	22,177

Consolidated - 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Listed ordinary shares at fair value	240	-	-	240
Investment properties	-	-	15,776	15,776
Agricultural & Biological Assets	-	-	2,898	2,898
Total assets	240	-	18,674	18,914

Assets held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Investment Properties Mt Martha $'000	Investment Properties France $'000	Agricultural & Biological assets Trees France $'000	Total $'000
Balance at 1 July 2012	14,400	1,207	2,533	18,140
Gains recognised in profit or loss	-	-	19	19
Foreign exchange movement	-	169	355	524
Disposals	-	-	(5)	(5)
Balance at 30 June 2013	14,400	1,376	2,902	18,678
Gains/(losses) recognised from profit or loss	2,800	-	368	3,168
Foreign exchange movement	-	38	79	117
Disposals	-	-	(4)	(4)
Balance at 30 June 2014	17,200	1,414	3,345	21,959

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

Description	Unobservable inputs	Average	Sensitivity
Freehold Land- Mt Martha	$17,200,000	5.0%	5% change would increase/decrease fair value by $860,000
Freehold land- France	$1,414,000	5.0%	5% change would increase/decrease fair value by $70,700

Valuation has been based on direct comparison approach, whereby similar sales at market value have been analysed to determine value.

Agricultural & Biological Assets- Trees France	$3,345,000	5.0%	5% change would increase/decrease fair value by $167,250

The estimation of the woods is based on the value of consumption net of cuts made between 2003 and 2014. Consumption value reflects the product of the total sale of trees on the plot.

NOTE 28: PARENT ENTITY INFORMATION

Information relating to Vealls Limited:	2014 $'000	2013 $'000
Current Assets	37,051	686
Total Assets	85,806	56,141
Current Liabilities	342	143
Total Liabilities	42,196	51,359
Issued Capital	1,235	1,235
Assets Revaluation Reserve	1,022	1,045
General Reserve	-	987
Foreign Currency Translation Reserve	(1,621)	(1,738)
Retained Earnings	42,974	3,253
Total Shareholders' equity	43,610	4,782
Profit/(Loss) of the parent entity	30,950	(513)
Total comprehensive income of the parent entity	31,045	(67)

NOTE 29: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2014 $'000	2013 $'000
Property plant and equipment – Clear Springs	-	5,994
Property plant and equipment – Cardrona Alpine Resort	-	31,459
Total non-current assets classified as held for sale	-	37,453

NOTE 30: SUBSEQUENT EVENTS

In the opinion of the directors there has not arisen since the end of the financial year any matter or circumstance that has significantly affected or 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 financial year ended 30 June 2014 except as referred to and to be inferred from the Financial Report.

NOTE 31: COMPANY DETAILS

The registered office of the company is:

Vealls Limited
1st Floor, 484 Toorak Road
Toorak, Vic 3142

The principal place of business is:

Vealls Limited
1st Floor, 484 Toorak Road
Toorak, Vic 3142

DIRECTORS' DECLARATION

(1) In the opinion of the directors of Vealls Limited -

(a) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) The attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

(c) The attached financial statements and notes that comply with International Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements.

(d) The attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the financial year ended on that date.

(2) The directors have been given the declarations required by section 295A of the Corporations Act 2001 for the year ended 30 June 2014.

This declaration is made in accordance with a resolution of the directors.

Ian Raymond Veall
Executive Chairman

Melbourne, 29th September 2014

BDO

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INDEPENDENT AUDITOR'S REPORT

To the members of Vealls Limited

Report on the Financial Report

We have audited the accompanying financial report of Vealls Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Vealls Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 7 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Vealls Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Richard Dean
Partner

Melbourne, 29 September 2014