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

26 October 2015

Company Announcements Office
Australian Stock Exchange
E-Lodgements

Dear Sir / Madam,

ANNUAL FINANCIAL REPORT

A copy of the company's Annual Financial Report for the period ended 30 June 2015 follows.

Yours faithfully

Duncan Veall
Company Secretary

Vealls Limited

ABN 39 004 288 000

Annual Financial Report

for the year ended 30 June 2015

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. 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 and Principal Place of Business

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)

Notice of Annual General Meeting

Notice is hereby given that the 65th Annual General Meeting of members of Vealls Limited (the **Company**) will be held at Level 7, 500 Collins Street, Melbourne, Victoria, on Friday 27 November 2015 at 10.30 a.m.

Items of Business

1. Financial statements and reports

   'To receive and consider the Financial Report, the Auditor's Report and the Directors' Report for the year ended 30 June 2015.'

2. Re-election of Director

   To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

   'That Martin Charles Veall, who retires in accordance with article 99 of the Company's Constitution, be re-elected as a director.'

3. Remuneration report

   To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

   'That the Remuneration Report for the year ended 30 June 2015 be adopted.'

   Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

By Order of the Board

Duncan R Veall
Company Secretary

19 October 2015

Explanatory Notes:

Item 1.

As required by the Corporations Act 2001 (**Corporations Act**), the Financial Report and the reports of the Auditor and the Directors for the financial year ended 30 June 2015 will be laid before the Annual General Meeting.

Members as a whole will be given a reasonable opportunity to ask questions and make comments on the reports and the business and management of the Company, and to ask the Auditor questions relevant to:

(i) the conduct of the audit;
(ii) the preparation and content of the Auditor's report;
(iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
(iv) the independence of the Auditor in relation to the conduct of the audit.

Item 2.

Article 99 of the Company's Constitution provides that at every Annual General Meeting, one third of the Directors or if their number is not a multiple of three then the number nearest to but not exceeding one third, shall retire from office and be eligible for re-election. In addition, no Director shall retain office after the third annual general meeting after such Director's appointment without submitting himself for election even though such submission results in more than one-third retiring from office. Accordingly, the following directors will retire and, being eligible, offer themselves for re-election:

Mr Martin C Veall

Martin Charles Veall, Diploma of Farm Management (Marcus Oldham College) – Executive Director.
Age 62; Director since 1989, 44 years' experience in farm management. Special responsibilities: Agriculture and Forestry. Audit Committee.

The Board (other than Mr Martin Veall) recommends that members vote **in favour** of the re-election of Mr Martin C Veall.

Item 3.

The Remuneration Report is set out on pages 7 to 10 of the Directors' Report and details the remuneration practices and policies followed by the board in determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of the key management personnel (KMP) for the Company and its subsidiaries.

The aggregate remuneration received by KMP for the year ended 30 June 2015 was $254,609 and in the previous year $232,699, as detailed on page 9 of the Directors' Report.

The Remuneration Report also discusses the relationship between such policies, the Company's earnings, and consequences of the Company's performance on shareholder wealth.

Members as a whole will be given a reasonable opportunity to ask questions about and make comments on the Remuneration Report.

A voting exclusion applies to this resolution. Please see 'Voting Exclusions' below.

The Board recommends that members vote **in favour** of this resolution.

Voting Exclusions

The Corporations Act restricts members of the KMP and their closely related parties from voting in relation to Item 3 in certain circumstances.

'**Closely related party**' is defined in the Corporations Act and includes a spouse, dependent and certain other close family members, as well as any companies controlled by a member of the KMP.

Vealls Limited will disregard:

- any votes cast (in any capacity) on the proposed resolution in Item 3 by or on behalf of members of the KMP (being the directors and the other KMP as disclosed in the Remuneration Report); and
- closely related parties of those persons,

as well as any votes cast as a proxy on this Item by members of the KMP at the date of the meeting and their closely related parties, unless the vote is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chairman of the meeting as proxy for a person entitled to vote in accordance with an express authority to vote undirected proxies as the Chairman sees fit.

The Chairman of the meeting intends to vote all available proxies **in favour** of Items 2 and 3.

Proxy voting

A member entitled to attend and vote at the meeting is entitled to appoint a proxy. A proxy need not be a member of the Company.

A member entitled to cast two or more votes may appoint not more than two proxies. If two proxies are appointed, the member should specify the proportion or number of votes each proxy is appointed to exercise and if no proportion or number is specified, the appointment shall be of no effect.

A proxy may be an individual or a body corporate. In accordance with section 250D of the Corporations Act, a member or a proxy who is a body corporate may appoint a corporate representative to exercise its powers at the meeting. If the corporate representative attends the meeting, the representative will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission.

If a member appoints only one proxy, that proxy shall be entitled to vote on a show of hands. If a member appoints two proxies, only the first named proxy shall be entitled to vote on a show of hands.

Proxies will only be valid and accepted by the Company if the enclosed proxy form is signed and forwarded to the Company at the address or facsimile number set out below not less than 48 hours before the time for holding the meeting, being 10:30am on Wednesday, 25 November 2015.

The completed proxy form may be:

- Mailed or delivered to the registered office of the Company:
  Vealls Limited
  1st Floor
  484 Toorak Road
  Toorak, Vic, 3142

- Sent by facsimile to:
  (03) 9827 4112 or
  international +613 9827 4112

Voting Entitlement

The Directors have determined that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holder at 7:00pm AEDST, on Wednesday 25 November 2015. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Directors' Report

The directors present this report on the consolidated entity of Vealls Limited in respect of the year ended 30 June 2015.

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 91; Director since 1956, Managing Director 1961-1996, Chairman since 1966, 66 years' experience with the company. Special responsibilities: Investments and Finance.
Interests in Shares: 7,903,890 fully paid capital shares
1,954,699 fully paid income shares

Martin Charles Veall, Diploma of Farm Management (Marcus Oldham College) – Executive Director.
Age 62; Director since 1989, 44 years' experience in farm management. Special responsibilities: Agriculture and Forestry. Audit Committee.
Interests in Shares: 749,800 fully paid capital shares
589,879 fully paid income shares

Robert Sidney Righetti, Chartered Accountant – Non-executive Director.
Age 65, Director since 1996, Formerly Partner, Pannell Kerr Forster (Melbourne Partnership) Chartered Accountants, 44 years' experience in accounting and auditing. Special responsibilities: Audit Committee.
Interests in Shares: 500 fully paid capital shares

Duncan Reginald Veall, B.Ec. (Monash) – Executive Director.
Age 59, Director since 1999, 26 years' experience with the company. Special responsibilities: New Zealand subsidiaries.
Interests in Shares: 748,329 fully paid capital shares
30,058 fully paid preference shares

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. 26 years' experience with the company.

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	-	-

PRINCIPAL ACTIVITIES

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

Directors' Report continued

REVIEW OF OPERATIONS

1. **Revenue & Other Income**
   Total revenue for the year was $3.859m (2014: $3.622m), comprising for the most part interest income earned from NZD deposits. Other income of $1.925m (2014: $3.168m) was recorded, relating mainly to fair value gains of $1.781m (2014: $3.168m).

