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

28 October 2013

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 2013 follows.

Yours faithfully

Duncan Veall
Company Secretary

Vealls Limited

ABN 39 004 288 000

Annual Financial Report

For the year ended 30 June 2013

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)
Robert Sidney Righetti (Non-executive Director)
Duncan Reginald Veall (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 21
55 Collins 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 sixty-third Annual General Meeting of members of Vealls Limited will be held at Level 7, 500 Collins Street, Melbourne, Victoria, on Friday 29 November 2013 at 10.30 a.m.

Business

1. To elect a director:

   In accordance with article 99 of the company's constitution Mr Robert Sidney Righetti retires by rotation, and, being eligible, offers himself for re-election as a director.

2. To adopt the Remuneration Report.

3. To transact any other business that may be brought before the meeting in accordance with the company's constitution.

Special Business

4. Appointment of Auditor:

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

   "That subject to the consent of the Australian Securities and Investments Commission to the resignation of RSM Bird Cameron Partners as auditor, BDO be appointed auditor of the company effective from the conclusion of the 2013 Annual General Meeting."

By Order of the Board

Duncan R Veall
Company Secretary

18 October 2013

Notes:

Item 4: An explanatory note on the appointment of auditor is on page 3.

Proxies
A member entitled to attend and vote at the meeting is entitled to appoint a proxy. A member entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. A proxy need not be a member of the company. Proxies must be received by the company not later than 48 hours before the meeting. A form of proxy is provided with this notice.

Explanatory Note – Appointment of Auditor

The company has conducted a Tender for its statutory audit requirements for the financial year ending 30 June 2013 and beyond. The Audit Committee reviewed all tenders received and interviewed the tenderers.

Following this process and further discussion, the directors then decided that BDO was the successful tenderer and to recommend to shareholders that it be appointed as the company's auditor, subject to the resignation of the current auditor pursuant to section 329(5) of the Corporations Act.

Also, pursuant to section 328B(1) of the Corporations Act a shareholder, Mr Duncan Veall has nominated BDO for the appointment as auditor of the company. A copy of his letter is set out below pursuant to section 328(3) of the Corporations Act.

Letter of Nomination

18 October 2013

Vealls Limited
Level 1
484 Toorak Road
Toorak VIC 3142

Dear Sirs,

NONIMATION OF AUDITOR

In accordance with section 328 of the Corporations Act, I, Duncan Veall, being a Member of Vealls Limited, hereby nominate BDO as auditor of the company at the Annual General Meeting to be held on 29 November 2013.

Yours faithfully,

Duncan Veall

Director's Report

The directors present this report on the consolidated entity of Vealls Limited in respect of the year ended 30 June 2013.

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 89; Director since 1956, Managing Director 1961-1996, Chairman since 1966, 64 years experience with the company. Special responsibilities: Investments and Finance.

Martin Charles Veall, Diploma of Farm Management (Marcus Oldham College) – Executive Director.
Age 60; Director since 1989, 42 years experience in farm management. Special responsibilities: Agriculture and Forestry. Audit Committee.

Robert Sidney Righetti, Chartered Accountant – Non-executive Director.
Age 63, Director since 1996, Formerly Partner, Pannell Kerr Forster (Melbourne Partnership) Chartered Accountants, 42 years experience in accounting and auditing. Special responsibilities: Audit Committee.

Duncan Reginald Veall, B.Ec. (Monash) – Executive Director.
Age 57, Director since 1999, 24 years experience with the company. Special responsibilities: Cardrona Alpine Resort (New Zealand).

COMPANY SECRETARY

Duncan Reginald Veall, B.Ec. (Monash)
Appointed 2000. 24 years experience with the company.

Interest in the shares of the company

As at the date of this report, the interests of the directors in the shares of Vealls Limited were:

	Capital Shares	Income Shares	Preference Shares
IAN RAYMOND VEALL			
Shares held in own name	155,890	-	-
Shares held in name of another entity of which he is a member or director:			
Ijack Pty Ltd	7,000,000	-	-
Shirvell Pty Ltd	-	1,364,820	-
Winmardun Pty Ltd	748,000	-	-
Farex Pty Ltd	-	589,879	-
	7,903,890	**1,954,699**	-
MARTIN CHARLES VEALL			
Shares held in own name	1,800	-	-
Shares held in name of another entity of which he is a member or director:			
Winmardun Pty Ltd	748,000	-	-
Farex Pty Ltd	-	589,879	-
	749,800	**589,879**	-

Director's Report continued

	Capital Shares	Income Shares	Preference Shares
ROBERT SIDNEY RIGHETTI			
Shares held in own name	**500**	**-**	**-**
DUNCAN REGINALD VEALL			
Shares held in own name	-	-	26,408
Shares held in name of another entity of which he is a member or director:			
Winmardun Pty Ltd	748,000	-	-
DRV Superannuation Fund	-	-	3,650
	748,000	**-**	**30,058**

PRINCIPAL ACTIVITIES

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

1. **Revenue**
   Total revenue for the year was $14.646m, most of which was derived from New Zealand operations as has been the position in recent years – in particular from Cardrona Alpine Resort that operated under favourable conditions.

2. **Profit**
   Consolidated net profit was $3.440m after income tax expense of $0.732m. Other comprehensive income totalled $4.194m and reflected foreign currency exchange rates, especially the NZD/AUD rate, that translated into higher AUD figures.

3. **Cash Flows**
   Net cash flow was $4.947m.

4. **Financial Position**
   Total assets increased by $8.477m and total liabilities by $1.173m; the net movement representing the addition to shareholder funds of $7.304m. In each case, the favourable foreign currency exchange rates against the AUD increased the amounts involved.

5. **Dividends**
   Final dividends of 0.35c on preference shares, 5.20c on income shares and 0.50c on capital shares have been declared payable on 31 October 2013. The dividends are fully franked at a tax rate of 30%.

6. **Review of Operations**

   (a) Skifield activities

   The 2012 ski season at Cardrona Alpine Resort, New Zealand, as was reported for the half year ended 31 December 2012, showed improved results both in terms of revenue and net income compared with the previous year when snow conditions were poor. The contribution of management and staff is noted and acknowledged as an important factor in the ski-field's operations.

   (b) Investment Activities

   Interest received from short term deposits with a number of trading banks declined as a result of the downward movement in interest rates over the period; even though the monetary amounts increased. This trend has been evident for some time now with global financial conditions the fundamental cause of the course of such rates.

   Available for sale financial assets comprising stock exchange listed shares, fell by $0.79m but remained above original cost.

Directors' Report continued

(c) Agricultural Activities

Clear Springs Station near Jingellic, NSW operated on an agistment basis over the period pending the intended sale of the property.

(d) Forestry Activities

The French Oak Forest property near Moulins, France continued to record expected growth rates in the trees. The movement in the Euro/AUD exchange rate translated to higher AUD values.

