

Appendix 4D

Half yearly report

Rule 4.2A.3

Name of entity:

ABN Reference:

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

Current period

Previous corresponding period

Half year 31 December 2010

Half year 31 December 2009

Results for announcement to the market

Key Information	Current period	Previous corresponding period		% Change		Amount of change
	\$A'000	\$A'000				\$A'000
Revenues from ordinary activities	14,376	13,387		7.4		989
Profit (loss) from ordinary activities after tax attributable to members	4,817	4,517		6.6		300
Net profit (loss) for the period attributable to members	4,817	4,517		6.6		300


Dividends	Amount per security	Franked amount per security at 30% tax
Interim dividend		
Preference shares	0.35c	0.35c
Income shares	5.00c	5.00c

Record Date: 18th April 2011
Payable: 29th April 2011

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary (Capital) security	\$10.47	\$9.84

Compliance Statement

This report should be read in conjunction with the annual financial report for the year ended 30 June 2010.


 Date: 25th February 2011
 Ian Raymond Veall (Director)

Vealls Limited
ABN 39 004 288 000

Vealls Limited

ABN 39 004 288 000



Half-Year Financial Report

For the half-year ended 31 December 2010

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. Finance Pty Ltd
V.L. Pastoral Pty Ltd
V.L. Investments Pty Ltd
V.L. Credits Pty Ltd
Swintons Pty Ltd
Tunrove Pty Ltd

(Incorporated in New Zealand)

Cardrona Ski Resort Ltd
Vealls (NZ) Limited

(Incorporated in Singapore)

Vealls (Singapore) Pte Ltd

Directors

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

Company Secretary

Duncan Reginald Veall

Registered Office

1st Floor
484 Toorak Road
Toorak Vic 3142
Telephone +61 3 9827 4110
Facsimile +61 3 9827 4112

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone 61 8 9315 2333
Facsimile 61 8 9315 2233

Auditors

RSM Bird Cameron Partners
Chartered Accountants
Level 8
Rialto Sth Tower
525 Collins Street
Melbourne
VIC 3000

Stock Exchange Listing

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

Vealls Limited

ABN 30 004 288 000

Director's Report

Your directors present their report for the half-year ended 31 December 2010.

DIRECTORS

The names of each person who was a director of the company during the period 1 July 2010 to the date of this report are as shown below. Each director was in office for the whole period.

Name

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

Review and results of operations

Operating Results

Revenue

Total revenue for the half-year was \$14.384m with the greater part contributed by Cardrona Ski Resort in New Zealand.

Profit

Consolidated net profit was \$4.817m, after income tax expense of \$1.919m.

Cash flows

Net cash flows were \$3.602m.

Summary

Compared with the previous corresponding period revenues increased by 7.4% overall, although there were only minor cattle sales made at the rural property as rising prices were forecast. While net profit for the period increased by 6.6% the section headed "Other Comprehensive Income" showed a negative result of \$3.151m. This was almost wholly due to the appreciation of the Australian dollars against the Euro and, more particularly, the New Zealand dollar as well as how it was treated under Accounting Standards.

It should be noted that such translations of foreign currencies to Australian dollars are the result either of an actual cash transaction or of book entries in the accounts to reflect the value at balance date of assets and liabilities denominated in a foreign currency- which is the company's position.

Skifield Activities

The 2010 ski season at Cardrona Ski Resort in the South Island of New Zealand between Wanaka and Queenstown opened with good snow cover and favorable weather conditions. Operations were successfully carried out by management and staff who are commended on their efforts; and were it not for the adverse weather conditions experienced in September would have shown even better financial results.

Vealls Limited

ABN 30 004 288 000

Director's Report - continued

Investment Activities

Income was derived from interest on deposits with reputable trading banks that stood at \$42.0m at balance date.

Interest rates on funds invested in Singapore dollars, US dollars and the Euro continued to earn either low or very low returns. Such rates on Australian dollar funds on the other hand, which account for most of the funds employed, showed an increasing trend.

Agricultural Activities

Conditions at Clear Springs Station, located between Tumbarumba and Jingelic in southern New South Wales, were very good with abundant rainfall promoting pasture growth. Angus cattle numbers at balance date totaled 1,329, excluding the season's calves that are in the process of acquiring value.

Forestry

The French Oak forest (Leyde) near Moulins, France continued in good condition under its management plan, but the adverse movement in the Euro/Australian dollar exchange rate caused foreign currency translation loss for accounting purposes.

Events after the balance sheet date

Following the decision to withdraw from agricultural activities and the subsequent sale of Rippling Water Station, the remaining property of Clear Springs Station has continued with a cattle breeding operation.

It has now been decided to wind down this activity by progressively disposing of all livestock, plant and equipment etc. and to lease the property pending its sale.