2. **Profit**
   Consolidated net profit was $5.034m (2014: $5.108m) after income tax benefit of $0.107m (2014: $0.797m expense). Other comprehensive expense totalled $2.617m (2014: $3.871m income) comprising net losses principally arising from the NZD/AUD exchange rate, resulting in losses of $2.595m (2014: $3.893m gain).

3. **Cash Flows**
   Net cash flows from all activities was $2.273m (2014: $45.218m).

4. **Financial Position**
   Total assets increased by $1.440m, while total liabilities reduced by $0.635m. Shareholders' funds increased as a result by $2.075m. The value of the Australian Dollar in relation to other currencies continued to be a major factor in this regard.

5. **Dividends**
   Final dividends of 0.35c on preference shares, 5.40c on income shares and 0.50c on capital shares have been declared payable on 30 October 2015. 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;

   The subsidiary company V.L.Pastoral Pty Ltd was deregistered on 15 July 2015.

   (b) The main feature of the year's operations was the scheduled program of cashing up the company's operations. Again the NZD/AUD exchange rate is noted as an important factor.

   (c) Steps continued to be taken in relation to the ultimate 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 effect this action.

7. **Significant features of Operating Performance**

   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 was 53.37c compared with 141.09c in the prior year.

   (b) Net tangible asset backing per ordinary share was $13.60 compared with $13.36 in the previous year.

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

   - Preference share dividends 0.70c
   - Income share dividends 10.70c
   - Capital shared dividends 0.50c

   (d) Statement of Retained Earnings (Consolidated)

	$000's
Balance at beginning of year	90,361
Add - profit after tax	5,034
Less – dividends paid	(342)
Balance at end of year	95,053

9. **Subsequent events**
   In the opinion of the directors there are no events subsequent to reporting date that would have a material financial effect on the financial statements for the year ended 30 June 2015.

Directors' Report continued

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.

REMUNERATION REPORT - AUDITED

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 emolument 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 statement of financial position 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 director. Conversely, an "above average" rating is highly likely to lead to an increase in the emolument of a director or executive officer.

Service agreements

There are no formal agreements in place with Key Management Personnel as at 30 June 2015. Termination is governed by the appropriate legal framework.

Voting and comments made at the Company's 2014 Annual General Meeting ('AGM')

At the 2014 Annual General Meeting, the Company received votes against its Remuneration Report representing greater than 25% of the votes cast by persons entitled to vote. This was a “Second Strike” against the Company’s Remuneration Report. In these circumstances, the Corporations Act 2001 requires the Company to include in this year’s Remuneration Report, an explanation of the Board’s proposed action in response to that Second Strike or, alternatively, if the Board does not propose any action, the Board’s reason for such inaction.

The Company held an Extraordinary General Meeting at which the Directors’ resigned and offered themselves for re-election. All four directors were duly re-elected. The Board determined that the remuneration levels set were reasonable and that no further action was required.

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:	**2011** **$000**	**2012** **$000**	**2013** **$000**	**2014** **$000**	**2015** **$000**
Net Profit (‘000’s)					
Before tax	4,529	2,688	4,172	5,905	4,927
After tax	5,341	2,018	3,440	12,812	5,034

(b) Shareholder Wealth

Year ended 30 June:	**2011**	**2012**	**2012**	**2014**	**2015**
(1) Dividends -					
Preference shares	0.70c	0.70c	0.70c	0.70c	0.70c
Income shares	9.90c	10.10c	10.30c	10.50c	10.70c
Capital shares	0.50c	0.50c	0.50c	0.50c	0.50c
(2) Share Price *					
Preference shares	0	0	0	0	0
Income shares	-40c	+15c	+60c	- 65c	- 9c
Capital shares	+120c	+145c	+70c	+125c	+60c

* Change in the price between beginning and end of year

Directors' Report continued

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:

2015

DIRECTORS	Short- term benefits		Post – employment benefits			
	Cash, salary and fees [1]	Non-cash benefits	Super-annuation	Long – term benefits	Other benefits	Total
	$	$	$	$	$	$
Ian Raymond Veall (Chairman)	49,992	-	-	774	-	50,766
Martin Charles Veall (Executive director)	43,077	-	3,600	667	-	47,344
Robert Sidney Righetti (Non-executive director) [2]	42,680	-	4,375	-	-	47,055
Duncan Reginald Veall (Executive director)	98,000	-	9,927	1,517	-	109,444
	233,749	**-**	**17,902**	**2,958**	**-**	**254,609**

[1] Included in "Cash, salary and fees" are movements in the Annual Leave provision. There has been no change in the base cash salary for each Key Management Personnel in the current year.

[2] Included in the cash, salary and fees of Mr Righetti is $7,680 paid for consulting services rendered during the year for advising on the establishment of new accounting systems for the group.

2014

DIRECTORS	Short- term benefits		Post – employment benefits			
	Cash, salary and fees	Non-cash benefits	Super-annuation	Long – term benefits	Other benefits	Total
	$	$	$	$	$	$
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**

Directors' Report continued

Additional disclosures relating to Key Management Personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Fully paid capital shares					
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	-	-	-	748,329
	9,402,519	-	-	-	9,402,519

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Fully paid income shares					
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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Fully paid preference shares					
Ian Raymond Veall	-	-	-	-	-
Martin Charles Veall	-	-	-	-	-
Robert Sidney Righetti	-	-	-	-	-
Duncan Reginald Veall	30,058	-	-	-	30,058
	30,058	-	-	-	30,058

This concludes the remuneration report, which has been audited.

Directors' Report continued

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 18 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

BDO East Coast Partnership continues in office in accordance with the *Corporations Act 2001*.

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, 24 September 2015

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Level 14, 140 William St
Melbourne VIC 3000
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 June 2015, 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, 24 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $000	Consolidated 2014 $000
Revenue and other income from continuing operations	2	3,859	3,622
Other income	3	1,925	3,168
Employee benefits expense		(250)	(182)
Transport costs		(4)	(13)
Rates and taxes		(146)	(159)
Repairs and maintenance		-	(4)
Insurance		(1)	(2)
Light, power and telephone		(5)	(65)
Professional costs		(324)	(198)
Listing & share registry fees		(51)	(45)
Merchant & bank fees		(1)	(1)
Sale expenses		-	(146)
Other expenses		(75)	(70)
Profit before income tax expense from continuing operations		**4,927**	**5,905**
Income tax benefit/(expense)	4	107	(797)
Profit after tax from continuing operations		**5,034**	**5,108**
Profit after tax from discontinued operations	6	-	7,704
Profit after tax attributable to owners of Vealls Ltd		**5,034**	**12,812**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Fair value gains/(losses)			
- Available-for-sale financial assets, net of tax		(22)	(22)
- Foreign currency translation		(2,595)	3,893
Other comprehensive income/(loss) for the year, net of tax		**(2,617)**	**3,871**
Total comprehensive income for the year attributable to owners of Vealls Ltd		**2,417**	**16,683**
Total comprehensive income for the year from:			
Continuing operations		2,417	8,979
Discontinued operations		-	7,704
		2,417	**16,683**
Earnings per share from continuing operations	20	53.37 cents	54.27 cents
Basic earnings per share	20	53.37 cents	141.09 cents
Diluted earnings per share	20	53.37 cents	141.09 cents

