

# Appendix 4E

## Preliminary Final Report

### For the Year Ending 30 June 2009

#### Results for announcement to the market

Name of entity:

ABN Reference:

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

**Previous corresponding period**

**30 June 2009**

**30 June 2008**

#### Results for announcement to the market

Key Information	Current period	Previous corresponding period	%	Change	Amount of change
	\$A'000	\$A'000			\$A'000
Revenues	19,531	15,929	23	Up	3,602
Profit after tax from ordinary activities attributable to members	3,655	4,726	23	Down	(1,071)
Net profit attributable to members	3,655	4,726	23	Down	(1,071)

Dividends	Amount per security	Franked amount per security at 30% tax
<b>Interim dividend</b>  Preference shares  Income shares	<b>Record Date:</b> 16 April 2009 <b>Payable:</b> 30 April 2009  0.35 c  4.80 c	NIL c  NIL c
<b>Final dividend</b>  Preference shares  Income shares  Capital shares	<b>Record Date:</b> 15 October 2009 <b>Payable:</b> 31 October 2009  0.35 c  4.80 c  0.50c	NIL c  NIL c  NIL c

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary (Capital) security	\$ 9.34	\$ 8.94

Earnings per share	Current period	Previous corresponding period
Earnings per (Capital) share	38.22 cents	49.16 cents

**Audit of financial statements.**

This report is based on accounts which are in the process of being audited and should be read in conjunction with the attached financial statements and commentary on results for the year ended 30 June 2009.

.....  
(Director)

Date: 31 August 2009

Ian Raymond Veall

## COMMENTS BY DIRECTORS

### 1. Operating results

#### (a) Income

- (i) Revenue was \$14.491m, with Cardrona Ski Resort in New Zealand continuing to be the main contributor (83%).
- (ii) Other Income was \$5.040 m. most of which came from the Sale of the rural property (Rippling Water Station) (82%).

Compared with the previous year total revenue was up by \$3,602m, but excluding the rural property sale, as a one time event, were only marginally higher.

#### (b) Expenses

Higher operating costs were incurred, principally in the operations of Cardrona Ski Resort as the largest activity. In many instances items were the subject of externally imposed price increases that could not be avoided or reduced.

The major expense however was the decrement in the market value of Investments, the main item being the Mt Martha land which accounted for 68% of the total expenses increase.

#### (c) Profit

Consolidated net profit before tax was \$6.687m an increase on the previous year of \$1.517m. The effects of the downward revaluation of agricultural and biological assets and investments in the current year materially affected the comparison.

Income tax expense included capital gains tax applicable to the sale of the rural property and additional deferred tax liabilities following a review of their calculation. The tax rate increased to 45%. As a consequence consolidated net profit after tax was \$1,071 lower than the previous year.

### 2. Balance Sheet

Consolidated assets totaled \$93.772m. The major movements were in cash and cash equivalents and other receivables associated with the sale of the rural property, up \$15.879m, with a decrease in investments, property plant and equipment and agricultural and biological assets of \$8.754m. Total liabilities total \$9.401m – an increase of \$2.377m, mainly due to increased tax liability. The figures illustrate the strong financial position.

### 3. Cash Flows

The statement of Cash Flows shows there was an increase in cash and cash equivalents of \$10.691m. This was generated by the sale of the rural property (\$7.0m) and from other activities (\$5.572) offset by continuing expansion at Cardrona Ski Resort (\$1.573m) and the payment of dividends.

### 4. Dividends

The following final dividends for the year ended 30 June 2009 have been declared payable on 31 October 2009. The dividends are unfranked. But with the resumption of income tax payments, together with capital gains tax, future dividends can be fully franked again.

- Preference Shares 0.35 c per Share
- Income Shares 4.80c per Share
- Capital Shares 0.50c per Share

## 5. Review of Operations

### (a) Ski Field Activities

The 2008 ski season at Cardrona Ski Resort in New Zealand was completed in the second week of October 2008. It was again a good outcome in terms of customer support and snow conditions and management and staff are to be commended on the result achieved.