7. Significant features of Operating Performance

(a) Consolidated profit benefited from the operations of the Cardrona ski-field in New Zealand being carried on under generally favourable snow conditions; while on the other hand the return from funds invested in short term deposits continued to decline. Other operations were steady as expected.

(b) The depreciation of the Australian dollar, particularly against the New Zealand dollar, had favourable effects through the translation to AUD of both income and asset carrying values denominated in foreign currencies.

8. Board Review

The Board completed a review of its corporate strategies that had been foreshadowed by the Chairman at the Annual General Meeting held on 23 November 2012 and announced by it to the ASX in accordance with listing rules on 12 February 2013.

The Board also advised that, subject to then prevailing economic conditions and any necessary approvals, it intended to implement the strategic review through a number of steps 1 - 5.

Step 1 involved the winding up of operations of those subsidiaries that do not conduct material business by 30 June 2013.

The necessary actions to take this step have been taken.

Step 2 involved the company commencing the process of disposing of subsidiaries that do conduct material business by 30 June 2013.

Action has been commenced in relation to Vealls (Singapore) Pte Ltd, namely, the sale of Cardrona Alpine Resort in New Zealand through an expression of interest process that has advanced to the final negotiations with the preferred bidder, Real Journeys Limited.

Step 3 involved the company in disposing of certain subsidiaries over a 1 - 2 year period.

Action has been taken in relation to V.L Pastoral Pty Ltd, namely, for the sale of Clear Springs Station in NSW and negotiations are in progress with a potential purchaser.

9. Other Financial Information

(a) Basic and diluted earnings per ordinary share were 35.54c compared with 19.58c in the prior year.

(b) Net tangible asset backing per ordinary share was $11.52 compared with $10.70 in the previous year.

(c) Returns to shareholders (cents per share)

• Preference share dividends	0.70c
• Income share dividends	10.30c
• Capital share dividends	0.50c

Directors' Report continued

(d) Statement of Retained Earnings (Consolidated)

	000's
Balance at beginning of year	$62,989
Add – profit after tax	3,440
Add - Transfer within equity	524
Less – dividends paid	(330)
Balance at end of year	$66,623

10. Subsequent events

(a) The ASX informed the company that under Listing Rule 11.2 a necessary approval by shareholders was required for the sale of Cardrona Alpine Resort. Accordingly, a general meeting of the company was called for 6 September 2013 for this particular purpose as well as to approve of other components of the steps to be implemented. The meeting was duly held and each resolution was passed by shareholders and advised to the ASX.

(b) The 2013 ski season at Cardrona Alpine Resort opened as usual in late June 2013. Since then snow conditions have been good and operations are proceeding as expected.

It is too early to indicate how the season will develop as there are the usual weather and other factors that cannot be foreseen and that can have material effects.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Within the knowledge of the directors, there are no likely developments in the operations of the consolidated entity in financial years after the financial year ended 30 June 2013 except as referred to and to be inferred from this Report.

Both Cardrona Ski Resort in New Zealand and the rural property in New South Wales are subject to weather conditions that can affect their operations for better or worse.

The directors consider at this time it is impractical to be more specific about the effects on the consolidated entity's operations and results in subsequent years.

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.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year the company paid a premium in respect of a contract insuring all directors and officers (including employees) of the company and related bodies corporate against certain liabilities stated in the contract. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

REMUNERATION REPORT

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.

Directors' Report continued

(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 emoluments 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 balance sheet 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 adverse to rain and snowfall. 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 directors. Conversely, an "above average" rating is highly likely to lead to an increase in the emolument of a director or executive officer.

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:	2009	2010	2011	2012	2013
Net Profit ('000's)					
Before tax	6,686	5,210	4,529	2,688	4,172
After tax	3,655	4,023	5,341	2,018	3,440

Directors' Report continued

(b) Shareholder Wealth

Year ended 30 June:	**2009**	**2010**	**2011**	**2012**	**2013**
(1) Dividends -					
Preference shares	0.70c	0.70c	0.70c	0.70c	0.70c
Income shares	9.50c	9.70c	9.90c	10.10c	10.30c
Capital shares	0.50c	0.50c	0.50c	0.50c	0.50c
(2) Share Price *					
Preference shares	0	0	0	0	0
Income shares	- 20c	+45c	-40c	+15c	+ 60c
Capital shares	- 225c	+5c	+120c	+145c	+ 70c

* Change in the price between beginning and end of year

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	8	8	-	-
Martin Charles Veall	8	5	2	2
Robert Sidney Righetti	8	7	2	2
Duncan Reginald Veall	8	6	-	-

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:

2013

DIRECTORS	**Short- term benefits**		**Post – employment benefits**			
	Cash, salary and commissions	**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	2,837	9,919	-	-	103,756
	212,421	**2,837**	**17,894**	**1,441**	**-**	**234,593**

Directors' Report continued

2012

DIRECTORS	Short- term benefits		Post – employment benefits			Total
	Cash, salary and commissions	Non-cash benefits	Super-annuation	Long – term benefits	Other benefits	
	$	$	$	$	$	$
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	2,837	9,919	-	-	103,756
	212,421	**2,837**	**17,894**	**1,441**	**-**	**234,593**

Note: (a) With the exception of Mr R S Righetti who is a non-executive director, each of the above named are also the only executive officers of the company and the consolidated entity.

AUDITOR'S INDEPENDENCE DECLARATION

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

AUDIT REPORT

The Independent Auditor's Report contains a Qualified Opinion on the company's Financial Report for the year ended 30 June 2013.
The directors do not believe the Basis for Qualified Opinion expressed therein is factually correct, including in particular that Australian Accounting Standards have not been complied with.

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, 30th September 2013

RSM Bird Cameron Partners
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PO Box 248 Collins Street West VIC 8007
T +61 3 9286 8000 **F** +61 3 9286 8199
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Vealls Limited for the year ended 30 June 2013, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

J S CROALL
Partner

Melbourne, VIC
Dated: 30 September 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	Economic Entity 2013 $000	2012 $000
Revenue	2	14,646	13,520
Cost of Sales		(748)	(712)
Employee benefits expense		(4,157)	(4,271)
Depreciation expense		(1,570)	(1,976)
Advertising and Promotion		(195)	(210)
Foreign exchange loss		(5)	-
Pasture improvement		(50)	-
Transport costs		(414)	(504)
Rates and taxes		(212)	(199)
Repairs and maintenance		(393)	(729)
Insurance		(299)	(305)
Skifield preparation & events		(405)	(444)
Light, power and telephone		(604)	(609)
Professional costs		(619)	(180)
Listing & share registry fees		(40)	(36)
Merchant & bank fees		(361)	(288)
Other expenses		(402)	(369)
Profit before income tax expense		**4,172**	**2,688**
Income tax (expense)/benefit	4	(732)	(670)
Profit after tax		**3,440**	**2,018**
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Exchange differences arising on translating foreign operations		4,253	66
Gains (losses) arising from available-for-sale financial assets		(78)	(54)
Gains (losses) arising from agricultural and biological assets		19	163
Other comprehensive income for the year, net of tax		**4,194**	**175**
Total comprehensive income for the year		**7,634**	**2,193**
Earnings per share	21	35.54 cents	19.58 cents
Diluted earnings per share		35.54 cents	19.58 cents