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Consolidated 2015 $000	2014 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	99,330	99,681
Trade and other receivables	9	10	17
TOTAL CURRENT ASSETS		**99,340**	**99,698**
NON-CURRENT ASSETS			
Investment properties	11	20,078	18,614
Available for sale financial assets	12	187	218
Deferred tax assets	15	75	55
Agricultural & biological assets	10	3,690	3,345
TOTAL NON-CURRENT ASSETS		**24,030**	**22,232**
TOTAL ASSETS		**123,370**	**121,930**
CURRENT LIABILITIES			
Trade and other payables	14	133	179
Income tax payable		602	1,302
Provisions	16	203	184
TOTAL CURRENT LIABILITIES		**938**	**1,665**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	352	260
TOTAL NON-CURRENT LIABILITIES		**352**	**260**
TOTAL LIABILITIES		**1,290**	**1,925**
NET ASSETS		**122,080**	**120,005**
EQUITY			
Issued capital	17	1,235	1,235
Reserves		25,792	28,409
Retained earnings		95,053	90,361
TOTAL EQUITY		**122,080**	**120,005**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	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 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**
At *1 July 2014*	1,235	90,361	-	-	11,813	14,539	2,057	120,005
Profit for the period	-	5,034	-	-	-	-	-	5,034
Other comprehensive income	-	-	-	-	(22)	-	(2,595)	(2,617)
Total Comprehensive Income for the period	**-**	**5,034**	**-**	**-**	**(22)**	**-**	**(2,595)**	**2,417**
Transfers to and from Reserves	-	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners								
Dividends paid	-	(342)	-	-	-	-	-	(342)
Balance at *30 June 2015*	**1,235**	**95,053**	**-**	**-**	**11,791**	**14,539**	**(538)**	**122,080**

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated	
		2015	**2014**
		$000	**$000**
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Receipts from customers (inclusive of GST)		-	1,193
Payments to suppliers and employees (inclusive of GST)		(873)	(1,103)
Income tax paid		(454)	91
Net cash flows (used in) / from operating activities	22	**(1,327)**	**181**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,938	2,425
Dividends received		4	2
Proceeds from sale of property, plant and equipment		-	42,946
Net cash from investing activities		**3,942**	**45,373**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(342)	(336)
Net cash flows used in financing activities		**(342)**	**(336)**
Net increase in cash and cash equivalents		**2,273**	**45,218**
Cash and cash equivalents at beginning of year		99,681	50,908
Effects of exchange rate changes on cash		(2,624)	3,555
Cash and cash equivalents at end of period	8	**99,330**	**99,681**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 24 September 2015.

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 2014-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

The requirements of this standard were adopted from 1 July 2014. The disclosure requirements of AASB 136 ‘Impairment of Assets’ have 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, where fair value is measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-5 Amendments to Australian Accounting Standards – Investment Entities

The amendments apply from 1 July 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 adoptions of these amendments from 1 July 2014 have had no impact on the consolidated entity.

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 13 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 other comprehensive income and not in the profit or loss. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

c. 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.

d. 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.

e. 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.

f. 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.

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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.

g. 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 profit or loss and other 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.

h. 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.

i 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.

j. 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 arm's length transaction between willing and knowledgeable parties. Gains and losses arising from changes in fair value are recognised in profit or loss in the period they arise.

k. 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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

l. 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.

m. 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.

n. 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.

o. 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.

p. 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) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

(2) 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.

(3) 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) Significant accounting estimates and assumptions

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.

q. 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 2015. 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 2018 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 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

IFRS 15 (issued June 2015) 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 2015

NOTE 2: REVENUE	2015 $000	2014 $000
(a) Revenue - continuing operations		
— from services	-	1,193
Total	-	1,193
(b) Other Revenue – continuing operations		
— Interest	3,854	2,425
— Dividends	4	2
— Sundry	1	2
Total	3,859	2,429
Total Revenue	**3,859**	**3,622**

NOTE 3: OTHER INCOME	2015 $000	2014 $000
Foreign currency translation gains	144	-
Fair value gains		
- Investment properties	1,456	2,800
- Agricultural & biological assets	325	368
Total Other Income	**1,925**	**3,168**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

		2015 $'000	2014 $'000
NOTE 4: INCOME TAX EXPENSE			
(a)	Income tax expense		
	- Current income tax	782	1,249
	- Deferred income tax	73	(285)
	- Tax (over) provided in prior years	(962)	(167)
	Income tax (benefit) / expense	**(107)**	**797**
(b)	Income tax expense is attributable to:		
	(Loss) / Profit from continuing operations	(107)	797
	Profit from discontinued operations	-	-
		(107)	**797**
(c)	Reconciliation between tax expense and accounting profit before tax multiplied by applicable tax rates		
	Profit before income tax from continuing operations	4,927	5,905
	Profit before income tax from discontinued operations	-	7,704
	Accounting profit before tax	4,927	13,609
	Income tax at 30%	1,478	4,083
	- Non-taxable capital gain	-	(2,119)
	- Non-taxable interest income	(99)	
	- Non-taxable fair value	(450)	(840)
	- Other	-	35
	- Foreign tax adjustment	(54)	(195)
	- Foreign exchange and other translation adjustments	(20)	-
	Over provision in prior years	(962)	(167)
	Income tax (benefit) / expense	**(107)**	**797**

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. The resolution of this matter is being monitored.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5: COMPENSATION FOR KEY MANAGEMENT PERSONNEL	2015 $	2014 $
Short-term benefits	233,749	212,421
Long-term benefits	20,860	20,278
Total Compensation	**254,609**	**232,699**

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	
	2015	**2014**
	$'000	**$'000**
Sale of services	-	39
Total revenue	-	39
Other expenses	-	(39)
Total expenses	-	(39)
Profit before income tax expense	-	-
Income tax expense	-	-
Profit after income tax expense	-	-
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Cash flow information

	Consolidated	
	2015	2014
	$'000	$'000
Net cash provided from investing activities	-	42,946
Net increase in cash and cash equivalents from discontinued operations	-	42,946

	Consolidated	
	2015	2014
	$'000	$'000
Carrying amounts of assets and liabilities disposed		
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	
	2015	2014
	$'000	$'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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 $'000	2014 $'000
NOTE 7: DIVIDENDS		
Distributions paid		
Previous year final dividend paid on 31 October 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	144
iii) Fully franked dividend on capital shares of 0.50 cents per share (2013: 0.50 cents per share)	44	44
	191	189
Current year interim dividend paid on 30 April 2015:		
i) Fully franked dividend on preference shares of 0.35 cents per share (2014: 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 5.40 cents per share (2014: 5.30 cents per share)	150	146
	151	147
Total dividends	342	336
Dividends proposed but not recognised as a liability payable on 30 October 2015:		
i) Fully franked dividend on preference shares of 0.35 cents per share (2014: 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 5.40 cents per share (2014: 5.30 cents per share)	150	146
iii) Fully franked dividend on capital shares of 0.50 cents per share (2014: 0.50 cents per share)	44	44
	195	191

