

# VEALLS LIMITED

ACN 004 288 000

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

22 February 2016

The Manager  
Australian Stock Exchange  
E-Lodgements

Dear Sir / Madam,

## HALF-YEAR FINANCIAL REPORT

A copy of the company's Half-Year Financial Report for the period ended 31 December 2015 follows.

Yours faithfully



Duncan Veall  
Company Secretary

# Appendix 4D

## Half yearly report

Rule 4.2 A.3

Name of entity:

ABN Reference:

<b>VEALLS LIMITED</b>	<b>39 004 288 000</b>
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**Current period**

**Previous corresponding period**

**Half year 31 December 2015**

**Half year 31 December 2014**

### Results for announcement to the market

<b>Key Information</b>	<b>Current period</b>	<b>Previous corresponding period</b>		<b>% Change</b>		<b>Amount of change</b>
	<b>\$A'000</b>	<b>\$A'000</b>				<b>\$A'000</b>
Revenues from ordinary activities	1,810	2,219		(18.4)		(409)
Profit (loss) from continuing operations after tax attributable to members	927	1,391		(33.4)		(464)
Net profit (loss) for the period attributable to members	927	1,391		(33.4)		(464)

<b>Dividends</b>		<b>Amount per security</b>	<b>Franked amount per security at 30% tax</b>
<b>Interim dividend</b>	<b>Record Date:</b> 18 April 2016 <b>Payable:</b> 29 April 2016		
Preference shares		0.35c	0.35c
Income shares		5.50c	5.50c

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

<b>NTA backing</b>	<b>Current period</b>	<b>Previous corresponding period</b>
Net tangible asset backing per ordinary (Capital) security	\$14.07	\$13.69

### Compliance Statement

This report should be read in conjunction with the annual financial report for the year ended 30 June 2015.



.....  
Ian Raymond Veall (Director)

Date: 22 February 2016

# **Vealls Limited**

**ABN 39 004 288 000**



## **Half-Year Financial Report**

**For the half-year ended 31 December 2015**

## **Vealls Limited**

ABN 30 004 288 000

### **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)

Duncan Reginald Veall (Executive Director)

Robert Sidney Righetti (Non-executive Director)

#### **Company Secretary**

Duncan Reginald Veall

#### **Registered Office**

1<sup>st</sup> Floor

484 Toorak Road

Toorak Vic 3142

Telephone +61 3 9827 4110

Facsimile +61 3 9827 4112

#### **Share Register**

Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross WA 6153

Telephone 61 8 9315 2333

Facsimile 61 8 9315 2233

#### **Auditors**

BDO

Level 14

140 William Street

Melbourne VIC 3000

#### **Stock Exchange Listing**

Australian Stock Exchange Limited

(Home Exchange: Melbourne, Vic)

## Director's Report

Your directors present their report for the half-year ended 31 December 2015.

### DIRECTORS

The names of each person who was a director of the company during the period 1 July 2015 to the date of this report are as shown below. Each director was in office for the whole period.

<u>Name</u>	<u>Designation</u>	
Ian Raymond Veall	Executive (Chairman)	director since 1956
Martin Charles Veall	Executive	director since 1989
Duncan Reginald Veall	Executive	director since 1999
Robert Sidney Righetti	Non-Executive	director since 1996

### Principal Activities

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

### Review and results of operations

#### Operating Results

##### Revenue

Total revenue from continuing operations for the half-year was \$1.810m.

##### Profit

Consolidated net profit after income tax expense for the half-year was \$0.927m.

##### Cash flows

Net cash flows were \$0.619m. Cash also increased by \$3.709m due to the impact of changes in exchange rates on bank deposits held in currencies other than Australian dollars.

##### Review

There was continued progress made in the restructuring of the company's operations especially in regard to the oak forest at Moulins, France and the property at Mt Martha, Victoria. A period of up to 2 years is envisaged to conclude these restructures.

