

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

27 February 2015

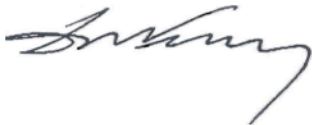
The Manager
Australian Stock Exchange
E-Lodgements

Dear Sir / Madam,

HALF-YEAR FINANCIAL REPORT

A copy of the company's Half-Year Financial Report for the period ended 31 December 2014 follows.

Yours faithfully



Duncan Veall
Company Secretary

Appendix 4D

Half yearly report

Rule 4.2 A.3

Name of entity:

ABN Reference:

| | |
|-----------------------|-----------------------|
| VEALLS LIMITED | 39 004 288 000 |
|-----------------------|-----------------------|

Current period

Previous corresponding period

Half year 31 December 2014

Half year 31 December 2013

Results for announcement to the market

| Key Information | Current period \$A'000 | Previous corresponding period \$A'000 | % Change | Amount of change \$A'000 |
|--|---------------------------|--|----------|-----------------------------|
| Revenues from ordinary activities | 2,219 | 2,218 | 0% | 1 |
| Profit (loss) from continuing operations after tax attributable to members | 1,391 | 1,053 | 32.1% | 338 |
| Net profit (loss) for the period attributable to members | 1,391 | 8,114 | (82.9)% | (6,723) |

| Dividends | Amount per security | Franked amount per security at 30% tax |
|----------------------------|---------------------|--|
| Interim dividend | | |
| Record Date: 17 April 2015 | | |
| Payable: 30 April 2015 | | |
| Preference shares | 0.35c | 0.35c |
| Income shares | 5.40c | 5.40c |

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

| NTA backing | Current period | Previous corresponding period |
|--|----------------|-------------------------------|
| Net tangible asset backing per ordinary (Capital) security | \$13.69 | \$12.81 |

Compliance Statement

This report should be read in conjunction with the annual financial report for the year ended 30 June 2014.



Ian Raymond Veall (Director)

Date: 27 February 2015

Vealls Limited

ABN 39 004 288 000



Half-Year Financial Report

For the half-year ended 31 December 2014

Vealls Limited

ABN 30 004 288 000

Corporate Information

Capital Issued and Paid Up

Consisting of:
8,873,860
2,775,108
40,474

\$ 1,235,388

Capital shares

Income shares

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)

Duncan Reginald Veall (Executive Director)

Robert Sidney Righetti (Non-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

Level 14

140 William Street

Melbourne VIC 3000

Stock Exchange Listing

Australian Stock Exchange Limited

(Home Exchange: Melbourne, Vic)

Director's Report

Your directors present their report for the half-year ended 31 December 2014.

DIRECTORS

The names of each person who was a director of the company during the period 1 July 2014 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> | |
|------------------------|----------------------|---------------------|
| Ian Raymond Veall | Executive (Chairman) | director since 1956 |
| Martin Charles Veall | Executive | director since 1989 |
| Duncan Reginald Veall | Executive | director since 1999 |
| 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 \$2.219m.

Profit

Consolidated net profit after income tax expense for the half-year was \$1.391m.

Cash flows

Net cash flows were \$1.328m.

Review

Progress was made in giving effect to the restructure of the company's operation in accordance with the approvals given at the shareholders' general meeting held on 6 September 2013.

The New Zealand subsidiaries, Cardrona Ski Resort Ltd and Vealls (Singapore) Pte Ltd – New Zealand branch are in the process of being disposed of.

The main feature of the half-year was the continued scheduled programme of cashing up certain subsidiaries 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.