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

		Economic Entity	
	Note	2013 $000	2012 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	50,908	44,467
Non-current assets classified as held for sale	28	37,453	-
Trade and other receivables	8	606	225
Inventories	11	346	186
Agricultural & biological assets	9	4	9
TOTAL CURRENT ASSETS		**89,317**	**44,887**
NON-CURRENT ASSETS			
Investment properties	10	15,776	15,607
Available for sale financial assets	12	240	319
Property, plant and equipment	13	-	36,681
Deferred tax assets	16	371	107
Agricultural & biological assets	9	2,898	2,524
TOTAL NON-CURRENT ASSETS		**19,285**	**55,238**
TOTAL ASSETS		**108,602**	**100,125**
CURRENT LIABILITIES			
Trade and other payables	15	3,558	2,555
Income Tax Payable		130	31
Provisions	17	395	369
TOTAL CURRENT LIABILITIES		**4,083**	**2,955**
NON-CURRENT LIABILITIES			
Trade and other payables		-	-
Deferred tax liabilities	16	861	816
TOTAL NON-CURRENT LIABILITIES		**861**	**816**
TOTAL LIABILITIES		**4,944**	**3,771**
NET ASSETS		**103,658**	**96,354**
EQUITY			
Issued capital	18	1,235	1,235
Reserves		35,800	32,130
Retained earnings		66,623	62,989
TOTAL EQUITY		**103,658**	**96,354**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	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 2011*	1,235	60,542	5,981	4,619	14,867	11,992	(4,751)	94,485
Profit for the period	-	2,018	-	-	-	-	-	2,018
Other comprehensive income	-	-	-	-	109	-	66	175
Total Comprehensive Income for the period	**-**	**2,018**	**-**	**-**	**109**	**-**	**66**	**2,193**
Transfers to and from Reserves	-	754	-	-	119	-	(872)	-
Dividends paid	-	(325)	-	-	-	-	-	(325)
Balance at *30 June 2012*	**1,235**	**62,989**	**5,981**	**4,619**	**15,095**	**11,992**	**(5,557)**	**96,354**
At *1 July 2012*	1,235	62,989	5,981	4,619	15,095	11,992	(5,557)	96,354
Profit for the period	-	3,440	-	-	-	-	-	3,440
Other comprehensive income	-	-	-	-	(59)	-	4,253	4,194
Total Comprehensive Income for the period	**-**	**3,440**	**-**	**-**	**(59)**	**-**	**4,253**	**7,634**
Transfers to and from Reserves	-	524	662	-	(654)	-	(532)	-
Dividends paid	-	(330)	-	-	-	-	-	(330)
Balance at *30 June 2013*	**1,235**	**66,623**	**6,643**	**4,619**	**14,382**	**11,992**	**(1,836)**	**103,658**

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Economic Entity	
	2013 $000	2012 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	13,635	12,796
Payments to suppliers and employees (Inclusive of GST)	(9,276)	(10,989)
Income tax paid	(852)	(1,041)
Net cash flows from / (used in) operating activities	**3,507**	**766**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,714	1,898
Dividends received	9	16
Purchase of property, plant and equipment	(158)	(376)
Proceeds from sale of property, plant and equipment	205	45
Net cash from / (used in) investing activities	**1,770**	**1,583**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(330)	(325)
Net cash flows from / (used in) financing activities	**(330)**	**(325)**
Net increase/(decrease) in cash and cash equivalents	**4,947**	**2,024**
Cash and cash equivalents at beginning of year	44,467	42,650
Effects of exchange rate changes on cash	1,494	(207)
Cash and cash equivalents at end of period	**50,908**	**44,467**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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 complies with Australian Accounting Standards and 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 27th September 2013.

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, financial assets for which the fair value basis of accounting has been applied.

New and Revised Accounting Standards and Interpretations

Early adoption of Accounting Standards / Interpretations at the date of this financial report, AASB 9, AASB 2009-11, AASB 2010-7, AASB 13, AASB 2011-8, AASB 2011-4, AASB 2012-5, AASB 2012-6, AASB 2012-9, AASB 10, AASB 11, AASB 12, AASB 127, AASB 128, AASB 2011-7, AASB 119, AASB 2011-10, AASB 2011-4, AASB 2012-5, and AASB 2012-6 which may impact the entity in the period of initial application, have been issued but are not yet effective.

These new Standards and Interpretations have not been applied in the presentation of this financial report. Other than changes to disclosure formats, it is not expected that the initial application of these Standards and Interpretations in the future will have any impact.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity Vealls Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 14 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 consistencies with those policies applied by the parent entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

b. Income Tax

Current tax assets and liabilities for the current period 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 equity and not in the income statement. 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, base 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

c. Inventories

Inventories are measured at the lower of cost or net realisable value.

d. Foreign Currency Transactions and Balances

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.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on settlement of transactions and on the translation of monetary items are recognised in either profit or loss or other comprehensive income respectively.

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.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.

Income and expenses are translated at average exchange rates for the period.

Retained earnings are translated at exchange rates prevailing 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.

e. 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 balance sheet.

f. 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.

g. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on annual valuations by the directors or external independent valuers.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

A revaluation increment is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recorded in profit or loss.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed as the higher of fair value less costs to sell and value in use. Value in use is determined on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on either a straight line (Aust) or reducing balance (NZ) basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Major depreciation periods are:	**30 June 2013**	**30 June 2012**
Freehold buildings	40 years	40 years
Plant and equipment	5 to 15 years	5 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

h. 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.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories and financial assets that have been designated as available-for-sale investments. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to other comprehensive income.

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 statement of comprehensive income.

i. 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 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.

j. Asset replacement reserve

Amounts set aside from retained profits to this reserve provide for the escalating costs of replacing certain items of plant and equipment employed in the ski field operations.

k. Asset realisation reserve

Amounts of previous revaluation increments are transferred from asset revaluation reserve to asset realisation reserve in respect to disposals in the current period for non-current assets.

l. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. 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.

n. 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 arms length transaction between willing and knowledgeable parties. Gains and losses arising from changes in fair value are recognised in the statement of comprehensive income in the period they arise.

o. 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).

p. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are expensed in the period in which they are incurred.

q. 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.

r. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

s. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. 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 identifies 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) Significant accounting judgements

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) 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.

(2) 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.

(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

(1) Estimation of useful life of assets:

Estimation of useful life of assets is based on historical experience and forecast trends that may affect their economic operation in the future. Adjustments to useful lives are made as and when necessary.

