

# Appendix 4D

## Half yearly report

*Rule 4.2 A.3*

Name of entity:

ABN Reference:

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

Previous corresponding period

Half year 31 December 2012

Half year 31 December 2011

### Results for announcement to the market

Key Information	Current period	Previous corresponding period	%	Change	Amount of change
	\$A'000	\$A'000			\$A'000
Revenues from ordinary activities	13,426	12,066		11.3%	1,360
Profit (loss) from ordinary activities after tax attributable to members	4,599	3,716		23.8%	883
Net profit (loss) for the period attributable to members	4,599	3,716		23.8%	883

Dividends	Amount per security	Franked amount per security at 30% tax
<b>Interim dividend</b>		
Preference shares	0.35c	0.35c
Income shares	5.20c	5.20c

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

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary (Capital) security	\$11.29	\$10.77

### Compliance Statement

This report should be read in conjunction with the annual financial report for the year ended 30 June 2012.



..... Date: 28th February 2013  
 Ian Raymond Veall (Director)

**Vealls Limited**  
ABN 39 004 288 000

# **Vealls Limited**

**ABN 39 004 288 000**



## **Half-Year Financial Report**

**For the half-year ended 31 December 2012**

## Vealls Limited

ABN 30 004 288 000

### Corporate Information

<b>Capital Issued and Paid Up</b>	\$ 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

<b>Controlled Entities</b>	(Incorporated in Victoria)
	V.L. Finance Pty Ltd
	V.L. Pastoral Pty Ltd
	V.L. Investments Pty Ltd
	V.L. Credits Pty Ltd
	Swintons Pty Ltd
	Tunrove Pty Ltd
	(Incorporated in New Zealand)
	Cardrona Ski Resort Ltd
	Vealls (NZ) Limited
	(Incorporated in Singapore)
	Vealls (Singapore) Pte Ltd

#### Directors

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

#### Company Secretary

Duncan Reginald Veall

#### Registered Office

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

#### Share Register

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

#### Auditors

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

#### Stock Exchange Listing

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

## Vealls Limited

ABN 30 004 288 000

### Director's Report

Your directors present their report for the half-year ended 31 December 2012.

#### DIRECTORS

The names of each person who was a director of the company during the period 1 July 2012 to the date of this report are as shown below. Each director was in office for the whole period.

<u>Name</u>	<u>Designation</u>
Ian Raymond Veall	Executive (Chairman)
Martin Charles Veall	Executive
Duncan Reginald Veall	Executive
Robert Sidney Righetti	Non-Executive

#### Review and results of operations

##### Operating Results

##### Revenue

Total revenue for the half-year was \$13.426m, most of which came from the New Zealand subsidiaries; in particular the Cardrona Skifield operation.

##### Profit

Consolidate net profit was \$4.599m, after income tax expense of \$1.694m.

##### Cash flows

Net cash flows were \$4.346m.

##### Summary

The 2012 ski season at Cardrona reverted to usual conditions, with good snow falls and customer visits being experienced. Both revenues and net income increased compared with the 2011 season that was adversely affected by the early lack of snow then. The contribution of management and staff is noted and acknowledged as an important factor.

The appreciation of the New Zealand dollar and the Singapore dollar against the Australian dollar had a positive effect on reported income and the financial position; and to a lesser extent also by the movement in the Euro/AUD rate. Conversely, the USD/AUD rate had an opposite but minor effect.

Interest received on short term deposits with reputable trading banks in Australia, New Zealand and Singapore declined with successive falls in deposit rates; even though the overall level of funds on deposit increased. This trend has reached a point that calls for a reappraisal of where and how such funds should be employed in future.

Agricultural activities at Clear Springs Station, NSW were continued as the agistment of livestock, with pasture conditions to date accommodating substantial numbers per hectare.

The French Oak forest near Moulins, France continued to be maintained in good order and condition.

##### Board Review

Subsequent to 31 December 2012 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. The outcome of that review was announced to ASX in accordance with listing rules on 12 February 2013 as follows

## **Vealls Limited**

ABN 30 004 288 000

### **ANNOUNCEMENT**

The Board has completed its review of its corporate strategies previously announced to shareholders on 23 November 2012. The Board implemented this strategic review to identify the most suitable countries in which to conduct business, the businesses on which the Company should focus and to seek to eliminate inefficiencies in the operating structure of the Company, with the ultimate intention of enhancing its financial position and performance.

The strategic review considered:

- (a) economic conditions in the countries in which the Company and its subsidiaries conduct business (being Australia, New Zealand, France and Singapore) as well as which of those countries are most likely to be least affected by the continuing global financial situation in the short to medium term; and
- (b) the advantages and disadvantages of the structure of the Company's operations (in particular the number of subsidiaries of the Company and matters such as the costs and demands of complying with the legal and regulatory requirements of the different countries in which the Company conducts business and the need to monitor foreign currency movements in such countries).