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 and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

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



Ian Raymond Veall
Executive Chairman

Melbourne, 27 February 2015

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 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 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, 27 February 2015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

| | Note | 31.12.2014 \$000 | 31.12.2013 \$000 |
|---|------|---------------------|---------------------|
| Continuing operations | | | |
| Revenue | | | |
| Interest | | 1,941 | 2,218 |
| Other Income | | 278 | - |
| Total Revenue | | 2,219 | 2,218 |
| Less Expenses: | | | |
| Employee benefits expense | | (127) | (76) |
| Rates and taxes | | (10) | (17) |
| Repairs and maintenance | | - | (4) |
| Insurance | | - | (2) |
| Light, power and telephone | | (2) | (7) |
| Professional costs | | (122) | (75) |
| Listing & share registry fees | | (28) | (25) |
| Other expenses | | (38) | (230) |
| Total Expenses | | (327) | (436) |
| Profit before income tax expense | | 1,892 | 1,782 |
| Income tax expense | | (501) | (729) |
| Net Profit for the period from continuing operations | | 1,391 | 1,053 |
| Profit after tax from discontinuing operations | 6 | - | 7,061 |
| Net Profit after tax for the period | | 1,391 | 8,114 |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Fair value Gains / (Losses) | | | |
| Available for Sale Financial Assets | | (68) | (21) |
| Foreign Currency Translation (Net of Income Tax) | | 1,743 | 3,528 |
| Total other comprehensive income for the period | | 1,675 | 3,507 |
| Total comprehensive income for the period | | 3,066 | 11,621 |
| | | | |
| Basic and Diluted earnings per share | | | |
| From continuing activities | | 13.98c | 10.20c |
| Basic and Diluted earnings per share attributed to members | | 13.98c | 89.77c |

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

| | NOTE | 31.12.2014 \$'000 | 30.06.2014 \$'000 |
|--------------------------------------|------|----------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 103,031 | 99,681 |
| Trade and other receivables | | 26 | 17 |
| Total Current Assets | | 103,057 | 99,698 |
| Non-current assets | | | |
| Investment properties | | 18,614 | 18,614 |
| Available-for-sale financial assets | | 151 | 218 |
| Deferred tax assets | | 61 | 55 |
| Agricultural & biological assets | | 3,345 | 3,345 |
| Total non-current assets | | 22,171 | 22,232 |
| TOTAL ASSETS | | 125,228 | 121,930 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 40 | 179 |
| Income tax payable | | 1,809 | 1,302 |
| Provisions | | 234 | 184 |
| Total current liabilities | | 2,083 | 1,665 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 265 | 260 |
| Total non-current liabilities | | 265 | 260 |
| TOTAL LIABILITIES | | 2,348 | 1,925 |
| NET ASSETS | | 122,880 | 120,005 |
| EQUITY | | | |
| Contributed equity | | 1,235 | 1,235 |
| Reserves | | 30,084 | 28,409 |
| Retained earnings | | 91,561 | 90,361 |
| TOTAL EQUITY | | 122,880 | 120,005 |

The accompanying notes form part of these financial statements

Vealls Limited

ABN 30 004 288 000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

| | Share Capital \$'000 | Retained Profits \$'000 | General Reserve \$'000 | Asset Replacement Reserve \$'000 | Asset Revaluation Reserve \$'000 | Asset Realisation Reserve \$'000 | Foreign Currency Translation \$'000 | Total \$'000 |
|---|----------------------------|-------------------------------|------------------------------|---|---|---|--|-----------------|
| Balance at 1 July 2013 | 1,235 | 66,623 | 6,643 | 4,619 | 14,382 | 11,992 | (1,836) | 103,658 |
| Profit for the period | - | 8,114 | - | - | - | - | - | 8,114 |
| Other comprehensive income | - | - | - | - | (21) | - | 3,528 | 3,507 |
| Total comprehensive income for the period | - | 8,114 | - | - | (21) | - | 3,528 | 11,621 |
| Transfers to / (from) reserves | - | 18,168 | (598) | (4,619) | (11,666) | (1,567) | 282 | - |
| <i>Transactions with owners in their capacity as owners</i> | | | | | | | | |
| Dividends paid (Note 3) | - | (189) | - | - | - | - | - | (189) |
| Balance at 31 December 2013 | 1,235 | 92,716 | 6,045 | - | 2,695 | 10,425 | 1,974 | 115,090 |
| Balance at 1 July 2014 | 1,235 | 90,361 | - | - | 11,813 | 14,539 | 2,057 | 120,005 |
| Profit for the period | - | 1,391 | - | - | - | - | - | 1,391 |
| Other comprehensive income | - | - | - | - | (68) | - | 1,743 | 1,675 |
| Total comprehensive income for the period | - | 1,391 | - | - | (68) | - | 1,743 | 3,066 |
| Transfers to / (from) reserves | - | - | - | - | - | - | - | - |
| <i>Transactions with owners in their capacity as owners</i> | | | | | | | | |
| Dividends paid (Note 3) | - | (191) | - | - | - | - | - | (191) |
| Balance at 31 December 2014 | 1,235 | 91,561 | - | - | 11,745 | 14,539 | 3,800 | 122,880 |