(2) Valuation of Investments:

Investments in listed and unlisted securities are categorised as available-for-sale financial assets, and Land and Buildings. All investments 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2: REVENUE	2013 $000	2012 $000
(a) Revenue		
— sale of goods	1,744	1,619
— from services	10,597	9,773
Total	12,341	11,392
(b) Other Revenue		
— Interest	1,714	1,898
— Dividends	9	16
— Rental	361	135
— Sundry	75	84
Total	2,159	2,133
Total Revenue	**14,500**	**13,525**
(c) Other Income		
- Net Gain/(Loss) on Disposal of Property Plant & Equipment	146	(5)
Total Other Income	**146**	**(5)**
Total Revenue and Other Income	**14,646**	**13,520**

NOTE 3: OTHER ITEMS	2013 $000	2012 $000
(a) Expenses		
Cost of sales	748	712
Rental expense on operating leases	111	108
Depreciation of non-current assets		
Plant and equipment	1,335	1,729
Buildings	235	247
Total depreciation	1,570	1,976

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 4: INCOME TAX EXPENSE

		2013 $'000	2012 $'000
(a)	Income tax expense/(benefit)		
	- Current income tax	981	717
	- Deferred income tax	(249)	(32)
	- Tax under (over) provided in prior years	-	(15)
	Income tax expense/(benefit)	**732**	**670**
(b)	Reconciliation between tax expense/(benefit) and accounting profit before tax multiplied by applicable tax rates		
	Accounting profit before tax	4,172	2,688
	Income tax at statutory rates	1,162	746
	- Foreign tax adjustment	(94)	-
	- Foreign exchange and other translation adjustments	(336)	(61)
		732	685
	Under (over) provisions in prior years	-	(15)
	Income tax expense/(benefit)	**732**	**670**

During the year ended 30 June 2011 the operations of Cardrona Skifield 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, consider such a result unlikely and accordingly no adjustment has been made in the financial statements to reflect such an eventuality.

NOTE 5: COMPENSATION FOR KEY MANAGEMENT PERSONNEL	**2013 $'000**	**2012 $'000**
Short-term benefits	215	215
Long-term benefits	20	20
Total Compensation	**235**	**235**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 $'000	2012 $'000
NOTE 6: DIVIDENDS		
Distributions paid		
Previous year final dividend paid on 31 October 2012:		
i) Fully franked dividend on preference shares of 0.35 cents per share (2011: 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 5.10 cents per share (2011: 5.00 cents per share)	141	138
iii) Fully franked dividend on capital shares of 0.50 cents per share (2011: 0.50 cents per share)	44	44
	186	183
Current year interim dividend paid on 30 April 2013:		
i) Fully franked dividend on preference shares of 0.35 cents per share (2012: 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 5.20 cents per share (2012: 5.10 cents per share)	143	141
	144	142
Total dividends	330	325
Dividends proposed but not recognised as a liability payable:		
i) Fully franked dividend on preference shares of 0.35 cents per share (2012: 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 5.20 cents per share (2012: 5.10 cents per share)	143	141
iii) Fully franked dividend on capital shares of 0.50 cents per share (2012: 0.50 cents per share)	44	44
	188	186

Franking credit balance	Parent	
	2013 $'000	**2012 $'000**
The amount of franking credits available for the subsequent financial year are:		
• Franking account balance at the beginning of the financial year	3,143	3,135
• Franking credits from the payment of income tax during the financial year.	-	147
• Franking debits from the payment of dividends during the financial year.	(142)	(139)
• Franking account balance at the end of the financial year	**2,901**	**3,143**
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.	(81)	(80)

Tax Rates: Tax rates at which the paid dividends have been franked is 30%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 $'000	2012 $'000
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	593	202
Short-term bank deposits	50,315	44,265
Total	**50,908**	**44,467**
Reconciliation to cash flow statement	**50,908**	**44,467**
NOTE 8: TRADE AND OTHER RECEIVABLES		
Current Assets		
Sundry receivables	578	191
Goods and services tax	18	34
Prepayments	10	-
Total	**606**	**225**
NOTE 9: AGRICULTURAL AND BIOLOGICAL ASSETS		
Current Assets		
Cattle - at fair value	4	9
Non Current Assets		
Standing timber – at fair value (foret de Leyde – Moulins, France)	2,898	2,524
NOTE 10: INVESTMENT PROPERTIES		
Non Current Assets		
(a) Freehold Land (Mt Martha, Vic) – at fair value	14,400	14,400
(b) Freehold land and buildings (France) – at fair value		
Opening Balance at 1 July 2012	1,207	1,242
Net gain(loss) on revaluation	169	(35)
Closing Balance at 30 June 2013	1,376	1,207
Totals	**15,776**	**15,607**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 $'000	2012 $'000
NOTE 11: INVENTORIES		
Current		
Ski field merchandise – at cost	346	186
	346	**186**

	2013 $'000	2012 $'000
NOTE 12: AVAILABLE FOR SALE FINANCIAL ASSETS		
Non Current Assets		
(a) Listed shares – at fair value	240	318
The fair value has been determined by reference to Stock Exchange published quotations		
(b) Unlisted shares – at fair value		
Face value of co-operative shares	-	1
Total	**240**	**319**

NOTE 13: PROPERTY PLANT & EQUIPMENT

Non Current Assets

	Freehold Land $'000	Buildings $'000	Plant & Equipment $'000	Total $'000
At 30 June 2013				
Cost or fair value	-	-	-	-
Accumulated depreciation	-	-	-	-
Net carrying amount	**-**	**-**	**-**	**-**
Reconciliation of carrying amounts:				
Balance 1 July 2012	**14,002**	**14,360**	**8,319**	**36,681**
Additions	-	-	217	217
Disposals	-	-	(53)	(53)
Exchange differences	659	746	773	2,178
Depreciation charges	-	(235)	(1,335)	(1,570)
Non-current assets classified as held for sale	(14,661)	(14,871)	(7,921)	(37,453)
At 30 June 2013	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13: PROPERTY PLANT & EQUIPMENT (continued)

Non Current Assets

	Freehold Land $'000	Buildings $'000	Plant & Equipment $'000	Total $'000
At 30 June 2012				
Cost or fair value	14,002	14,692	17,157	45,851
Accumulated depreciation	-	(332)	(8,838)	(9,170)
Net carrying amount	**14,002**	**14,360**	**8,319**	**36,681**
Reconciliation of carrying amounts:				
Balance 1 July 2011	**13,902**	**14,432**	**9,428**	**37,762**
Additions	-	-	972	972
Disposals	-	-	(76)	(76)
Revaluations	-	-	-	-
Exchange differences	100	(63)	(38)	(1)
Depreciation charges	-	(9)	(1,967)	(1,976)
At 30 June 2012	**14,002**	**14,360**	**8,319**	**36,681**