The Board has decided that:

- (a) The Company should conduct its business in one country, rather than a number of countries. On the basis of an evaluation of its past history and present relative position compared with other countries, the Board has determined that this country should be Singapore.
- (b) The Company should discontinue the operation of its subsidiaries by either winding them up or disposing of them or their assets.
- (c) The Company should use the proceeds of such disposals to become an investment company and acquire securities in companies listed on the Singapore Stock Exchange and on other regional Asian stock exchanges, with a view to obtaining both income and capital growth from such investments.
- (d) The Board should give consideration to the Company's listing on the Singapore Stock Exchange at an appropriate time.

Subject to then prevailing economic conditions and any necessary approvals, the Board intends to implement the strategic review through the steps referred to below. As these steps will involve winding up or disposing of the Company's subsidiaries or their assets, their implementation may also be subject to identifying suitable buyers in the latter events.

Step 1 will involve the Company winding up the operations of those subsidiaries that do not conduct material business by 30 June 2013 (i.e. V.L Finance Pty Ltd, V.L. Credits Pty Ltd, Swintons Pty Ltd and Tunrove Pty Ltd).

Step 2 will involve the Company commencing the process of disposing of subsidiaries that do conduct material business by 30 June 2013, (i.e. Vealls (NZ) Ltd, Cardrona Ski Resort Ltd and Vealls (Singapore) Pte Ltd, including Cardrona Alpine Resort in New Zealand); and

Step 3 will involve the Company in disposing of V.L Pastoral Pty Ltd (the Clear Springs Station in NSW) over a 1-2 year period and V.L. Investments Pty Ltd (the Mt Martha land in Victoria) over a 2-3 year period.

Step 4 will involve the Company using the proceeds of such disposals to become an investment company.

Step 5 will involve consideration being given to the Company's listing on the Singapore Stock Exchange at an appropriate time.

## **Vealls Limited**

ABN 30 004 288 000

### **Auditors 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 Review Report contains a Qualified Conclusion on the Company's Financial Report for the half year ended 31 December 2012.

The directors do not believe the basis for Qualified Conclusion expressed therein is factually correct, including in particular that Australian Accounting Standards have not been complied with.

### **Rounding**

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

Signed in accordance with a resolution of the directors.



Ian Raymond Veall  
Executive Chairman

Melbourne, 28<sup>th</sup> February 2013

**Vealls Limited**

ABN 30 004 288 000

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<b>31.12.2012</b>	<b>31.12.2011</b>
	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>	13,424	12,065
Other Income	2	1
<b>Total Revenue</b>	<b>13,426</b>	<b>12,066</b>
<b>Less Expenses:</b>		
Cost of Sales	(757)	(655)
Employee benefits expense	(3,292)	(3,124)
Depreciation expense	(815)	(980)
Advertising and Promotion	(64)	(102)
Foreign Exchange Gains/(Losses)	(14)	-
Transport costs	(345)	(280)
Rates and taxes	(43)	(42)
Repairs and maintenance	(141)	(149)
Insurance	(231)	(317)
Skifield preparation & Events	(229)	(197)
Light, power and telephone	(407)	(395)
Professional costs	(169)	(72)
Listing & share registry fees	(22)	(20)
Merchant & bank fees	(317)	(235)
Other expenses	(287)	(392)
<b>Total Expenses</b>	<b>(7,133)</b>	<b>(6,960)</b>
<b>Profit before income tax expense</b>	<b>6,293</b>	<b>5,106</b>
Income tax expense	(1,694)	(1,390)
<b>Net Profit for the period</b>	<b>4,599</b>	<b>3,716</b>
<b>Other comprehensive income:</b>		
Fair value Gains / (Losses)		
Available for Sale Financial Assets	(57)	(20)
Foreign Currency Translation (Net of Income Tax)	871	(1,019)
<b>Total other comprehensive income for the period</b>	<b>814</b>	<b>(1,039)</b>
<b>Total Comprehensive Income for the period</b>	<b>5,413</b>	<b>2,677</b>
Earnings per share	50.19c	40.26c
Diluted earnings per share	50.19c	40.26c