Franking credit balance	**Parent 2015 $'000**	**Parent 2014 $'000**
The amount of franking credits available for the subsequent financial year are:		
• Franking account balance at the beginning of the financial year	2,861	3,005
• Franking debits from the payment of dividends during the financial year	(103)	(144)
• Franking account balance at the end of the financial year	**2,758**	**2,861**
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.	(59)	(82)

Tax rates: Tax rates at which the paid dividends have been franked is 30% (2014: 30%)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 $'000	2014 $'000
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	208	447
Short-term bank deposits	99,122	99,234
Total	**99,330**	**99,681**

	2015 $'000	2014 $'000
NOTE 9: TRADE AND OTHER RECEIVABLES		
Current Assets		
Goods and services tax	5	17
Prepayments	5	-
Total	**10**	**17**

	2015 $'000	2014 $'000
NOTE 10: AGRICULTURAL AND BIOLOGICAL ASSETS		
Non Current Assets		
Standing timber – at fair value (Foret de Leyde – Moulins, France)	3,690	3,345

Refer to notes 11 and 26 for further details in relation to fair values.

	2015 $'000	2014 $'000
NOTE 11: INVESTMENT PROPERTIES		
Non Current Assets		
(a) Freehold Land (Mt Martha, Vic) – at fair value		
Opening Balance at 1 July	17,200	14,400
Net gain on revaluation	1,500	2,800
Closing Balance at 30 June	18,700	17,200
(b) Freehold land and buildings (France) – at fair value		
Opening Balance at 1 July	1,414	1,376
Foreign Exchange Movement	8	38
Net loss on revaluation	(44)	-
Closing Balance at 30 June	1,378	1,414
Totals	**20,078**	**18,614**

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 26 for further information on fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 $'000	2014 $'000
NOTE 12: NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Listed ordinary shares	187	218
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current financial year are set out below:		
Opening fair value	218	240
Foreign exchange movement	2	-
Revaluation decrements	(33)	(22)
Closing fair value	187	218

Refer to note 26 for further information on fair value measurement.

NOTE 13: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
Parent Entity:		**2015**	**2014**
Vealls Limited	Australia	-	-
Subsidiaries of ***Vealls Limited***:			
Swintons Pty Ltd (a)	Australia	-	100
VL Investments Pty Ltd	Australia	100	100
VL Pastoral Pty Ltd (b)	Australia	100	100
Cardrona Ski Resort Ltd	New Zealand	100	100
Vealls (Singapore) Pte Ltd	Singapore	100	100

* Percentage of voting power in proportion to ownership

(a) Deregistered on 14 July 2014
(b) Deregistered on 15 July 2015

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 $'000	2014 $'000
NOTE 14: TRADE AND OTHER PAYABLES		
Current Liabilities		
Trade payables	-	10
Other payables	133	169
Total	**133**	**179**

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

NOTE 15: DEFERRED TAX

(a) Deferred Tax Assets

	2015 $'000	2014 $'000
Annual leave	24	18
Long service leave	37	37
Other	14	-
Total	**75**	**55**
Movements		
Balance 1 July	55	371
Charged/(Credited) to income	20	(316)
Balance 30 June	**75**	**55**

(b) Deferred Tax Liabilities

	2015 $'000	2014 $'000
Investments	29	40
Agricultural & biological assets	313	220
Accrued interest	10	-
Total	**352**	**260**
Movements		
Balance 1 July	260	861
Charged/(Credited) to income	103	(601)
Charged/(Credited) to equity	(11)	-
Balance 30 June	**352**	**260**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16: PROVISIONS	2015 $'000	2014 $'000
Current Liabilities		
Annual leave	79	61
Long service leave	124	123
Total	**203**	**184**

NOTE 17: ISSUED CAPITAL

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

(a) Preference shares	2015 No.	2014 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	2015 No.	2014 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	2015 No.	2014 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 2015 and 2014 as there were no external loans or borrowings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 18: AUDITORS' REMUNERATION	2015 $	2014 $
Remuneration of the auditor of the parent entity for:		
• auditing or reviewing the financial report	43,280	38,800
• tax compliance services	4,450	4,400
Remuneration of other auditors of subsidiaries for:		
• auditing or reviewing the financial report of subsidiaries and other services	27,785	27,600
	75,515	**70,800**

NOTE 19: 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) Asset Realisation Reserve

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

(c) Foreign Currency Translation Reserve

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

NOTE 20: EARNINGS PER SHARE	2015 $'000	2014 $'000
Reconciliation of earnings to profit		
Profit after tax	5,034	12,812
Preference & Income share dividends	(297)	(292)
Earnings from continuing operations used to calculate basic and diluted earnings per share	**4,737**	**12,520**
Earnings from discontinued operations used to calculate basic and diluted earnings per share	**-**	**7,704**

	2015 No. of shares	2014 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	53.37 cents	54.27 cents
Earnings per share from discontinued operations	- cents	86.82 cents
Earnings per capital share	53.37 cents	141.09 cents

NOTE 21: CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

The Company has no existing operating lease obligations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 22: CASH FLOW INFORMATION	2015 $'000	2014 $'000
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after Income tax	5,034	12,812
Non-cash flows in profit		
Fair value gains	(1,897)	(3,168)
Net (gain) on disposal of property, plant and equipment	(30)	(7,704)
Dividend / Interest income classified as investing activities	(3,847)	(2,427)
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	(1)	393
Decrease in agricultural assets	-	4
Decrease in trade payables and other payables	(46)	(909)
(Decrease) / increase in tax balances	(559)	1,172
Increase in provisions	19	8
Net cash (used in) / from operating activities	**(1,327)**	**181**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23: 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.

Investment.

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

Agriculture.

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

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 2015 or 2014.

Segment information

The table below represents revenue and profit information for reportable segments for the year ended 30 June 2015 and 2014.

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	**2015 $'000**	**2014 $'000**
From outside Australia	2,615	3,300
From inside Australia	1,244	322
	3,859	**3,622**

Assets by geographic locations	**2015 $'000**	**2014 $'000**
Australia	18,700	17,200
France	5,068	4,759
	23,768	**21,959**

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

30 June 2015

	Investments $'000	Agriculture $'000	Total $'000
Segment Revenue			
Interest revenue	3,854	-	3,854
Other revenue	5	-	5
Total segment revenue	**3,859**	**-**	**3,859**
Segment net operating profit before tax	**4,618**	**309**	**4,927**
ASSETS	**118,302**	**5,068**	**123,370**
LIABILITIES	**1,290**	**-**	**1,290**

30 June 2014

	Investments $'000	Agriculture $'000	Total $'000
Segment Revenue			
Interest revenue	2,425	-	2,425
Other revenue	1,197	-	1,197
Total segment revenue	**3,622**	**-**	**3,622**
Segment net operating profit before tax	**5,537**	**368**	**5,905**
ASSETS	**117,171**	**4,759**	**121,930**
LIABILITIES	**1,705**	**220**	**1,925**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 24: 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.