However, revenue increases were out stripped by operating costs with the financial result below that of the 2007 season. An adverse movement in the New Zealand dollar against the Australian dollar was a contributing factor.

### (b) Investment Activities

Income was derived from interest on deposits with banks in Australia, New Zealand, and Singapore. There was a dramatic and substantial fall in deposit interest rates that commenced in September 2008 and reached a bottom in April 2009. As a result, interest received was substantially reduced by such a fall, but the higher funds available from group operations enabled income to be maintained at the previous year's level.

Deposits were denominated in the following currencies:

- New Zealand dollars (NZD) 8.377m
- US dollars (USD) 1.481m
- Singapore dollars (SGD) 0.928m
- Australian dollars (AUD) 24.507m

Under the economic conditions encountered it was not considered an opportune time to move funds from deposits to alternative investments, although that remains the policy objective. The land at Mt Martha, Vic. suffered a set back in value of \$1.4m in common with other such real estate.

### (c) Agricultural Activities

The Rippling Water Station NSW property was sold and settled, apart from a balance of \$4.683m under extended terms. This was subsequently paid when due.

The Clear Springs Station NSW property, near Jingellic was not sold and continues to operate the cattle business as before. Weather conditions were favourable with pastures and livestock remaining in sound states.

### (d) Forestry Activities

The pine plantations at Rippling Water Station NSW were sold leaving the remaining activity as the French Oak forest (Leyde) near Moulins, France. There was a reduction in its value of about 5% due to adverse European economic conditions.

## 6. Significant features of Operating Performance

- (a) Consolidated profit before tax increased compared with the previous year, but higher income tax expense and decrements in the value of assets, in particular the Mt Martha land, resulted in the after tax figure being \$1.071m less than the previous year.

- (b) The sale of Rippling Water Station NSW was completed and settled apart from a contract balance that has been paid subsequently. Clear Springs Station was not sold and continues in operation as before with livestock, mainly cattle.
- (c) Interest rates on deposits fell substantially over the year with consequent effects on the level of interest received. Higher funds generated by operations largely offset this factor.
- (d) Cardrona Ski Resort increased revenues but higher operating costs, many of which could not be avoided or reduced, left the net profit after tax below last year. The result in AUD term was also adversely affected by the exchange rate.

**7. Other Financial information**

- (a) Basic and diluted Earnings per ordinary share were 38.22 cents compared with 50.35c in the previous year.
- (b) Net tangible asset backing per ordinary share was \$9.34 compared with \$8.94 in the previous year.
- (c) Returns to shareholders (cents per share)
  - Preference share dividends 0.73 c
  - Income share dividends 9.50 c
  - Capital share dividends 0.50 c

(d) Statement of Retained Earnings (Consolidated)

	\$000's
Balance at Beginning of year	48,464
Add Net profit after tax	3,655
Less dividends paid	(308)
Balance at end of year	51,811

**8. Subsequent Events**

The 2009 ski season at Cardrona Ski Resort opened in late June 2009 as scheduled. Heavy initial snow falls provided excellent conditions and these have been maintained with spot snow making in high traffic areas.

A number of snow boarding events have been successfully held, such as, the Burton Open and winter Games, with the FIS World Cup yet to come.

Customer support to date compares well with the previous season. As usual, weather conditions will determine the outcome through to end September.