The New Zealand subsidiaries, Cardrona Ski Resort Ltd and Vealls (Singapore) Pte Ltd – New Zealand branch are being monitored for disposal. The Inland Revenue Department has recently concluded its audit of Cardrona Ski Resort Ltd with further comment at Note 6.

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

**Auditors Independence Declaration**

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

**Rounding**

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

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



Ian Raymond Veall  
Executive Chairman

Melbourne, 22 February 2016

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

As lead auditor for the review of Vealls Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Richard Dean  
Partner

**BDO East Coast Partnership**

Melbourne, 22 February 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	31.12.2015 \$000	31.12.2014 \$000
<b>Continuing operations</b>			
<b>Revenue</b>			
Interest		1,708	1,941
Other Income		102	278
<b>Total Revenue</b>		<b>1,810</b>	<b>2,219</b>
<b>Less Expenses:</b>			
Employee benefits expense		(123)	(127)
Rates and taxes		(11)	(10)
Light, power and telephone		(3)	(2)
Professional costs		(174)	(122)
Listing & share registry fees		(26)	(28)
Other expenses		(42)	(38)
<b>Total Expenses</b>		<b>(379)</b>	<b>(327)</b>
<b>Profit before income tax expense</b>		<b>1,431</b>	<b>1,892</b>
Income tax expense	6	(504)	(501)
<b>Net Profit for the period from continuing operations</b>		<b>927</b>	<b>1,391</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss</i>			
Fair value Gains / (Losses)			
Available for Sale Financial Assets		(54)	(68)
Foreign Currency Translation (Net of Income Tax)		3,503	1,743
<b>Total other comprehensive income for the period</b>		<b>3,449</b>	<b>1,675</b>
<b>Total comprehensive income for the period</b>		<b>4,376</b>	<b>3,066</b>

Basic and Diluted earnings per share from continuing activities	8.72c	13.98c
Basic and Diluted earnings per share attributed to members	8.72c	13.98c

The accompanying notes form part of these financial statements



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	NOTE	31.12.2015 \$'000	30.06.2015 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	103,658	99,330
Trade and other receivables		44	10
<b>Total Current Assets</b>		<b>103,702</b>	<b>99,340</b>
<b>Non-current assets</b>			
Investment properties		20,078	20,078
Available-for-sale financial assets		147	187
Deferred tax assets		65	75
Agricultural & biological assets		3,690	3,690
<b>Total non-current assets</b>		<b>23,980</b>	<b>24,030</b>
<b>TOTAL ASSETS</b>		<b>127,682</b>	<b>123,370</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		134	133
Income tax payable		552	602
Provisions		211	203
<b>Total current liabilities</b>		<b>897</b>	<b>938</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		523	352
<b>Total non-current liabilities</b>		<b>523</b>	<b>352</b>
<b>TOTAL LIABILITIES</b>		<b>1,420</b>	<b>1,290</b>
<b>NET ASSETS</b>		<b>126,262</b>	<b>122,080</b>
<b>EQUITY</b>			
Contributed equity		1,235	1,235
Reserves		29,241	25,792
Retained earnings		95,786	95,053
<b>TOTAL EQUITY</b>		<b>126,262</b>	<b>122,080</b>