Transactions with related parties	**2015 $'000**	**2014 $'000**
- Advances from subsidiary to parent entity	-	6,142
- Payment made by parent entity on behalf of Vealls (Singapore) Pte Ltd	7	-
- Dividends paid by subsidiary to parent entity	-	30,972
Balances outstanding at the reporting date in relation to loans with related parties:		
- Loans from V.L. Investments Pty Ltd to parent entity	31,752	31,752
- Loans from V.L Pastoral Pty Ltd to parent entity	10,238	10,238
- Loan from parent entity to Vealls (Singapore) Pte Ltd	7	-

Ultimate parent entity

The ultimate parent entity is St Columb Limited.

NOTE 25: FINANCIAL INSTRUMENTS

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 cent per annum varied between:

AUD	NZD	USD	SGD
3.20% - 2.25%	4.42% - 3.15%	0.01% - 0.00%	0.01% - 0.00%

At 30 June 2015 short term bank deposits totalled $99.330m. A movement of +/- 1% in deposit interest rates would amount to $993,300 per annum in Interest Received/Receivable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

(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 statement of profit or loss and other comprehensive income 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	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**
US dollars	1,940	1,581	-	-
Singapore dollars	772	724	15	1
New Zealand dollars	59,573	60,188	27	1,143
	62,285	62,493	42	1,144

The consolidated entity had net assets denominated in foreign currencies of $62.243 million as at 30 June 2015 (2014: $61.349 million).

Based on this exposure, had the Australian dollar weakened by 10% (2014: 10%), against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have increased by $194,000 (2014: $158,000). Equity would have increased by $6.224 million (2014: $6.135 million).

Conversely, had the Australian dollar strengthened by 5% (2014: 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have reduced by $97,000 (2014: $38,500), and equity would have been $3.068 million lower.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

(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.

	2015	2014
	$'000	$'000
Year ended 30 June	**Within 6 Months**	**Within 6 Months**
Financial Assets		
Cash and cash equivalents	99,330	99,681
Trade & other receivables	10	17
Total	**99,340**	**99,698**
Financial liabilities		
Trade and other payables	133	179
Total	**133**	**179**
Net difference:	**99,207**	**99,519**

(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. All receivables relate primarily to tax balances from GST and equivalent returns. Accordingly the consolidated entity is not exposed to significant credit risk

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: FAIR VALUE MEASUREMENT

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 - 2015	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Listed ordinary shares at fair value	187	-	-	187
Investment properties	-	-	20,078	20,078
Agricultural & Biological Assets	-	-	3,690	3,690
Total assets	187	-	23,768	23,955

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

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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Consolidated	Investment Properties Mt Martha $'000	Investment Properties France $'000	Agricultural & Biological assets Trees France $'000	Total $'000
Balance at 1 July 2013	14,400	1,376	2,902	18,678
Gains recognised in 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
Gains/(losses) recognised from profit or loss	1,500	(44)	325	1,781
Foreign exchange movement	-	8	20	28
Disposals	-	-	-	-
Balance at 30 June 2015	18,700	1,378	3,690	23,768

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

Description	Unobservable inputs	Average	Sensitivity
Freehold Land- Mt Martha	$18,700,000	5.0%	5% change would increase/decrease fair value by $935,000
Freehold land- France	$1,378,000	5.0%	5% change would increase/decrease fair value by $68,900

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	$3,690,000	5.0%	5% change would increase/decrease fair value by $184,500

The estimation of the Agricultural & Biological Assets is based on the value of consumption net of cuts made between 2003 and 2015. Consumption value reflects the product of the total sale of trees on the plot.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27: PARENT ENTITY INFORMATION

Information relating to Vealls Limited:	2015 $'000	2014 $'000
Current Assets	37,052	37,051
Total Assets	86,102	85,806
Current Liabilities	149	342
Total Liabilities	42,189	42,196
Issued Capital	1,235	1,235
Assets Revaluation Reserve	1,000	1,022
Foreign Currency Translation Reserve	(1,621)	(1,621)
Retained Earnings	43,299	42,974
Total Shareholders' equity	43,913	43,610
Profit of the parent entity	667	30,950
Total comprehensive income of the parent entity	644	31,045

NOTE 28: 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 2015 except as referred to and to be inferred from the Financial Report.

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 2015 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 2015.

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

Ian Raymond Veall
Executive Chairman

Melbourne, 24 September 2015

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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 2015, 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 Statements*, 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 2015 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 4 to 7 of the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Richard Dean
Partner

Melbourne, 24 September 2015

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 30 September 2015

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	Capital shares		Income shares		Preference shares	
	Number of holders	Number of shares	Number of holders	Number of shares	Number of holders	Number of shares
1 - 1,000	39	18,594	32	16,016	9	2,466
1,001 - 5,000	23	52,752	26	66,497	4	11,600
5,001 - 10,000	9	77,201	11	94,967	-	-
10,001 - 100,000	15	636,263	22	642,929	1	26,408
100,001 - and over	4	8,089,050	2	1,954,699	-	-
	90	8,873,860	93	2,775,108	14	40,474
The number of shareholders holding less than a marketable parcel of shares are:	-	-	8	1,416	4	316

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

	Listed Capital shares	
	Number of shares	Percentage (%)
1. Ijack Pty Ltd	7,000,000	78.88
2. Winmardun Pty Ltd	748,000	8.43
3. Josseck Pty Ltd	185,160	2.09
4. Veall I R	155,890	1.76
5. J P Morgan Nominees Aust Ltd	96,159	1.08
6. Laurence G + Morrison J R	91,600	1.03
7. Moffat J G M	85,638	0.97
8. UBS Wealth Management Aust Nominees	82,606	0.93
9. Angueline Investments Pty Ltd	54,985	0.62
10. Hayman P J	54,945	0.62
11. Ryan C & J	30,000	0.34
12. Carrington Avenue Pty Ltd	27,356	0.31
13. Common Sense Investments Pty Ltd	26,127	0.29
14. Anberton Pty Ltd	19,000	0.21
15. Zandane Pty Ltd	15,000	0.17
16. Laurence J & Stanton C W	15,000	0.17
17. Armstrong M A	14,000	0.16
18. Finarg1 SVCS Co Ltd	13,047	0.15
19. Salisbury Road II Pty Ltd	10,800	0.12
20. Capbrin Pty Ltd	10,000	0.11
	8,735,313	98.44

ASX Additional Information - continued

	Listed Income shares	
	Number of shares	Percentage (%)
1. Shirvell Pty Ltd	1,364,820	49.18
2. Farex Pty Ltd	589,879	21.26
3. Moffatt J G M	100,000	3.60
4. Kylenet Pty Ltd	70,000	2.52
5. National Nominees Ltd	48,531	1.75
6. Balcombe Griffiths Pty Ltd	36,315	1.31
7. Veall K L	36,000	1.30
8. Clayton J R M	30,000	1.08
9. Forsyth Barr Custodians Ltd	29,333	1.06
10. Helms D N	28,750	1.04
11. Tink Y L	28,750	1.04
12. Colman L P	27,500	0.99
13. 334 Capital Pty Ltd	27,000	0.97
14. Curry N G	23,000	0.83
15. Barry-Scott U J	22,000	0.79
16. Miller T W	22,000	0.79
17. Dare H J	20,000	0.72
18. Parsons L M J	18,000	0.65
19. Saker V J	15,000	0.54
20. Emmerson J P	15,000	0.54
	2,551,878	91.96