The accompanying notes form part of these financial statements

Vealls Limited

ABN 30 004 288 000

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

| | 31.12.2014 \$'000 | 31.12.2013 \$'000 |
|--|----------------------|----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Receipts from customers (inclusive of GST) | 2 | 1,247 |
| Payments to suppliers and employees (inclusive of GST) | (425) | (542) |
| Interest received | 1,940 | 853 |
| Income tax paid | - | (190) |
| Net cash provided by operating activities | 1,517 | 1,368 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Dividends received | 2 | 1 |
| Proceeds from sale of Property plant and equipment | - | 37,399 |
| Net cash provided by investing activities | 2 | 37,400 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividends paid | (191) | (189) |
| Net cash (used in) financing activities | (191) | (189) |
| Net increase in cash held | 1,328 | 38,579 |
| Cash and cash equivalents at beginning of period | 99,681 | 50,908 |
| Effects of exchange rate changes on cash | 2,022 | 2,616 |
| Cash and cash equivalents at end of year | 103,031 | 92,103 |

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

Note 1: Basis of preparation and accounting policies

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2014 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 2014 and considered together with any public announcements made by Vealls Limited during the half-year ended 31 December 2014 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.

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.

Note 2: Operating segments

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 – namely, investment and agriculture.

Description of each segment.

Investment.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Agriculture.

The agricultural business comprises forestry in France.

Accounting Policies

The tables in note 5 represent revenue and profit information for reportable segments for the half-year ended 31 December 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.

| | 31.12.2014 \$'000 | 31.12.2013 \$'000 |
|---|------------------------------|------------------------------|
| Note 3: Dividends | | |
| Distributions paid | | |
| Previous year dividends paid on 31 October 2014: | | |
| i) Franked dividend on preference shares of 0.35 cents per share (2013: franked 0.35 cents per share) | 1 | 1 |
| ii) Franked dividend on income shares of 5.30 cents per share (2013: franked 5.20 cents per share) | 146 | 144 |
| iii) Franked dividend on capital shares of 0.50 cents per share (2013: franked 0.50 cents per share) | 44 | 44 |
| | 191 | 189 |
| Dividends proposed but not recognised as a liability payable 30 April 2015: | | |
| i) Fully franked dividend on preference shares of 0.35 cents per share (2014 franked 0.35 cents per share) | 1 | 1 |
| ii) Fully franked dividend on income shares of 5.40 cents per share (2014 franked 5.30 cents per share) | 150 | 147 |
| | 151 | 148 |
| | 31.12.2014 \$'000 | 30.06.2014 \$'000 |
| Note 4: Cash and cash equivalents | | |
| Cash at bank and in hand | 355 | 447 |
| Short-term bank deposits | 102,676 | 99,234 |
| Total | 103,031 | 99,681 |

Vealls Limited

ABN 39 004 288 000

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 5: Segment Information

31 December 2014

| | Investments \$'000 | Agriculture \$'000 | Total \$'000 |
|---|-----------------------|-----------------------|-----------------|
| Segment Revenue: | | | |
| Sales to external customers | - | - | - |
| Other revenue | 2,219 | - | 2,219 |
| Total segment revenue | 2,219 | - | 2,219 |
| Result: | | | |
| Segment result (net profit before tax) | 1,892 | - | 1,892 |
| Assets: | | | |
| Segment assets | 121,883 | 3,345 | 125,228 |
| Liabilities | | | |
| Segment liabilities | 2,348 | - | 2,348 |