NOTE 14: CONTROLLED ENTITIES

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
Parent Entity:		**2013**	**2012**
Vealls Limited	Australia	-	-
Subsidiaries of ***Vealls Limited***:			
Swintons Proprietary Limited	Australia	100	100
VL Finance Pty Ltd	Australia	100	100
VL Credit Proprietary Limited	Australia	100	100
VL Investments Pty Ltd	Australia	100	100
Tunrove Pty Ltd	Australia	100	100
VL Pastoral Pty Ltd	Australia	100	100
Cardrona Ski Resort Limited	New Zealand	100	100
Vealls (NZ) Limited	New Zealand	100	100
Vealls (Singapore) Pte Ltd	Singapore	100	100

* Percentage of voting power in proportion to ownership

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 $'000	2012 $'000
NOTE 15: TRADE AND OTHER PAYABLES		
Current Liabilities		
Trade payables	856	734
Other payables	2,702	1,821
Total	**3,558**	**2,555**

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

NOTE 16: DEFERRED TAX

(a) Deferred Tax Assets

	2013 $'000	2012 $'000
Annual leave	67	60
Long service leave	47	47
Carry forward tax loss	257	-
Total	**371**	**107**
Movements		
Balance 1 July 2012	107	367
Credited (Charged) to income	264	(260)
Balance 30 June 2013	**371**	**107**

(b) Deferred Tax Liabilities

	2013 $'000	2012 $'000
Investments	21	49
Agricultural & biological assets	25	-
Property plant & equipment	(1)	767
Total	**45**	**816**
Movements		
Balance 1 July 2012	816	835
Credited (Charged) to income	45	(19)
Balance 30 June 2013	**861**	**816**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17: PROVISIONS

	2013 $'000	2012 $'000
Current Liabilities		
Annual leave	237	213
Long service leave	158	156
Total	**395**	**369**

NOTE 18: ISSUED CAPITAL

40,474 (2012: 40,474) fully paid preference shares	4	4
2,775,108 (2012: 2,775,108) fully paid income shares	344	344
8,873,860 (2012: 8,873,860) fully paid capital shares	887	887
	1,235	1,235

		2013 No.	2012 No.
(a)	**Preference shares**		
	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.

		2013 No.	2012 No.
(b)	**Income shares**		
	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.

		2013 No.	2012 No.
(c)	**Capital shares**		
	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 2013 and 2012 as there were no external loans or borrowings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19: AUDITORS' REMUNERATION	2013 $	2012 $
Remuneration of the auditor of the parent entity for:		
• auditing or reviewing the financial report	42,400	41,200
• other services	10,300	10,400
Remuneration of other auditors of subsidiaries for:		
• auditing or reviewing the financial report of subsidiaries and other services	49,600	19,100
	102,300	**70,700**

NOTE 20: 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) General Reserve

The general reserve records funds set aside for future expansion of the consolidated entity. The reserve contains sums prudentially appropriated from profits. It is available to pay dividends or anything else payable from retained earnings.

(c) Asset Replacement Reserve

The asset replacement reserve is used to accumulate sums necessary to meet the cost of replacing Skifield capital equipment when required. It may be used to pay dividends or issue bonus shares.

(d) Foreign Currency Translation Reserve

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

(e) Asset Realisation Reserve

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

NOTE 21: EARNINGS PER SHARE	2013 $'000	2012 $'000
Reconciliation of earnings to profit		
Profit after tax	3,440	2,018
Preference & Income share dividends	(286)	(280)
Earnings used to calculate basic and diluted earnings per share	**3,154**	**1,738**

	2013 No. of shares	2012 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 capital share	35.54 cents	19.58 cents

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22: CAPITAL AND LEASING COMMITMENTS	2013 $'000	2012 $'000
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
—not later than 12 months	77	54
—between 12 months and 5 years	24	-
Total	101	54
(b) Capital Expenditure Commitments		
Capital expenditure commitments contracted for:		
- payable not later than 12 months	-	86
Total	-	86

NOTE 23: CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after Income tax	3,440	2,018
Non-cash flows in profit		
Depreciation	1,569	1,976
Net (gain) / loss on disposal of property, plant and equipment	(147)	5
Net foreign currency losses	-	-
Decrement / (increment) in net market value of agricultural and biological assets	-	-
Movement in net market value of investment property	-	35
Movement in market value of available-for-sale financial assets	-	-
Dividend / Interest income classified as investing activities	(1,723)	(1,915)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(381)	25
(Increase)/decrease in agricultural assets	-	-
(Increase)/decrease in inventories	(160)	154
Increase/(decrease) in trade payables and other payables	1,003	(1,243)
Increase/(decrease) in tax balances	(120)	(371)
Increase/(decrease) in provisions	26	82
Net cash from operating activities	**3,507**	**766**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24: 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, skifield, investment and agriculture.

Description of each segment.

Skifield.

The skifield business is operated by Cardrona Alpine Resort 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, 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.

Accounting Policies

The table below represents revenue and profit information for reportable segments for the year ended 30 June 2013 and 2012.

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	**2013 $'000**	**2012 $'000**
From outside Australia	14,259	13,266
From inside Australia	387	254
	14,646	**13,520**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

30 June 2013

	Skifield $'000	Investments $'000	Agriculture $'000	Total $'000
Segment Revenue				
Sales to external customers	12,341	-	-	12,341
Other revenue	568	1,398	339	2,305
Total segment revenue	**12,909**	**1,398**	**339**	**14,646**
Segment net operating profit before tax	**3,362**	**622**	**188**	**4,172**
ASSETS				
Segment assets	**41,398**	**61,007**	**6,197**	**108,602**
LIABILITIES				
Segment liabilities	**3,817**	**297**	**830**	**4,944**
Interest received	354	1,360	-	1,714
Depreciation	(1,556)	-	(14)	(1,570)
Fair value gains (losses)	-	(78)	19	(59)
Foreign currency translation gains (losses)	3,445	284	524	4,253
Income tax expense/(benefit)	1,088	(412)	56	732

30 June 2012

	Skifield $'000	Investments $'000	Agriculture $'000	Total $'000
Segment Revenue				
Sales to external customers	11,391	-	-	11,391
Other revenue	228	1,762	139	2,129
Total segment revenue	**11,619**	**1,762**	**139**	**13,520**
Segment net operating profit before tax	**1,527**	**1,113**	**48**	**2,688**
ASSETS				
Segment assets	**35,126**	**56,427**	**8,572**	**100,125**
LIABILITIES				
Segment liabilities	**2,247**	**738**	**786**	**3,771**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

30 June 2012 continued	Skifield $'000	Investments $'000	Agriculture $'000	Total $'000
Interest Received	153	1,736	9	1,898
Depreciation	(1,957)	-	(19)	(1,976)
Fair value gains	-	163	-	163
Unrealised foreign exchange gains (losses)	252	144	(330)	66
Income tax expense/(benefit)	468	170	(33)	670