## Vells Limited ABN 39 004 288 000 and Controlled Entities

### INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Economic Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue	2	14,491	14,466	881	1,717
Other income	2	5,040	1,463	283	749
Raw materials and consumables used		(1,754)	(1,862)	-	-
Employee benefits expense		(3,824)	(3,537)	(77)	(90)
Depreciation and amortisation expense		(1,621)	(1,299)	-	-
Travelling		(296)	(167)	-	-
Advertising		(214)	(214)	-	-
Unrealised foreign exchange gains/(losses)		(21)	-	-	-
Pasture improvement		(43)	(36)	-	-
Fodder		(3)	-	-	-
Increment(Decrement) in value of livestock		(7)	-	-	-
Increment(Decrement) in value of timber		(70)	-	(70)	-
Increment(Decrement) in value of investments		(1,470)	-	(70)	-
Rates and taxes		(200)	(184)	(126)	(104)
Repairs and maintenance		(962)	(783)	-	(5)
Insurance		(272)	(243)	(13)	-
Snow field preparation		(207)	(187)	-	-
Light, power and telephone		(513)	(355)	(1)	(6)
Merchant and bank fees		(175)	(112)	(1)	-
Freight		(31)	(27)	-	-
Interest paid		-	-	-	(292)
Professional costs		(338)	(206)	(91)	(141)
Listing and share registry fees		(27)	(27)	(27)	(27)
Other expenses		(796)	(1,326)	(63)	(53)
Profit/(loss) before income tax		6,687	5,364	616	1,748
Income tax expense		(3,031)	(638)	(366)	102
Profit attributable to members of the parent entity		3,655	4,726	250	1,850
Earnings per share (cents)		38.21	50.35		
Diluted earnings per share (cents)		38.21	50.35		
Dividends per (Income) share (cents)		9.50	9.30		
Dividends per (Preference) share (cents)		0.70	0.70		
Dividends per (Capital) share (cents)		0.50	0.50		

The accompanying notes form part of these financial statements.

## Vealls Limited ABN 39 004 288 000 and Controlled Entities

### BALANCE SHEET AS AT 30 JUNE 2009

	Economic Entity		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	33,958	22,762	1,254	1,916
Trade and other receivables	4,895	627	12	21
Inventories	215	172	-	-
Agricultural and biological assets	1,285	1,231	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>40,353</b>	<b>27,792</b>	<b>1,266</b>	<b>1,937</b>
<b>NON-CURRENT ASSETS</b>				
Investments	14,600	16,801	1,600	1,526
Other financial assets	182	233	47,184	47,237
Property, plant and equipment	35,140	40,630	-	-
Deferred tax assets	92	114	35	66
Agricultural and biological assets	3,356	4,600	3,356	3,232
<b>TOTAL NON-CURRENT ASSETS</b>	<b>53,370</b>	<b>62,378</b>	<b>52,175</b>	<b>52,061</b>
<b>TOTAL ASSETS</b>	<b>93,723</b>	<b>87,170</b>	<b>53,441</b>	<b>53,998</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	3,519	3,132	47,146	47,667
Current tax liabilities	2,706	52	(22)	-
Short-term provisions	256	233	117	113
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,481</b>	<b>3,417</b>	<b>47,241</b>	<b>47,780</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	2,920	3,607	313	269
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,920</b>	<b>3,607</b>	<b>313</b>	<b>269</b>
<b>TOTAL LIABILITIES</b>	<b>9,402</b>	<b>7,024</b>	<b>47,554</b>	<b>48,049</b>
<b>NET ASSETS</b>	<b>84,321</b>	<b>80,146</b>	<b>5,887</b>	<b>5,949</b>
<b>EQUITY</b>				
Issued capital	1,235	1,235	1,235	1,235
Reserves	31,275	30,447	1,732	1,733
Retained earnings	51,811	48,464	2,920	2,981
<b>TOTAL EQUITY</b>	<b>84,321</b>	<b>80,146</b>	<b>5,887</b>	<b>5,949</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR YEAR ENDED 30 JUNE 2009**