31 December 2013

| | Investments \$'000 | Agriculture \$'000 | Total \$'000 |
|---|-----------------------|-----------------------|-----------------|
| Segment Revenue: | | | |
| Sales to external customers | - | - | - |
| Other revenue | 2,183 | 35 | 2,218 |
| Total segment revenue | 2,183 | 35 | 2,218 |
| Result: | | | |
| Segment result (net profit before tax) | 1,096 | (43) | 1,053 |
| Assets: | | | |
| Segment assets | 106,607 | 10,233 | 116,840 |
| Liabilities | | | |
| Segment liabilities | 940 | 810 | 1,750 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 6: Discontinued Operations

With effect from 30 June 2013 the operations of the Cardrona ski field in New Zealand were sold.

Financial performance of the discontinued operations

| | 31.12.2014 | 31.12.2013 |
|--|------------|------------|
| Professional Costs | - | (77) |
| Total expenses | - | (77) |
| Profit before income tax | - | (77) |
| Income tax expense | - | - |
| (Loss) after income tax | - | (77) |
| Profit on disposal of assets | - | 7,642 |
| Income tax expense | - | (504) |
| Profit on disposal after income tax expense | - | 7,138 |
| Profit after income tax from discontinued operations | - | 7,061 |
| <i>Cash flows from discontinued operations</i> | | |
| Net cash (used in) operating activities | - | (77) |
| Net cash provided by investing activities | - | 36,464 |
| Net cash provided by financing activities | - | - |
| Net decrease in cash and cash equivalents from discontinued operations | - | 36,387 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 6: Discontinued Operations (cont'd)

Carrying amount of assets disposed

| | 31.12.2014 | 31.12.2013 |
|-------------------------------|------------|------------|
| Land | - | 16,319 |
| Buildings | - | 8,777 |
| Property, plant and equipment | - | 8,227 |
| Inventory | - | 278 |
| | <hr/> | <hr/> |
| Assets disposed | - | 33,601 |

Details of the sale

| | | |
|-------------------------------------|-------|-------|
| Profit on sale before income tax | - | 7,642 |
| Income tax expense | - | (504) |
| | <hr/> | <hr/> |
| Profit on disposal after income tax | - | 7,138 |

Note 7. 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 |
|--------------------------------------|---------|---------|---------|--------|
| Consolidated 31 December 2014 | \$'000 | \$'000 | \$'000 | \$'000 |
| <i>Assets</i> | | | | |
| Listed ordinary shares at fair value | 151 | - | - | 151 |
| Investment properties | - | - | 18,614 | 18,614 |
| Agricultural & Biological Assets | - | - | 3,345 | 3,345 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | 151 | - | 21,959 | 22,110 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 7. Fair value measurement (cont'd)

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|---------|---------|---------|--------|
| Consolidated 30 June 2014 | \$'000 | \$'000 | \$'000 | \$'000 |
| <i>Assets</i> | | | | |
| 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 |

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 half-year to 31 December 2014 are set out below:

| | Investment Properties Mt Martha \$'000 | Investment Properties France \$'000 | Agricultural & Biological assets Trees France \$'000 | Total \$'000 |
|---|---|--|--|-----------------|
| Consolidated | | | | |
| Balance at 1 July 2014 | 17,200 | 1,414 | 3,345 | 21,959 |
| Gains/(losses) recognised from profit or loss | - | - | - | - |
| Foreign exchange movement | - | - | - | - |
| Disposals | - | - | - | - |
| Balance at 31 December 2014 | 17,200 | 1,414 | 3,345 | 21,959 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 7. Fair value measurement (cont'd)

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 8. Income Tax

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 9: Contingent Liabilities

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

Note 10: Subsequent events

In the opinion of the directors there are 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 2014.

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 2014 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



Ian Raymond Veall
Executive Chairman

Melbourne, 27 February 2015

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 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 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 2014 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 Vealls 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 2014 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*

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'Richard Dean', is written over the BDO logo.

Richard Dean
Partner

Melbourne, 27 February 2015