	Listed Preference shares	
	Number of shares	Percentage (%)
1. Veall D R	26,408	65.25
2. Ryan C & J	4,350	10.75
3. DRV Superannuation Fund	3,650	9.01
4. Common Sense Investments Pty Ltd	2,150	5.31
5. Leaver A M	1,450	3.58
6. Batoka Pty Ltd	600	1.48
7. Leaver G A	500	1.24
8. XYZ Nominees Pty Ltd	500	1.24
9. Albrecht G E	300	0.74
10. Cameron K V M	250	0.62
11. Estate Dinneen M E	100	0.25
12. Currie A M	100	0.25
13. Pasamonte G A	66	0.16
14. Tweed D	50	0.12
	40,474	100.00

ASX Additional Information - continued

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Name		Number of Capital shares	Number of Income Shares
Ijack Pty Ltd		7,906,019	1,954,699
Shirvell Pty Ltd		7,906,019	1,954,699
St Columb Ltd		7,906,019	1,954,699
Ian Raymond Veall		7,906,019	1,954,699
Shirley Margaret Veall		7,906,019	1,954,699
Winmardun Pty Ltd		7,906,019	1,954,699
Farex Pty Ltd		7,906,019	1,954,699
Martin Charles Veall		7,906,019	1,954,699
Winton Arthur Veall		7,906,019	1,954,699
Duncan Reginald Veall		7,906,019	1,954,699

(d) Voting Rights

Below is an extract from the Articles of association detailing voting rights

72 (a) SUBJECT to Article 28 and to any rights or restrictions for the time being attached to any class or classes of shares every member present in person or represented by proxy or Representative shall on a show of hands have one vote and on a poll every member who is present in person or by proxy or Representative shall have two votes for every Capital share held by him, one vote for every five Income shares held by him and (in such cases as the holders of Preference shares are entitled to vote) four votes for every Preference share held by him.

(b) If at any time upon a poll the votes exercised for or those exercised against a motion by or on behalf of any twenty members would in aggregate and but for the provisions of this paragraph exceed 66 per centum of the votes exercisable by or on behalf of all the members of the Company then and in every such case the votes so exercised by or on behalf of such twenty members shall be deemed to amount in the aggregate to such 66 per centum only and all the other members shall be deemed entitled between them to exercise the remaining 34 per centum. The votes exercised as aforesaid by or on behalf of such twenty members shall be deemed to have been exercised as between themselves in proportion to the number of votes which but for this paragraph would have been exercisable by them or on their behalf as the case may be and the votes which the other members of the Company shall be deemed exercisable as between those members in proportion to the number of votes which but for this paragraph each would have been entitled to exercise.

(e) On-market buy back

There is no current on-market buy back.

Corporate Governance Statement

Pursuant to Listing Rule 4.10.3, the directors state that the corporate governance framework established by the board in respect to the ASX Corporate Governance Council's Principles and Recommendations (3rd edition) (**Recommendations**) is as described below:

PRINCIPLE 1:	**"Lay foundations for management and oversight".**
Recommendation 1.1:	Disclose the respective roles and responsibilities of the board and management. Disclose those matters expressly reserved to the board and those delegated to management.
Compliance:	Yes.
Comment:	The primary function of the board is to determine the strategic direction and objectives of the company's operations and the means by which those objectives can best be realised in the short and longer term. This involves in particular the timely review of actual results against the objectives (financial and otherwise) and taking action(s) as appropriate in all the circumstances. Day to day management of the company's operations are delegated to management. The directors and their responsibilities at 30 June 2015 were as under: Ian Raymond Veall – Executive Chairman, with primary responsibility for the management of Investments and Finance Activities. Martin Charles Veall – Executive Director, with primary responsibility for the management of Agricultural and Forestry Activities. Duncan Reginald Veall – Executive Director, with primary responsibility for the New Zealand subsidiary companies. Robert Sidney Righetti – Non-Executive Director, with primary responsibility to act as an Independent Director. It is noted that each of the Veall named individuals has a dual function; firstly, in his role as a director, and secondly, in his role as an executive with management responsibilities.
Recommendation 1.2:	Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.
Compliance:	Yes.
Comment:	No new directors have been appointed since the Recommendations were released. If and when a new director is appointed, the board intends to have appropriate checks undertaken. The notice of meeting for each AGM contains a biography of those directors standing for election or re-election at the AGM and whether the board recommends for or against the director's election or re-election.
Recommendation 1.3:	Have a written agreement with each director and senior executive setting out the terms of their appointment.
Compliance:	No.
Comment:	There are no written agreements with each director and senior executive setting

	out the terms of their appointment. Refer to page 8 of the Remuneration Report.
Recommendation 1.4:	The company secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.
Compliance:	Yes.
Comment:	The company secretary is accountable through the chair to the board on all matters to do with the proper functioning of the board. The company secretary has various responsibilities including attending meetings, taking minutes and is readily accessible to all board members.
Recommendation 1.5:	(a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the company's progress in achieving them. (b) Disclose that policy or a summary of it. (c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the company's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the company has defined "senior executive" for these purposes); or (2) if the company is a "relevant employer" under the Workplace Gender Equality Act, the company's most recent "Gender Equality Indicators", as defined in and published under that Act.
Compliance:	No.
Comment:	The company has not adopted an objective of achieving gender diversity. The company has a policy of non-discrimination against the people it employs on the criterion of age, creed, gender, political views, race or social mores. It would therefore be inconsistent with that policy to also adopt an objective to decide the composition of the company's workforce on the basis of gender.
Recommendation 1.6:	Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors. Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
Compliance:	Yes.
Comment:	A performance evaluation of the board, its committees and the directors has taken place in the reporting period that was in accordance with the process disclosed. This process involves periodically measuring the performance of the board, its committee and directors against company's performance as further described on pages 7-8 of the Remuneration Report.
Recommendation 1.7:	Have and disclose a process for periodically evaluating the performance of its senior executives. Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
Compliance:	Yes.
Comment:	The only senior executives of the company and the consolidated entity are the three Veall named individuals. Their performance is periodically evaluated by reference to the criteria set out in the Remuneration Report at pages 7-8. A performance evaluation for the senior executives has taken place in the reporting period that was in accordance with the process disclosed.

PRINCIPLE 2: **"Structure the board to add value".**

<u>Recommendation 2.1:</u>

Have a nomination committee which:
(1) has at least three members, a majority of whom are independent directors; and
(2) is chaired by an independent director;
and disclose:
(3) the charter of the committee;
(4) the members of the committee; and
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Compliance: No.

Comment: Refer to comment at the end of Principle 2 below.

<u>Recommendation 2.2:</u>

Have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Compliance: No.

Comment: Despite not having a formal board skills matrix, the mix of skills and diversity the board currently has is set out on page 5 of the Directors' Report.

<u>Recommendation 2.3:</u>

(a) Disclose the names of the directors considered by the board to be independent directors.

(b) Disclose if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Corporate Governance Principles and Recommendation 3rd Edition but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion.