	Share Capital \$'000	Retained Profits \$'000	General Reserve \$'000	Asset Replacement Reserve \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	Foreign Currency Translation \$'000	Total \$'000
<b>Economic Entity</b>								
<b>Balance at 1 July 2007</b>	1,235	44,328	5,981	4,331	12,515	10,425	1,389	80,204
Profit attributable to members of parent entity	-	4,726	-	-	-	-	-	4,726
Gain (loss) on translation of overseas controlled entities	-	-	-	-	-	-	(4,482)	(4,482)
Transfer to and from reserves	-	(288)	-	288	-	-	-	-
Sub-total	1,235	44,766	5,981	4,619	12,515	10,425	(3,093)	80,448
Dividends paid	-	(302)	-	-	-	-	-	(302)
<b>Balance at 30 June 2008</b>	1,235	48,464	5,981	4,619	12,515	10,425	(3,093)	80,146
Profit attributable to members of parent entity	-	3,655	-	-	-	-	-	3,655
Gain (Loss) on translation of overseas controlled entities	-	-	-	-	-	-	828	828
Transfer to and from reserves	-	-	-	-	(1,567)	1,567	-	-
Sub-total	1,235	52,119	5,981	4,619	10,948	11,992	(2,265)	84,629
Dividends paid	-	(308)	-	-	-	-	-	(308)
<b>Balance at 30 June 2009</b>	1,235	51,811	5,981	4,619	10,948	11,992	(2,265)	84,321
<b>Parent Entity</b>								
<b>Balance at 1 July 2007</b>	1,235	1,436	987	-	745	-	-	4,403
Profit attributable to members of parent entity	-	1,850	-	-	-	-	-	1,850
Sub-total	1,235	3,286	987	-	745	-	-	6,253
Dividends paid	-	(302)	-	-	-	-	-	(302)
<b>Balance at 30 June 2008</b>	1,235	2,984	987	-	745	-	-	5,951
Profit attributable to members of parent entity	-	244	-	-	-	-	-	244
Sub-total	1,235	3,228	987	-	745	-	-	6,195
Dividends paid	-	(308)	-	-	-	-	-	(308)
<b>Balance at 30 June 2009</b>	1,235	2,920	987	-	745	-	-	5,887



**CASH FLOW STATEMENT  
FOR YEAR ENDED 30 JUNE 2009**

	Note	Economic Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts from customers		19,632	13,353	-	-
Payments to suppliers and employees		(14,930)	(10,404)	(389)	(831)
Proceeds from sale of agricultural assets		-	1,356	-	-
Income tax received (paid)		(995)	(1,089)	(316)	-
Net cash provided by operating activities		<u>3,706</u>	<u>3,216</u>	<u>(705)</u>	<u>(831)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received		1,863	1,874	86	112
Dividends received		3	5	795	1,604
Proceeds from sales of Property plant and equipment		7,000	17	-	-
(Purchase of) / Proceeds from Investments		-	6,010	-	-
Purchase of property, plant and equipment		(1,573)	(6,786)	-	-
Net cash provided by (used in) investing activities		<u>7,293</u>	<u>1,120</u>	<u>881</u>	<u>1,716</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Repayment of Borrowings		-	-	(526)	-
Loans advanced to controlled entities		-	-	-	(660)
Dividends paid		(308)	(302)	(308)	(302)
Net cash provided by (used in) financing activities		<u>(308)</u>	<u>(302)</u>	<u>(835)</u>	<u>(962)</u>
Net (decrease) / increase in cash held		10,691	4,034	(659)	(77)
Cash at beginning of year		22,773	19,627	1,916	1,993
Effects of exchange rate changes on cash		494	(899)	(2)	-
Cash at end of year		<u><u>33,958</u></u>	<u><u>22,762</u></u>	<u><u>1,254</u></u>	<u><u>1,916</u></u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