NOTE 25: 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.

a) Transactions with related parties	2013 $'000	2012 $'000
- Reduction in share capital from subsidiary to parent entity	-	3,735
- Advances to related entity	-	173
- Advances from subsidiary to parent entity	27	58

b) Key management personnel equity holdings

	Balance as at 30/6/13	Balance as at 30/6/12
Fully paid capital shares of Vealls Limited	**No.**	**No.**
Specified Directors		
Ian Raymond Veall	7,903,890	7,903,890
Martin Charles Veall	749,800	749,800
Robert Sidney Righetti	500	500
Duncan Reginald Veall	748,000	748,000
	9,402,190	9,402,190
Fully paid income shares of Vealls Limited	**No.**	**No.**
Specified Directors		
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
Fully paid preference shares of Vealls Limited	**No.**	**No.**
Specified Directors		
Ian Raymond Veall	-	-
Martin Charles Veall	-	-
Robert Sidney Righetti	-	-
Duncan Reginald Veall	30,058	30,058
	30,058	30,058

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 26: FINANCIAL INSTRUMENTS

(a) 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 centum per annum varied between –

AUD	NZD	USD	SGD
3.65% - 2.65%	4.35% - 4.15%	0.14% - 0.00%	0.02% - 0.00%

At 30 June 2013 short term bank deposits in AUD functional currency totalled $50.315m.
A movement of +/- 1% in deposit interest rates would amount to $503,000 per annum in Interest Received/Receivable.

(ii) 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 income statement 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).

While there is an exposure to foreign currencies and their effects through movements in the A$ exchange rate, in particular against NZD, so long as there are foreign subsidiary companies' operations, no sensitivity analysis of movements in FX rates is considered meaningful.

(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 and liabilities show a ratio of 14:1 and thereby provide adequate liquidity to cover the Group's present and future operations.

	2013	**2012**
	$'000	**$'000**
Year ended 30 June	**Within 6 Months**	**Within 6 Months**
Financial Assets		
Cash and cash equivalents	50,908	44,467
Trade & other receivables	606	225
Available- for-sale financial assets	240	319
Total	**51,754**	**45,011**
Financial liabilities		
Trade and other payables	3,558	2,555
Total	**3,558**	**2,555**
Net difference:	**48,196**	**42,456**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 26: FINANCIAL INSTRUMENTS (Continued)

(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 and all credit customers are assessed on the basis of their financial position, past experience and industry reputation. Limits are set for each individual customer and regularly monitored.

(b) Fair Values

The Group uses various methods in estimating the fair value of a financial instrument 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 of 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 is estimated using inputs for the asset or liability that are not based on observable market data.

The fair values of financial assets and liabilities that are not designated at fair value approximate their carrying values.

The fair value of the financial instruments as well as the methods used to estimate the fair value is summarised in the table below:

The fair values of listed investments have been valued at the quoted market bid price at reporting date.

2013	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Listed shares	240	-	-	240
Shares in other corporations	-	-	-	-
Total	**240**	**-**	**-**	**240**

2012	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Listed shares	317	-	-	317
Shares in other corporations	-	-	1	1
Total	**317**	**-**	**1**	**318**

There has been no Level 3 fair value movement during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 27: PARENT ENTITY INFORMATION

Information relating to Vealls Limited:	2013 $'000	2012 $'000
Current Assets	686	1,534
Total Assets	56,141	56,521
Current Liabilities	143	199
Total Liabilities	51,359	51,341
Issued Capital	1,235	1,235
Assets Revaluation Reserve	1,064	1,123
General Reserve	987	987
Foreign Currency Translation Reserve	(1,738)	(2,261)
Retained Earnings	3,234	4,096
Total Shareholders' equity	4,782	5,180
Profit/(Loss) of the parent entity	(532)	(1,053)
Total comprehensive income of the parent entity	(67)	(1,275)

NOTE 28: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2013 $'000	2012 $'000
Property plant and equipment – Clear Springs	5,994	-
Property plant and equipment – Cardrona Alpine Resort	31,459	-
Total non-current assets classified as held for sale	37,453	-

NOTE 29 : 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 2013 except as referred to and to be inferred from the Financial Report. In particular, there are on-going negotiations taking place for the sale of Cardrona Alpine Resort in New Zealand and for the sale of Clear Springs in NSW.

NOTE 30 : COMPANY DETAILS

The registered office of the company is:

Vealls Limited
1st Floor, 484 Toorak Road
Toorak, Vic 3142

The principal place of business is:

Vealls Limited
1st Floor, 484 Toorak Road
Toorak, Vic 3142

DIRECTORS' DECLARATION

(1) In the opinion of the directors of Vealls Limited -

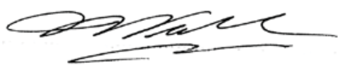
(a) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) The financial statements and notes thereto for the year ended 30 June 2013 are in accordance with the Corporations Act 2001, including;

- (i) Section 296 (compliance with accounting standards); and
- (ii) Section 297 (true and fair view)

(2) The directors have been given the declarations required by section 295A of the Corporations Act 2001 for the year ended 30 June 2013.

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



Ian Raymond Veall
Executive Chairman

Melbourne, 30th September 2013

RSM Bird Cameron Partners

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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 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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 opinions.

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.

RSM Bird Cameron Partners

Basis for Qualified Opinion

Management transferred the operations of the New Zealand Skifield business between controlled entities during the year ended 30 June 2011. As part of this transfer an amount of $1,310,000, relating to the deferred tax liability initially recognised in the financial report as at 30 June 2010, representing the difference between the accounting and tax base of the fixed assets, was reversed to income tax as a benefit to the company and recognised in the consolidated statement of comprehensive income for the year ended 30 June 2011. Our audit procedures and the company's records indicate that this deferred tax liability still exists as at 30 June 2013. Accordingly, the reversal of this amount, through income tax as a benefit, was recognised in error and constitutes a departure from Australian Accounting Standards. Accordingly, a liability of $1,310,000 should have been recorded for deferred tax as at 30 June 2012 and 30 June 2013, with a corresponding reduction in retained profits as at 30 June 2012 and 30 June 2013.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph:

(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 2013 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.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to Note 4 in the financial report which describes an uncertainty related to the potential additional income tax that could be incurred as a result of the transfer of the Cardrona Skifield between the company's subsidiaries.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Jason Croall

J S CROALL
Partner

Melbourne, VIC
Dated: 30 September 2013

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 2013.