The accompanying notes form part of these financial statements

# Vealls Limited

ABN 30 004 288 000

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Share Capital \$'000	Retained Profits \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	Foreign Currency Translation \$'000	Total \$'000
<b>Balance at 1 July 2014</b>	1,235	90,361	11,813	14,539	2,057	120,005
Profit for the half-year	-	1,391	-	-	-	1,391
Other comprehensive income	-	-	(68)	-	1,743	1,675
<b>Total comprehensive income for the half-year</b>	-	<b>1,391</b>	<b>(68)</b>	-	<b>1,743</b>	<b>3,066</b>
Transfers to / (from) reserves	-	-	-	-	-	-
<i>Transactions with owners in their capacity as owners</i>						
Dividends paid (Note 2)	-	(191)	-	-	-	(191)
<b>Balance at 31 December 2014</b>	<b>1,235</b>	<b>91,561</b>	<b>11,745</b>	<b>14,539</b>	<b>3,800</b>	<b>122,880</b>
 <b>Balance at 1 July 2015</b>	 1,235	 95,053	 11,791	 14,539	 (538)	 122,080
Profit for the half-year	-	927	-	-	-	927
Other comprehensive income	-	-	(54)	-	3,503	3,449
<b>Total comprehensive income for the half-year</b>	-	<b>927</b>	<b>(54)</b>	-	<b>3,503</b>	<b>4,376</b>
Transfers to / (from) reserves	-	-	-	-	-	-
<i>Transactions with owners in their capacity as owners</i>						
Dividends paid (Note 2)	-	(194)	-	-	-	(194)
<b>Balance at 31 December 2015</b>	<b>1,235</b>	<b>95,786</b>	<b>11,737</b>	<b>14,539</b>	<b>2,965</b>	<b>126,262</b>

The accompanying notes form part of these financial statements

**Vealls Limited**

ABN 30 004 288 000

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	<b>31.12.2015</b> <b>\$'000</b>	<b>31.12.2014</b> <b>\$'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers (inclusive of GST)	-	2
Payments to suppliers and employees (inclusive of GST)	(509)	(425)
Interest received	1,708	1,940
Income tax paid	(388)	-
Net cash provided by operating activities	811	1,517
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	2	2
Net cash provided by investing activities	2	2
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(194)	(191)
Net cash (used in) financing activities	(194)	(191)
Net increase in cash held	619	1,328
Cash and cash equivalents at beginning of period	99,330	99,681
Effects of exchange rate changes on cash	3,709	2,022
<b>Cash and cash equivalents at end of year</b>	<b>103,658</b>	<b>103,031</b>

The accompanying notes form part of these financial statements

# Vealls Limited

ABN 39 004 288 000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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

#### Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001 as appropriate for profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

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

It is recommended that the half-year report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by Vealls Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

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

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

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

31.12.2015	31.12.2014
\$'000	\$'000

### Note 2: Dividends

#### Previous year dividends paid on 31 October 2015:

i) Franked dividend on preference shares of 0.35 cents per share (2014: franked 0.35 cents per share)	1	1
ii) Franked dividend on income shares of 5.40 cents per share (2014: franked 5.30 cents per share)	149	146
iii) Franked dividend on capital shares of 0.50 cents per share (2014: franked 0.50 cents per share)	44	44
	<hr/>	<hr/>
	194	191

#### Dividends proposed but not recognised as a liability payable 29 April 2016:

i) Fully franked dividend on preference shares of 0.35 cents per share (2015 franked 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 5.50 cents per share (2015 franked 5.40 cents per share)	153	150
	<hr/>	<hr/>
	154	151

# Vealls Limited

ABN 39 004 288 000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31.12.2015 \$'000	30.06.2015 \$'000
<b>Note 3: Cash and cash equivalents</b>		
Cash at bank and in hand	85	208
Short-term bank deposits	103,573	99,122
<b>Total</b>	<b>103,658</b>	<b>99,330</b>

### Note 4: Segment Information

#### Identification of reportable segments.

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

#### Description of each segment.

##### Investment.

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

##### Agriculture.

The agricultural business comprises forestry in France.