<b>NOTE 2: REVENUE</b>	<b>Economic Entity</b>		<b>Parent Entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
(a) Revenue				
— sale of goods	3,126	2,943	-	-
— from services	10,194	9,588	-	-
	13,320	12,531	-	-
Dividend income from:				
— other corporations	3	4	1	3
— Wholly owned subsidiaries	-	-	794	1,601
	4	4	795	1,604
Interest income from:				
— other persons/corporations	1,870	1,875	86	113
	1,870	1,875	86	113
— Rent	120	22	-	-
— Sundry income	89	34	-	-
Total Revenue	15,402	14,466	881	1,717
(b) Other income				
Net increment in the net market value of Agricultural and biological assets				
— Livestock	-	924	-	-
Net increment in the net market value of Investments	-	25	-	25
Gain on disposal of property, plant and equipment	3,576	25	-	-
	3,576	974	-	25
Unrealised foreign currency gain	553	162	283	162
Realised foreign currency gain		327		562
Other income		-		-
Total other income	4,129	1,463	283	749

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 3: PROFIT FROM ACTIVITIES	Economic Entity		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Expenses</b>				
Cost of sales	1,723	1,862	-	-
Bad and doubtful debts:				
— Trade receivables	-	71	-	-
Total bad and doubtful debts		71	-	-
Rental expense on operating leases				
— Minimum lease payments	82	85	43	43
Depreciation of non-current assets				
— plant and equipment	1,256	926	-	-
— buildings	365	373	-	-
	1,621	1,299	-	-
<b>(b) Net decrement(increment) in the net market value of Agricultural and biological assets</b>				
Livestock	7	-	-	-
Standing Timber	69	-	69	-
	76	-	69	-
<b>(c) Net decrement(increment) in value of investments</b>	70	-	70	-
<b>(d) Net decrement(increment) in value of Mt Martha land</b>	1,400	-	-	-

**NOTE 24: SEGMENT INFORMATION**

	2009				2008			
	Skifield	Investment	Agricultural	Consolidated	Skifield	Investment	Agricultural	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>								
Sales to customers outside consolidated entity	12,108		1,212	13,320	12,298	-	1,233	12,531
Other revenues from customers outside the consolidated entity	314	1,725	4,172	6,211	299	1,484	1,615	3,398
Total segment revenue	<u>12,422</u>	<u>1,725</u>		<u>19,531</u>	<u>11,597</u>	<u>1,484</u>	<u>2,848</u>	<u>15,929</u>
Unallocated revenue				-				-
Total consolidated revenue				<u>19,531</u>				<u>15,929</u>
<b>RESULT</b>								
Segment result	<u>2,838</u>	<u>(195)</u>	<u>4,043</u>	<u>6,687</u>	<u>3,039</u>	<u>1,474</u>	<u>851</u>	<u>5,364</u>
Unallocated expenses				-				-
Consolidated entity profit before income tax expense				<u>6,687</u>				<u>5,364</u>
<b>ASSETS</b>								
Segment assets	<u>30,729</u>	<u>41,784</u>	<u>21,210</u>	<u>93,723</u>	<u>29,571</u>	<u>40,366</u>	<u>17,233</u>	<u>87,170</u>
Unallocated assets				-				-
Total assets				<u>93,723</u>				<u>87,170</u>
<b>LIABILITIES</b>								
Segment liabilities	<u>5,117</u>	<u>543</u>	<u>3,742</u>	<u>9,402</u>	<u>4,276</u>	<u>563</u>	<u>2,185</u>	<u>7,024</u>
Unallocated liabilities				-				-
Total liabilities				<u>9,402</u>				<u>7,024</u>

**NOTE: 24 SEGMENT INFORMATION**

(Continued)

	2009				2008			
	Skifield	Investment	Agricultural	Consolidated	Skifield	Investment	Agricultural	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OTHER</b>								
Acquisition of non-current segment assets	1,571		2	1,573	1,736	-	-	1,736
Depreciation and amortisation of segment assets	1,572		49	1,621	1,241	-	59	1,299

**Accounting Policies**

Segment revenue and expenses are those directly attributable to the segment. Segment assets include all assets used by a segment and consist principally of cash, receivables, term deposits and property, plant and equipment, net of allowances and accumulated depreciation. Segment liabilities consist principally of payables and employee benefits.

**Geographical segments**

The ski-field operations are conducted in New Zealand. The other segments operations are conducted principally in Australia.