(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	41	19,264	34	17,081	9	2,466
1,001 - 5,000	29	76,233	24	52,432	4	11,600
5,001 - 10,000	11	88,182	10	84,967	-	-
10,001 - 100,000	19	670,154	26	665,929	1	26,408
100,001 - and over	4	8,020,027	2	1,954,699	-	-
	104	8,873,860	96	2,775,108	14	40,474
The number of shareholders holding less than a marketable parcel of shares are:	1	3	6	581	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. Veall I R	155,890	1.76
4. BNP Paribas Nominees Pty Ltd	116,137	1.31
5. Angueline Investments Pty Ltd	92,500	1.04
6. Laurence G & Morrison J R	91,600	1.03
7. Hayman P J	75,000	0.85
8. Moffat J G M	69,000	0.78
9. Josseck Pty Ltd	50,000	0.56
10. Cameda Pty Ltd	46,117	0.52
11. Heeley G & D	30,002	0.34
12. Ryan J & C	30,000	0.34
13. Custodial Services Ltd	29,000	0.33
14. Bell Potter Nominees Ltd	20,638	0.23
15. Common Sense Investments Pty Ltd	20,000	0.23
16. Anberton Pty Ltd	19,000	0.21
17. Hazlana Investments Ltd	18,417	0.21
18. Carrington Avenue Pty Ltd	15,050	0.17
19. Laurence J & Stanton C	15,000	0.17
20. Boongala Pty Ltd	14,500	0.16
	8,655,851	97.55

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	98,000	3.53
4. Kylenet Pty Ltd	70,000	2.52
5. National Nominees Ltd	48,531	1.75
6. Veall K L	36,000	1.30
7. Clayton J R M	30,000	1.08
8. Forsyth Barr Custodians Ltd	29,333	1.06
9. Helms D N	28,750	1.04
10. Tink Y L	28,750	1.04
11. Colman L P	27,500	0.99
12. Chalet Custodians Pty Ltd	23,000	0.83
13. Curry N C	23,000	0.83
14. Balcome Griffiths Pty Ltd	22,750	0.82
15. Barry-Scott U J	22,000	0.79
16. Dare H J	20,000	0.72
17. Maiden J N F	20,000	0.72
18. Parsons L M J	18,000	0.65
19. Miller T W	16,000	0.58
20. Emmerson J	15,000	0.54
	2,531,313	91.23

	Listed Preference shares	
	Number of shares	Percentage (%)
1. Veall D R	26,408	65.25
2. Ryan J & C & J	4,350	10.75
3. DRV Superannuation Fund	3,650	9.01
4. Winpar Holdings 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. Currie A M	100	0.25
12. Estate Dinneen M E	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	Address	Number of Capital shares	Number of Income Shares
Ijack Pty Ltd	484 Toorak Road, Toorak, Vic	7,906,019	1,954,699
Shirvell Pty Ltd	484 Toorak Road, Toorak, Vic	7,906,019	1,954,699
St Columb Ltd	484 Toorak Road, Toorak, Vic	7,906,019	1,954,699
Ian Raymond Veall	5 Montrose Court, Toorak, Vic	7,906,019	1,954,699
Shirley Margaret Veall	5 Montrose Court, Toorak, Vic	7,906,019	1,954,699
Winmardun Pty Ltd	484 Toorak Road, Toorak, Vic	7,906,019	1,954,699
Farex Pty Ltd	484 Toorak Road, Toorak, Vic	7,906,019	1,954,699
Martin Charles Veall	Clear Springs Station, Holbrook, NSW	7,906,019	1,954,699
Winton Arthur Veall	4 Lansell Road, Toorak Vic	7,906,019	1,954,699
Duncan Reginald Veall	5 Auburn Grove, Armadale, Vic	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.

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 is as described below:

PRINCIPLE 1:	**"Lay foundations for management and oversight".**
Recommendation 1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
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 realized 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.

The directors and their responsibilities at 30 June 2012 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 management of Cardrona Alpine Resort in New Zealand.
Robert Sidney Righetti	Non-Executive Director, with primary responsibility to act as an Independent Director. It is noted that each of the Veall name 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:	Disclose the process for evaluating the performance of senior executives.
Compliance:	Yes.
Comment:	The only senior executives of the company and the consolidated entity are the three Veall name individuals. Their performance is evaluated by reference to the criteria set out in the Remuneration Report in the Directors' Report at page 7.
Recommendation 1.3:	Provide information indicated in the Guide to reporting on Principle 1.
Compliance:	Yes.
Comment:	The board believes there are no departures from Recommendations 1.1, 1.2 or 1.3 and that the process of evaluation of the performance of senior executives has taken place and is in accordance with the criteria set out in the Remuneration Report.
PRINCIPLE 2:	**"Structure the board to add value".**
Recommendation 2.1:	A majority of the board should be independent directors.
Compliance:	No.
Comment:	The board is comprised of three executive directors and one independent director. Mr Robert Sidney Righetti is considered to be an independent director as he is not a substantial shareholder or otherwise associated with a substantial shareholder of the company; is not, and has not previously been employed in an executive capacity by the company or another group member; has not within the

last three years been a principal of a material professional advisor or a material consultant to the company or another group member, or an employee materially associated with the service provided; is not a material supplier or customer of the company or other group member; or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and has not a material contractual relationship with the company or another group member other than as a director. The board makes regular assessment of Mr Righetti's independent status as a director.

Recommendation 2.2:	The chair should be an independent director.
Compliance:	No.
Comment:	Refer to closing comment below.
Recommendation 2.3:	The roles of the chair and the chief executive officer should not be exercised by the same individual.
Compliance:	No.
Comment:	Refer to closing comment below.
Recommendation 2.4:	The board should establish a nomination committee.
Compliance:	No.
Comment:	Refer to closing comment below.
Recommendation 2.5:	Disclose the process for evaluating the performance of the board, its committees and individual directors.
Compliance:	Yes.
Comment:	Refer to the Remuneration Report in the Directors' Report at page 7.
Recommendation 2.6:	Provide the information indicated in the Guide to reporting on Principle 2.
Compliance:	Yes.
Comment:	The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report and the period of office held by each director in office at the date of the annual report is set out in the Director's Report at page 3. The name of the director considered to be an independent director is Robert Sidney Righetti who has no material relationship with the company or another group member, other than as a director. There is a procedure agreed by the board for directors to take independent professional advice at the expense of the company. A performance evaluation for the board, its committees and the directors has taken place in the reporting period that was in accordance with the process disclosed. The board's policy for the nomination and appointment of directors is to confer with St Columb Ltd, the company's ultimate holding company, on such matters.
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, 2.2, 2.3, and 2.4 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:	"P**romote ethical and responsible decision-making".**
Recommendation 3.1:	Establish a code of conduct 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 members 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.
Recommendation 3.2:	Establish a policy concerning diversity and disclose the policy or a summary of that policy.
Compliance:	Yes.
Comment:	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 3.3:	Disclose in each annual report the objectives of achieving gender diversity.
Compliance:	No.
Comment:	The company has not adopted an objective of achieving gender diversity.
Recommendation 3.4:	Disclose in each annual report the proportion of women employees (1) in the whole organization, (2) in senior executive positions and (3) on the board.
Compliance:	Yes.
Comment:	The proportion of women employees was as under: (1) 46% (2) 50% (3) 0%
PRINCIPLE 4:	**"Safeguard integrity in financial reporting".**
Recommendation 4.1:	Establish an audit committee.
Compliance:	Yes.
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.
Recommendation 4.2:	The audit committee should be structured so that it consists only of non-executive directors, consists of a majority if independent directors, is chaired by an independent chair who is not chair of the board and has a least three members.
Compliance:	(1) Yes, as the committee is chaired by an independent director who is not chair of the board and (2) No to the remaining recommendations.