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.

Signed in accordance with a resolution of the directors.



Ian Raymond Veall
Executive Chairman

Melbourne, 25th February 2011

Vealls Limited

ABN 30 004 288 000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31.12.2010 \$000	31.12.2009 \$000
Revenue	14,376	13,387
Other Income	8	467
Total Revenue	14,384	13,854
Less Expenses:		
Cost of Sales	(850)	(1,143)
Employee benefits expense	(3,315)	(3,137)
Depreciation expense	(893)	(906)
Advertising and Promotion	(59)	(55)
Unrealised Foreign Exchange Gains / (Losses)	(126)	(52)
Transport costs	(224)	(216)
Rates and taxes	(39)	(45)
Rent	(43)	(51)
Repairs and maintenance	(455)	(360)
Insurance	(282)	(255)
Skifield preparation & Events	(131)	(155)
Light, power and telephone	(405)	(362)
Professional costs	(104)	(103)
Listing & share registry fees	(18)	(18)
Merchant & bank fees	(252)	(171)
Other expenses	(452)	(514)
Total Expenses	7,648	7,543
Profit before income tax expense	6,736	6,311
Income tax expense	(1,919)	(1,840)
Net Profit for the period	4,817	4,471
Other comprehensive income:		
Fair value Gains / (Losses)		
Available for Sale Financial Assets	86	21
Investment Properties	(115)	(126)
Agricultural and Biological Assets	(246)	151
Foreign Currency Translation	(2,876)	34
Total other comprehensive income for the period	(3,151)	80
Total Comprehensive Income for the period	1,666	4,551
Earnings per share	52.73c	49.39c
Diluted earnings per share	52.73c	49.39c

Vealls Limited

ABN 30 004 288 000

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	31.12.2010 \$'000	30.06.2010 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	42,165	39,515
Trade and other receivables	294	304
Inventories	75	206
Agricultural & biological assets	1,256	1,260
Total Current Assets	43,790	41,285
Non-current assets		
Investment properties	15,603	15,718
Available-for-sale financial assets	309	224
Property, plant and equipment	38,437	40,486
Deferred tax assets	96	96
Agricultural & biological assets	2,572	2,818
Total non-current assets	57,017	59,342
TOTAL ASSETS	100,807	100,627
LIABILITIES		
Current Liabilities		
Trade and other payables	1,032	3,753
Income Tax Payable	1,875	693
Provisions	374	267
Total current liabilities	3,281	4,713
Non-current liabilities		
Trade and other payables	434	188
Deferred tax liabilities	2,763	2,882
Total non-current liabilities	3,197	3,070
TOTAL LIABILITIES	6,478	7,783
NET ASSETS	94,329	92,844
EQUITY		
Contributed Equity	1,235	1,235
Reserves	33,213	36,089
Retained earnings	59,881	55,520
TOTAL EQUITY	94,329	92,844

Vealls Limited

ABN 30 004 288 000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Share Capital \$'000	Retained Profits \$'000	General Reserve \$'000	Asset Replacement Reserve \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	Foreign Currency Translation \$'000	Total \$'000
Balance at 1 July 2009	1,235	51,811	5,981	4,619	10,948	11,992	(2,265)	84,321
Profit for the period	-	4,471	-	-	-	-	-	4,471
Other comprehensive income	-	46	-	-	-	-	34	80
Total comprehensive income for the period	-	4,517	-	-	-	-	-	4,551
Dividends paid	-	(178)	-	-	-	-	-	(178)
Balance at 31 December 2009	1,235	56,150	5,981	4,619	10,948	11,992	(2,231)	88,694
Balance at 1 July 2010	1,235	55,520	5,981	4,619	15,514	11,992	(2,017)	92,844
Profit for the period	-	4,817	-	-	-	-	-	4,817
Other comprehensive income	-	(275)	-	-	-	-	(2,876)	(3,151)
Total comprehensive income for the period	-	4,542	-	-	-	-	(2,876)	1,666
Dividends paid	-	(181)	-	-	-	-	-	(181)
Balance at 31 December 2010	1,235	59,881	5,981	4,619	15,514	11,992	(4,893)	94,329

Vealls Limited

ABN 30 004 288 000

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	31.12.2010 \$'000	31.12.2009 \$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	11,432	14,679
Payments to suppliers and employees (inclusive of GST)	(7,597)	(10,858)
Income tax paid	(775)	(3,002)
Net cash provided by operating activities	<u>3,060</u>	<u>819</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	983	708
Dividends received	1	2
Purchase of Property, plant and equipment	(278)	(711)
Proceeds from sale of Property plant and equipment	16	4,719
Net cash provided by (used in) investing activities	<u>722</u>	<u>4,718</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(180)	(178)
Net cash provided by (used in) financing activities	<u>(180)</u>	<u>(178)</u>
Net (decrease) / increase in cash held	3,602	5,359
Cash and cash equivalents at beginning of year	39,514	33,958
Effects of exchange rate changes on cash	(951)	105
Cash and cash equivalents at end of year	<u>42,165</u>	<u>39,422</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

Note 1: Basis of preparation and accounting policies

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Reporting* and the Corporations Act 2001.