(c) Disclose the length of service of each director.

Compliance: Yes.

Comment:

(a) Mr Robert Sidney Righetti is considered to be an independent director.

(b) Although Mr Robert Sidney Righetti has been a director of the company since 1996, the board makes a regular assessment of his independent status as a director and considers him to be an independent director.

(c) Ian Raymond Veall, 1956 to current; Martin Charles Veall, 1989 to current; Robert Sidney Righetti, 1996 to current; Duncan Reginald Veall, 1999 to current.

<u>Recommendation 2.4:</u>

A majority of the board should be independent directors.

Compliance: No.

Comment: The board is comprised of three executive directors and one independent director.

<u>Recommendation 2.5:</u>

The chair should be an independent director and, in particular, should not be the same person as the CEO.

Compliance: No.

Comment: Refer to comment at the end of Principle 2 below.

Recommendation 2.6: Have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Compliance: Yes.

Comment: No new directors have been appointed since the Recommendations were released. If and when a new director is appointed the board intends to implement an induction process and provide appropriate professional development opportunities.

Closing Comment: The Veall family is the principle shareholder group and has been so since 1951 when the company was listed on the ASX. It holds 74.26% of Preference shares, 70.44% of Income shares and 89.09% of Capital shares and is therefore in effective control of the appointment, election and in certain circumstances retirement of directors.

The reason why Recommendations 2.1 and 2.5 have not been complied with is that St Columb Ltd has endorsed the existing composition of the board and how it functions as being in the best interests of all shareholders.

PRINCIPLE 3: **"Act ethically and responsibly".**

Recommendation 3.1: Have a code of conduct for its directors, senior executives and employees and disclose the code or a summary of the code.

Compliance: No.

Comment: The board believes it is unnecessary for a specific code of conduct to be established to govern the actions of its directors and senior executives, as high moral standards are conscientiously maintained and applied by them to their own actions and in supervision of the company's employees so far as this is practicable.

The board further believes that moral and ethical behavior basically rests on an individual's recognition of the distinction between right and wrong conduct in any given situation and to them taking the correct action.

What constitutes right and wrong is a complex matter in itself and uncertain even in the prescriptive conditions of the law, let alone in many diverse situations.

PRINCIPLE 4: **"Safeguard integrity in corporate reporting".**

Recommendation 4.1: Have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
(2) is chaired by an independent director, who is not the chair of the board; and disclose,
(3) the charter of the committee;
(4) the relevant qualifications and experience of the members of the committee; and
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Compliance: No – in relation to (1) and (3) above.
Yes – in relation to (2), (4) and (5) above.

Comment: There is an audit committee of Mr R S Righetti as chairman and Mr M C Veall that has direct access to the company's external auditor in relation to all audit matters. It is responsible for the integrity of the company's financial reporting through review of its financial statements and ensuring the independence of the external auditor.

The committee is chaired by an independent director who is not chair of the board.

The names and qualifications of the audit committee are as follows. R S Righetti is a Chartered Accountant with 44 years' experience in accounting and auditing and has been an independent director since 1996. Mr M C Veall holds a diploma of Farm Management (Marcus Oldham College) with 44 years' experience in farm management and has been an executive director since 1989.

The audit committee meets twice yearly to review the company's financial statements and reports issued in relation to its half year 31 December and the full year ending 30 June reporting periods and oversees the independence of the external auditor. Refer to page 5 of the Directors' Report for the number of times the committee met and individual attendances.

The structure of the board, comprising three executive directors and one independent director precludes the adoption of the remaining Recommendations.

The nature and in particular the scale of the company's operations makes a formal audit committee charter inappropriate in such circumstances.

Recommendation 4.2: Before it approves the company's financial statements for a financial period, the board should receive from its CEO and CFO a declaration that, in their opinion, the financial records of the company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Compliance: Yes.

Comment: The board has received a written declaration from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that, in their opinion, the financial records of the company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3: Ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Compliance: Yes.

Comment: The external auditor attends each AGM and is available to answer questions from security holders relevant to the audit.

PRINCIPLE 5: "**Make timely and balanced disclosure".**

Recommendation 5.1: Have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules and disclose the policy or a summary of the policy.

Compliance: No.

Comment: Although there is no written policy, the company secretary, Mr D R Veall, is primarily responsible for the company's compliance with ASX Listing Rules, in particular company announcements and the requirements of Continuous Disclosure and Periodic Disclosure under Listing Rules 3–4. The board's responsibility is to approve the content of all information and the time of its lodgment with the ASX.

PRINCIPLE 6: **"Respect the rights of security holders".**

Recommendation 6.1: Provide information about the company and its governance to investors via its website.

Compliance: No.

Comment: It is noted that the number of shareholders has contracted over the years and the maintenance of a website is not considered to be warranted. Information in relation the company and its governance is provided on request by email, facsimile, post or telephone to shareholders.

Recommendation 6.2: Design and implement an investor relations program to facilitate effective two-way communication with investors.

Compliance: Yes.

Comment: The company communicates directly with shareholders through its Annual Report and its meetings (usually the AGM) and indirectly through its periodic reports to the ASX.

It is noted that the number of shareholders has contracted over the years and the maintenance of a website is not considered to be warranted. Information however is provided on request by email, facsimile, post or telephone to shareholders about matters relevant to them.

Recommendation 6.3: Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Compliance: Yes.

Comment: The rights of shareholders under the company's Articles of Association to attend and vote at meetings or appoint a proxy to do so ensures that shareholders can participate in meetings to the extent they may wish. The board welcomes such shareholder participation.

Recommendation 6.4: Give security holders the option to receive communications from, and send communications to, the company and its security registry electronically.

Compliance: Yes.

Comment: On request, the company will provide electronic communication information for both the company and security registry.

PRINCIPLE 7: "Recognise and manage risk".

Recommendation 7.1: Have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and
(2) is chaired by an independent director,
and disclose:
(3) the charter of the committee;
(4) the members of the committee; and
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

if it does not have a risk committee or committees that satisfy the above description, disclose that fact and the processes it employs for overseeing the company's risk management framework.

Compliance: Yes.

Comment: Although the company does not have a specific risk committee, the board is responsible for the oversight and management of material business risks – the latter through the executive director in the specified business area and generally through a regular review of extant risks and the on-going process of their management.

The board has identified and assessed the company's material business risks and distinguished those risks that can be insured against and those that cannot.

	The board assesses risks that can be appropriately insured against and considers this on a regular basis. Specific risks that have been identified concern the company's financial instruments (refer to note 25 of the financial statements) and market related events that could materially impact on the company's operations, such as price fluctuations over a range of activities.
Recommendation 7.2:	Review the company's risk management framework at least annually to satisfy itself that it continues to be sound. Disclose, in relation to each reporting period, whether such a review has taken place.
Compliance:	Yes.
Comment:	The company's risk management framework is reviewed at least annually to satisfy itself that it continues to be sound. During the reporting period a review has taken place.
Recommendation 7.3:	If the company has an internal audit function, how the function is structured and what role it performs or, if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.
Compliance:	Yes.
Comment:	The board does have the effective management of material business risks reported to it on a regular basis. In the circumstances additional internal control, such as an audit, is not considered to be necessary.
Recommendation 7.4:	Disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.
Compliance:	Yes.
Comment:	The board has identified and assessed the company's material exposure to economic, environmental and social sustainability risks and distinguished those risks that can be insured against and those that cannot. The board assesses risks that can be appropriately insured against and considers this on a regular basis. Other specific risks that have been identified concern the company's financial instruments (refer to note 25 of the financial statements) and market related events that could materially impact on the company's operations, such as price fluctuations over a range of activities. The company regularly assesses these risks on a periodic basis.
PRINCIPLE 8:	**"Remunerate fairly and responsibly".**
Recommendation 8.1:	Establish a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
Compliance:	Yes.