Comment:	The structure of the board, comprising three executive directors and one independent director precludes the adoption of the remaining recommendations.
Recommendation 4.3:	The audit committee should have a formal charter.
Compliance:	No.
Comment:	The nature and in particular the scale of the company's operations makes a formal audit committee charter inappropriate in such circumstances.
Recommendation 4.4:	Companies should provide the information indicated in the Guide to reporting on Principle 4.
Compliance:	Yes.
Comment:	The names and qualifications of the audit committee are as follows. R S Righetti is a Chartered Accountant with 41 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 41 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 oversee the independence of the external auditor. Recommendations 4.2 (in part) and 4.3 have not been complied with for the reasons given.
PRINCIPLE 5:	"**Make timely and balanced disclosure".**
Recommendation 5.1:	Establish written policies to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of these policies.
Compliance:	Yes.
Comment:	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 Periodic Disclosure under rules 4.1 – 4.10. The board's responsibility is to approve the content of all information and the time of its lodgment with the ASX.
Recommendation 5.2:	Provide the information indicated in the Guide to reporting on Principle 5.
Compliance:	Yes.
Comment:	There are no departures from Recommendations 5.1 or 5.2.
PRINCIPLE 6:	**"Respect the rights of shareholders".**
Recommendation 6.1:	Design a communication policy for promoting effective communication with shareholders and encouraging their participation at general meeting and disclose the policy or a summary of that policy.
Compliance:	Yes.
Comment:	The company does communicate directly with shareholders through its Annual Report and its meeting (usually the Annual General Meeting), 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. The rights of shareholders under the companies 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 shareholders participation.
Recommendation 6.2:	Provide the information indicated in the Guide to reporting on Principle 6.
Compliance:	Yes.
Comment:	There is no departure from Recommendations 6.1 or 6.2.
PRINCIPLE 7:	**“Recognise and manage risk”.**
Recommendation 7.1:	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.
Compliance:	Yes.
Comment:	The board has identified and assessed the company’s material business risks and distinguished those risks that can be insured against and those that can not. Risks that are insurable, for instance, damage to property, plant, equipment and vehicles are for the most part covered by appropriate policies with reputable insurers. Uninsurable risks, in particular those that are weather related, are mitigated by actions taken to minimize adverse effects. Examples are the installation of snowmaking capacity at Cardrona Ski Resort in New Zealand to counter the risk of reduced natural snow falls, possibly as a result of climate changes; and the storage of fodder against drought conditions that would affect pastures and hence livestock numbers at the rural property. Other specific risks that have been identified concern the company’s financial instruments (refer to note 26 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 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.
Recommendation 7.2:	Require management to design and implement the risk management and internal control systems to manage the company’s material business risks and report to it on whether those risks are being managed effectively.
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 7.3:	Disclose whether it has received assurance from the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
Compliance:	Yes.
Comment:	The board has received a written declaration from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under section 295A of the Corporations Act and in addition that it is founded on a sound system of risk management and internal control that is operating effectively in all material respects in relation to financial reporting risks.
Recommendation 7.4:	Provide the information indicated in the Guide to reporting on Principle 7.
Compliance:	Yes.
Comment:	There are no departures from Recommendations 7.1, 7.2 and 7.3 that

	summarize the company's policies on risk oversight and management of material business risks.
PRINCIPLE 8:	**"Remunerate fairly and responsibly".**
Recommendation 8.1:	Establish a remuneration committee.
Compliance:	No.
Comment:	The size and nature of the company's operations and the board precludes the formation of such a committee. The remuneration received by board members as directors and / or executives is set out in the Director's Report at page 8. 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 in the Director's Report at page 6.
Recommendation 8.2:	Structure of remuneration committee.
Compliance:	No.
Comment:	There is no remuneration committee.
Recommendation 8.3:	Distinguish the structure of non-executive directors' remuneration from that of executive directors and 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.
Recommendation 8.4:	Provide information indicated in the Guide to reporting on Principle 8.
Compliance:	Yes.
Comment:	There are no retirement benefits other than superannuation, for the non-executive director. There are no equity based remuneration schemes for any director and / or executive. There is no remuneration committee and its function is carried out by the board. Recommendations 8.1 & 8.2 have not been complied with for the reasons given.

Vealls Limited
ABN 39 004 288 000

Proxy Form

STEP 1: Appoint a Proxy to Vote on Your Behalf

I/We ....
of ....

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

☐ **the Chairman of the Meeting** **OR** ☐ **PLEASE NOTE**: Leave this box blank if you have selected the Chairman of the meeting. Do not insert your own name(s).

(or, in his/her absence, or if no person is named, the Chairman of the meeting) as my/our proxy at the Annual General Meeting of the Company to be held on 29 November 2013 and at any adjournment of the meeting to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) and to demand a poll.

If 2 proxies are appointed, the proportion or number of votes this proxy is appointed to represent is: ☐ %

If you wish to direct your proxy how to vote, then you need to mark the appropriate box opposite each item in Step 2. If you do not mark a box your proxy may vote as they choose.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of each Resolution

STEP 2: Items of Business

	For	Against	Abstain
Resolution 1: To re-elect Mr R S Righetti as a director	☐	☐	☐
Resolution 2: To adopt the Remuneration report for the year ended 30 June 2013	☐	☐	☐
Resolution 3: To appoint BDO as Auditor of the Company	☐	☐	☐

SIGN: Signature of member(s)

	Member 1	Member 2	Member 3
sign here ►			
	Individual/Sole Director and Sole Company Secretary *(delete whichever does not apply)*	Director	Company Secretary/Director *(delete whichever does not apply)*
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, 27 November 2013

How to Vote on Items of Business

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

Appointment of Proxy

Any instrument appointing a proxy in which the name of the proxy is not filled is regarded as given in favour of the Chairman of the meeting.

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. If you do not mark a box your proxy may vote as they choose. 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 of votes in the appropriate box opposite each item in Step 2.

Appointing a second proxy: A member entitled to attend and vote is entitled to appoint not more than 2 proxies to attend and vote instead of the member. If you wish to appointed a second proxy, you will need to complete a second proxy form. Please 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 each proxy may exercise half of the votes.

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.

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, 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.

Attending the meeting

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

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. Unless this is done the proxy will be treated as invalid.