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 2010 and considered together with any public announcements made by Vealls Limited during the half-year ended 31 December 2010 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.

Note 2: Operating segments

Identification of reportable segments.

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

Description of each segment.

Skifield.

The skifield business is operated by Cardrona Ski Resort Ltd. in the South Island of New Zealand, between Wanaka and Queenstown.

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 is based at the Clear Springs Station near Jingellic NSW, primary as a cattle breeding operation, and forestry in France.

Major Customers

The Group does not have any one customer which it provides products and services amounting to more than 10% of the Group revenue.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

Accounting Policies

The tables in note 5 represent revenue and profit information for reportable segments for the half-year ended 31 December 2010 and 2009.

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.

	31.12.2010	31.12.2009
	\$'000	\$'000
Note 3: Dividends		
Distributions paid		
Previous year dividends paid on 29 October 2010:		
i) Unfranked dividend on preference shares of 0.35 cents per share (2009: unfranked 0.35 cents per share)	1	1
ii) Unfranked dividend on income shares of 4.90 cents per share (2009: unfranked 4.80 cents per share)	136	133
iii) Unfranked dividend on capital shares of 0.50 cents per share (2009: unfranked 0.50 cents per share)	44	44
	181	178
Dividends proposed but not recognised as a liability payable:		
i) Fully franked dividend on preference shares of 0.35 cents per share (2010 unfranked 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 5.00 cents per share (2010 unfranked 4.90 cents per share)	138	136
	139	137
	31.12.2010	31.12.2009
	\$'000	\$'000
Note 4: Cash and cash equivalents		
Cash at bank and in hand	114	63
Short-term bank deposits	42,051	39,359
Total	42,165	39,422
Reconciliation to cash flow statement	42,165	39,422

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

Note 5: Segment Information

31 December 2010

	Skifield \$'000	Investments \$'000	Agriculture \$'000	Total \$'000
Segment Revenue:				
Sales to external customers	13,407		2	13,409
Other revenue	170	726	71	967
Total segment revenue (as per statement of comprehensive income)	13,577	726	73	14,376
Result:				
Segment result (net profit before tax per the statement of comprehensive income)	6,418	391	(73)	6,736
Assets:				
Segment operating assets (as per statement of financial position)	37,536	50,156	13,115	100,807

31 December 2009

	Skifield \$'000	Investments \$'000	Agriculture \$'000	Total \$'000
Segment Revenue:				
Sales to external customers	12,614		349	12,963
Other revenue		424		424
Total segment revenue (as per statement of comprehensive income)	12,614	424	349	13,387
Result:				
Segment result (net profit before tax per the statement of comprehensive income)	6,116	(146)	387	6,357
Assets:				
Segment operating assets (as per statement of financial position)	33,321	37,970	22,319	93,610

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

Note 6: Commitments and contingencies

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below.

After reporting date Cardrona Ski Resort Limited in New Zealand has entered into a commitment for the installation of plant and equipment in the order of NZD 2.0m.

Note 7: Events after the balance sheet date

Following the decision to withdraw from agricultural activities and the subsequent sale of Rippling Water Station, the remaining property of Clear Springs Station has continued with a cattle breeding operation.

It has now been decided to wind down this activity by progressively disposing of all livestock, plant and equipment etc. and to lease the property pending its sale.

Vealls Limited

ABN 39 004 288 000

DIRECTORS' DECLARATION

In the opinion of the directors of Vealls Limited:-

- (a) The financial statements and notes of consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

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

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



Ian Raymond Veall
Executive Chairman

Melbourne, 25th February 2010

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Vealls Limited for the half year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

J S Croall

J S CROALL
Partner

Dated: 25 February 2011
Melbourne, Victoria

RSM Bird Cameron Partners
Level 8 Rialto South Tower
525 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 1800 F +61 3 9286 1999
www.rsmi.com.au

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 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year 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 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 financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2010 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.

Liability limited by a
scheme approved
under Professional
Standards Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms. RSM International is the name given to a network of independent accounting and consulting firms each of which practices in its own right. RSM International does not exist in any jurisdiction as a separate legal entity.

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 2010 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*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Chartered Accountants

J S Croall

J S CROALL

Partner

Dated: 25 February 2011
Melbourne, Victoria