Comment:	The size and nature of the company's operations and the board precludes the formation of such a committee. The processes employed for setting the level and composition of remuneration received by board members as directors and / or executives is set out in the Remuneration Report at pages 7-9. No director's fees are paid to executive directors and no bonus payment or other performance payment or incentive is received by any director. No director is involved in determining his own remuneration. Refer also to the Remuneration Report at pages 7-8.
Recommendation 8.2:	Disclose policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.
Compliance:	Yes.
Comment:	The sole non-executive independent director's remuneration 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. The executive directors' and other senior executives' remuneration policies and practices are set out in the Remuneration Report at pages 7-8.
Recommendation 8.3:	Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. Disclose that policy or a summary of it.
Compliance:	No.
Comment:	Directors and senior executives do not participate in any share based scheme of the company and do not receive any share based compensation. Therefore, it is not necessary for the company to have any such policy.

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Vealls Limited
ABN 39 004 288 000

Proxy Form

Member's Name:

Address:

STEP 1: Appoint a Proxy to Vote on Your Behalf

I/We ....

being a member(s) of Vealls Limited (the **Company**) and entitled to attend and vote, hereby appoint

☐	**the Chairman of the Meeting** **(mark box)**	**OR**	☐	If you are not appointing the Chairman of the meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy here

or failing the individual or body corporate named, or if no person / body corporate is named, the Chairman of the meeting, as my / our proxy to act generally at the meeting and to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held at Level 7, 500 Collins Street, Melbourne, Victoria on Friday, 27 November 2015, at 10.30am and at any adjournment or postponement of that meeting.

If the Chairman is acting as my / our proxy, and I / we did not mark a voting box for an Item, then by completing and returning this proxy form, I / we expressly authorise the Chairman to exercise my / our proxy to vote on an Item, even though an Item is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

The Board recommends shareholders vote in favour of all Items of Business. The Chairman of the meeting intends to vote all available proxies in FAVOUR of the resolutions in Items 2 and 3.

STEP 2: Items of Business

		For	Against	Abstain
Item 2:	Re-election of Mr Martin Veall as a director	☐	☐	☐
Item 3:	Adoption of the Remuneration Report for the year ended 30 June 2015	☐	☐	☐

Note: Voting exclusions apply to Item 3

If you mark the Abstain box for an Item, you are directing your proxy not to vote on your behalf and your votes will not be counted in computing the required majority

SIGN: Signature of member(s)

	Member 1 (Individual)	Member 2 (Joint)	Member 3 (Corporate)
sign here ►			
Date			

Vealls Limited
ABN 39 004 288 000

Proxy Form

For your vote to be effective it must be received by Vealls Limited no later than 10.30 am on Wednesday, 25 November 2015

How to Vote on Items of Business

All your shares will be voted in accordance with your directions.

Appointment of Proxy

If a member's proxy does not attend or vote at the meeting, if you leave Step 1 blank, or no proxy is named on the instrument appointing a proxy, the proxy appointment will automatically default to the Chairman of the meeting. In addition, any directed proxies that are not voted on a poll at the meeting will automatically default to the Chairman of the meeting, who is required to vote the proxies as directed.

The Chairman of the meeting intends to vote all available proxies in favour of Items 2 and 3.

A proxy need not be a member of the Company.

If you wish to direct your proxy how to vote, then you need to mark the appropriate box opposite each Item in Step 2 of the proxy form. If you do not mark a box your proxy may vote as they choose subject to any voting restrictions that apply to the proxy. If you mark more than one box on an Item your vote will be invalid on that Item.

Voting 100% of your shareholding: If you wish to direct your proxy to vote 100% of your shareholding, then please mark the appropriate box opposite each item in Step 2.

Voting a portion of your shareholding: If you wish to direct your proxy to vote a portion of your shareholding, then please indicate the portion of your voting rights by inserting a percentage or number of votes in the appropriate box opposite each Item in Step 2.

Appointing a second proxy: A member entitled to attend and cast 2 or more votes is entitled to appoint not more than 2 proxies to attend and vote instead of the member. If you wish to appoint a second proxy, you will need to complete a second proxy form and return them together. Please copy this proxy form or contact the Company for an additional proxy form. Where 2 proxies are appointed, both forms should be completed with the nominated proportion or number of votes each proxy may exercise. Otherwise the appointments shall be of no effect.

If a member appoints one proxy only, that proxy shall be entitled to vote on a show of hands. If a member appoints two proxies, only the first named proxy shall be entitled to vote on a show of hands.

Voting exclusions

The key management personnel of the Company (which includes each of the directors and their closely related parties) will not be able to vote your proxy on Item 3, unless you direct them how to vote. If you intend to appoint such a person as your proxy, please ensure that you direct them how to vote on Item 3 by marking the voting boxes in Step 2 of the proxy form.

If the Chairman of the meeting is your proxy and you do not mark a voting box for Item 3, then by completing and returning the proxy form you will be expressly authoring the Chairman of the meeting to exercise your proxy in respect of the relevant Item even though the Item is connected with the remuneration of the Company's key management personnel. The Chairman of the meeting intends to vote all available proxies in favour of each Item of Business.

Signing Instructions

Individual: Where the shareholding is in one name, the member or the member's attorney must sign.

Joint Holding: Where the shareholding is in more than one name, all of the members or their attorney(s) should sign.

Power of Attorney: Where a proxy form is executed under a power of attorney and you have not already lodged the Power of Attorney with the share registry, please attach a certified photocopy of the power of attorney to the proxy form when you return it.

Companies: Where the member is a company it must execute the form under its common seal, or if it does not have one, by 2 directors or by a director and a secretary, or if it is a proprietary company that has a sole director who is also the sole secretary (or has no secretary), by that director, or under hand of its attorney or duly authorised officer. If the proxy form is signed by a person who is not the registered holder of shares in the Company, then the relevant authority must either have been exhibited previously to the Company or be enclosed with the proxy form.

Corporate Representative

If a representative of a corporate member or proxy is to attend the meeting, they will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission.

Attending the meeting

Bring this form to assist registration.

Lodge your vote

The proxy form and authority (if any) under which it is signed must be received at the registered office of the Company, Vealls Limited, 1st Floor, 484 Toorak Road, Toorak, Vic, 3142 or sent by facsimile to (03) 9827 4112 or international +613 9827 4112 not less than 48 hours before the time for holding the meeting, being 10:30am on Wednesday, 25 November 2015. Proxies received after this time will be treated as invalid.

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