**Vealls Limited**

ABN 30 004 288 000

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

	<b>31.12.2012</b>	<b>30.06.2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	49,064	44,467
Trade and other receivables	253	225
Inventories	43	186
Agricultural & biological assets	4	9
<b>Total Current Assets</b>	<b>49,364</b>	<b>44,887</b>
<b>Non-current assets</b>		
Investment properties	15,641	15,607
Available-for-sale financial assets	262	319
Property, plant and equipment	36,359	36,681
Deferred tax assets	71	107
Agricultural & biological assets	2,596	2,524
<b>Total non-current assets</b>	<b>54,929</b>	<b>55,238</b>
<b>TOTAL ASSETS</b>	<b>104,292</b>	<b>100,125</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	491	2,555
Income Tax Payable	1,126	31
Provisions	331	369
<b>Total current liabilities</b>	<b>1,948</b>	<b>2,955</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	763	816
<b>Total non-current liabilities</b>	<b>763</b>	<b>816</b>
<b>TOTAL LIABILITIES</b>	<b>2,711</b>	<b>3,771</b>
<b>NET ASSETS</b>	<b>101,581</b>	<b>96,354</b>
<b>EQUITY</b>		
Contributed Equity	1,235	1,235
Reserves	20,218	32,130
Retained earnings	80,128	62,989
<b>TOTAL EQUITY</b>	<b>101,581</b>	<b>96,354</b>



## Vealls Limited

ABN 30 004 288 000

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Share Capital \$'000	Retained Profits \$'000	General Reserve \$'000	Asset Replacement Reserve \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	Foreign Currency Translation \$'000	Total \$'000
<b>Balance at 1 July 2011</b>	1,235	60,542	5,981	4,619	14,867	11,992	(4,751)	94,485
Profit for the period	-	3,716	-	-	-	-	-	3,716
Other comprehensive income	-	-	-	-	(20)	-	(1,019)	(1,039)
<b>Total comprehensive income for the period</b>	-	<b>3,716</b>	-	-	<b>(20)</b>	-	<b>(1,019)</b>	<b>2,677</b>
Transfers to (from) reserves	-	12,726	-	(4,619)	(8,107)	-	-	-
Dividends paid	-	(183)	-	-	-	-	-	(183)
<b>Balance at 31 December 2011</b>	<b>1,235</b>	<b>76,801</b>	<b>5,981</b>	-	<b>6,740</b>	<b>11,992</b>	<b>(5,770)</b>	<b>96,979</b>
<b>Balance at 1 July 2012</b>	1,235	62,989	5,981	4,619	15,095	11,992	(5,557)	96,354
Profit for the period	-	4,599	-	-	-	-	-	4,599
Other comprehensive income	-	-	-	-	(57)	-	871	814
<b>Total comprehensive income for the period</b>	-	<b>4,599</b>	-	-	<b>(57)</b>	-	<b>871</b>	<b>5,413</b>
Transfers to (from) reserves	-	12,726	-	(4,619)	(8,107)	-	-	-
Dividends paid	-	(186)	-	-	-	-	-	(186)
<b>Balance at 31 December 2012</b>	<b>1,235</b>	<b>80,128</b>	<b>5,981</b>	-	<b>6,931</b>	<b>11,992</b>	<b>(4,686)</b>	<b>101,581</b>

**Vealls Limited**

ABN 30 004 288 000

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	31.12.2012 \$'000	31.12.2011 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers (inclusive of GST)	13,587	11,228
Payments to suppliers and employees (inclusive of GST)	(9,269)	(8,963)
Income tax paid	(537)	(727)
Net cash provided by operating activities	<u>3,781</u>	<u>1,538</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	869	998
Dividends received	6	10
Purchase of Property, plant and equipment	(158)	(47)
Proceeds from sale of Property plant and equipment	34	36
Net cash provided by (used in) investing activities	<u>751</u>	<u>997</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(186)	(183)
Net cash provided by (used in) financing activities	<u>(186)</u>	<u>(183)</u>
Net (decrease) / increase in cash held	4,346	2,352
Cash and cash equivalents at beginning of period	44,467	42,650
Effects of exchange rate changes on cash	251	(140)
<b>Cash and cash equivalents at end of year</b>	<b><u>49,064</u></b>	<b><u>44,862</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

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

**Basis of preparation**

This general purpose condensed financial report for the half-year ended 31 December 2012 has been prepared in accordance with AASB 134 *Interim Reporting* and the Corporations Act 2001.

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

It is recommended that the half-year report be read in conjunction with the annual report for the year ended 30 June 2012 and considered together with any public announcements made by Vealls Limited during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

**Note 2: Operating segments**

**Identification of reportable segments.**

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

**Description of each segment.**

**Skifield.**

The skifield business is operated by Cardrona 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, primary as cattle agistment, and forestry in France.

**Major Customers**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**Accounting Policies**

The tables in note 5 represent revenue and profit information for reportable segments for the half-year ended 31 December 2012 and 2011.

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.