#### Accounting Policies

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

#### 31 December 2015

	Investments \$'000	Agriculture \$'000	Total \$'000
<b>Segment Revenue:</b>			
Sales to external customers	-	-	-
Other revenue	1,810	-	1,810
<b>Total segment revenue</b>	<b>1,810</b>	<b>-</b>	<b>1,810</b>
<b>Result:</b>			
<b>Segment result (net profit before tax)</b>	<b>1,431</b>	<b>-</b>	<b>1,431</b>
<b>Assets:</b>			
<b>Segment assets</b>	<b>123,992</b>	<b>3,690</b>	<b>127,682</b>
<b>Liabilities</b>			
<b>Segment liabilities</b>	<b>1,420</b>	<b>-</b>	<b>1,420</b>

# Vealls Limited

ABN 39 004 288 000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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

31 December 2014

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

### Note 5. Fair value measurement

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

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

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

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

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

#### Fair value measurement

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Consolidated 31 December 2015</b>				
<i>Assets</i>				
Listed ordinary shares at fair value	147	-	-	147
Investment properties	-	-	20,078	20,078
Agricultural & Biological Assets	-	-	3,690	3,690
<b>Total assets</b>	<b>147</b>	<b>-</b>	<b>23,768</b>	<b>23,915</b>

# Vealls Limited

ABN 39 004 288 000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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

	Level 1	Level 2	Level 3	Total
Consolidated 30 June 2015	\$'000	\$'000	\$'000	\$'000
<i>Assets</i>				
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

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

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

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

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

Description	Valuation method	Unobservable inputs	Sensitivity
Freehold Land- Mt Martha	Valuation has been based on direct comparison approach, whereby similar sales at market value have been analysed to determine value.	The price per hectare has been valued by an independent valuation expert as at 30 June 2015. The price per hectare was estimated at \$650,000.	The variance between the previous valuation carried out in June 2014 and the latest valuation was 8% over a year. The previous uplift in value was 5% over 4 years.
Freehold land- France	Valuation has been based on direct comparison approach, whereby similar sales at market value have been analysed to determine value.	The valuation completed by a local independent valuer was based on the component parts of the property. Land values amounted to \$1,000,000. Valuations relating to the buildings, ponds and hunting capital amounted to \$378,000.	The variance between the previous valuation provided by the independent valuer and the latest valuation was a 3% decrease.
		The valuation was completed in Euros and translated at \$1=€0.6866, the exchange rate at the date of the valuation.	Since 30 June 2015 the Euro has appreciated against the Australian Dollar by 3%.
			A 5% change would increase/decrease fair value by \$935,000.
			A 3% change would increase/decrease fair value by \$41,000.
			A 3% change would increase/decrease fair value by \$41,000.

## **Vealls Limited**

ABN 39 004 288 000

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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

Description	Valuation method	Unobservable inputs	Sensitivity
Agricultural & Biological Assets- Trees France	The estimation of the woods is based on the value of inventory taken in 2003 adjusted for growth and cuttings since that date.	<p>The independent valuation was based on estimated cubic metres using current value per cubic metre.</p> <p>The valuation was completed in Euros and translated at \$1=€0.6866, the exchange rate at the date of the valuation.</p>	<p>The value of the woods has increased by 10% between June 2014 and June 2015.</p> <p>Since 30 June 2015 the Euro has appreciated against the Australian Dollar by 3%.</p> <p>A 10% change would increase/decrease fair value by \$369,000.</p> <p>A 3% change would increase/decrease fair value by \$110,000.</p>

#### **Note 6. Income Tax**

The New Zealand Inland Revenue Department, who commenced an audit in November 2012 of Cardrona Ski Resort Limited, has recently been concluded. No additional provision has been required to the amount provided at 30 June 2015.

A provision has been made to cover any potential liability in regard to the company's Singapore interest income.

#### **Note 7: Contingent Liabilities**

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

#### **Note 8: Subsequent events**

In the opinion of the directors there are no matters that may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity in financial years after the half-year ended 31 December 2015.



**Vealls Limited**  
ABN 39 004 288 000

**DIRECTORS' DECLARATION**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Ian Raymond Veall  
Executive Chairman

Melbourne, 22 February 2016

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Vealls Limited

### Report on the Half-Year Financial Report

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

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

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vealls Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

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

### Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

**BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'R Dean', is written over the printed name 'Richard Dean'.

Richard Dean  
Partner

Melbourne, 22 February 2016