	<b>31.12.2012</b>	<b>31.12.2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 3: Dividends</b>		
Distributions paid		
<b>Previous year dividends paid on 31 October 2012:</b>		
i) Franked dividend on preference shares of 0.35 cents per share (2011: franked 0.35 cents per share)	1	1
ii) Franked dividend on income shares of 5.10 cents per share (2011: franked 5.00 cents per share)	141	139
iii) Franked dividend on capital shares of 0.50 cents per share (2011: franked 0.50 cents per share)	44	44
	186	184
<b>Dividends proposed but not recognised as a liability payable 30 April 2013:</b>		
i) Fully franked dividend on preference shares of 0.35 cents per share (2012 franked 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 5.20 cents per share (2012 franked 5.10 cents per share)	144	141
	145	142
	<b>31.12.2012</b>	<b>31.12.2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 4: Cash and cash equivalents</b>		
Cash at bank and in hand	165	452
Short-term bank deposits	48,899	44,410
<b>Total</b>	<b>49,064</b>	<b>44,862</b>
<b>Reconciliation to cash flow statement</b>	<b>49,064</b>	<b>44,862</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**Note 5: Segment Information**

**31 December 2012**

	Skifield \$'000	Investments \$'000	Agriculture \$'000	Total \$'000
<b>Segment Revenue:</b>				
Sales to external customers	12,322	-	-	12,322
Other revenue	4	917	184	1,104
<b>Total segment revenue (as per statement of comprehensive income)</b>	<b>12,326</b>	<b>917</b>	<b>184</b>	<b>13,426</b>
<b>Result:</b>				
<b>Segment result ( net profit before tax per the statement of comprehensive income)</b>	<b>5,665</b>	<b>509</b>	<b>119</b>	<b>6,293</b>
<b>Assets:</b>				
<b>Segment operating assets (as per statement of financial position)</b>	<b>40,928</b>	<b>57,199</b>	<b>6,165</b>	<b>104,292</b>

**31 December 2011**

	Skifield \$'000	Investments \$'000	Agriculture \$'000	Total \$'000
<b>Segment Revenue:</b>				
Sales to external customers	10,939			10,939
Other revenue	90	925	112	1,127
<b>Total segment revenue (as per statement of comprehensive income)</b>	<b>11,029</b>	<b>925</b>	<b>112</b>	<b>12,066</b>
<b>Result:</b>				
<b>Segment result (net profit before tax per the statement of comprehensive income)</b>	<b>4,382</b>	<b>659</b>	<b>65</b>	<b>5,106</b>
<b>Assets:</b>				
<b>Segment operating assets (as per statement of financial position)</b>	<b>34,447</b>	<b>56,637</b>	<b>8,906</b>	<b>99,990</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**Note 6: Taxation**

During the financial 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 7: Subsequent events**

In the opinion of the directors there are matters that may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity in financial years after the half-year ended 31 December 2012. Information on such matters is contained in the Directors' Report at pages 4 – 6.

**DIRECTORS' DECLARATION**

In the opinion of the directors of Vealls Limited:-

- (a) The financial statements and notes of consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the financial position as at 31 December 2012 and the performance for the half-year ended on that date of the consolidated entity
  - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*
  
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Ian Raymond Veall  
Executive Chairman

Melbourne, 28th February 2013

**RSM Bird Cameron Partners**  
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PO Box 248 Collins Street West VIC 8007  
T +61 3 9286 1800 F +61 3 9286 1999  
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### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Vealls Limited for the half year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



**RSM BIRD CAMERON PARTNERS**



**J S CROALL**  
Partner

Dated: 28 February 2013  
Melbourne, Victoria



## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF

### VEALLS LIMITED

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vealls Limited which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

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

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vealls Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

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

#### *Bases for Qualified Conclusion*

##### *(i) Transfer of the operations of the New Zealand Skifield business*

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 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 by management and recognised in the consolidated statement of comprehensive income for the year ended 30 June 2011. The company's records indicate that this deferred tax liability still exists as at 31 December 2012. 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 31 December 2012, with a corresponding reduction in retained profits as at 30 June 2012 and 31 December 2012.

##### *(ii) Hukarere Ltd*

The consolidated entity holds a 50% interest in Hukarere Ltd which was a new company established in New Zealand with Treble Cone skifields to provide a multi park access skiing ticket. We have not received any financial information regarding Hukarere Ltd. The consolidated entity has recorded \$404,000 as income during the reporting period, representing its share of the profits earned. As we have not had any access to the financial information regarding the operations of Hukarere Ltd we are unable to determine whether the accounting treatment is correct, whether the income received is complete and whether any additional assets, liabilities or expenses should have been recorded. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

#### *Qualified Conclusion*

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

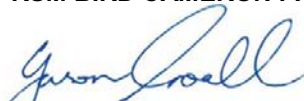
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### *Emphasis of Matter*

Without further qualifying our conclusion, we draw attention to Note 6 in the financial report which describes an uncertainty related to the potential tax consequences that could arise as a result of the transfer of the Cardrona Skifield between the company's subsidiaries.



**RSM BIRD CAMERON PARTNERS**



**J/S CROALL**  
Partner

Dated: 28 February 2013  
Melbourne, Victoria