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

21 October 2010

The Manager
Australian Stock Exchange
E-Lodgements

Dear Sir / Madam,

ANNUAL REPORT

A copy of the company's Annual Report for the period ended 30 June 2010 follows.

Yours faithfully

Duncan Veall
Company Secretary

Vealls Limited

ABN 39 004 288 000

Annual Report

For the year ended 30 June 2010

Vealls Limited
ABN 39 004 288 000

Corporate Information

Capital Issued and Paid Up		$ 1,235,388
	Consisting of:	
	8,873,860	Capital shares
	2,775,108	Income shares
	40,474	7% cumulative non-participating non-redeemable Preference shares

Controlled Entities

(Incorporated in Victoria)
V.L. Finance Pty Ltd
V.L. Pastoral Pty Ltd
V.L. Investments Pty Ltd
V.L. Credits Pty Ltd
Swintons Pty Ltd
Tunrove Pty Ltd

(Incorporated in New Zealand)
Cardrona Ski Resort Ltd
Vealls (NZ) Limited

(Incorporated in Singapore)
Vealls (Singapore) Pte Ltd

Directors
Ian Raymond Veall (Executive Chairman)
Martin Charles Veall (Executive Director)
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
Danby Bland Provan & Co
Chartered Accountants
1st Floor
123 Camberwell Road
Hawthorn East Vic 3123

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

Vealls Limited
ABN 39 004 288 000

Notice of Annual General Meeting

Notice is hereby given that the sixtieth Annual General Meeting of members of Vealls Limited will be held at Level 7, 500 Collins Street, Melbourne, Victoria, on Friday 19 November 2010 at 10.30 a.m.

Business

1. To receive and consider the Annual Financial Report, Directors' Report and Independent Audit Report for the year ended 30 June 2010.

2. To elect a director:

   In accordance with article 99 of the company's Constitution Mr Duncan Reginald Veall retires by rotation, and, being eligible, offers himself for re-election as a director.

3. To adopt the Remuneration Report.

4. Increase in directors' fees:

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

   "That an increase of $30,000 in the total remuneration available to non-executive directors of Vealls Limited, from $30,000 to $60,000, with effect from 31 December 2010 be approved."

Special Business

5. 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 Accru Danby Bland Provan as auditor, RSM Bird Cameron Partners be appointed auditor of the company effective from the conclusion of the 2010 Annual General Meeting."

By Order of the Board

Duncan R Veall
Company Secretary

8 October 2010

Notes:

Item 4: As there has been no increase in directors fees since 1985 it is considered appropriate at this time to cover future requirements.

Item 5: 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 2011 and beyond. The Audit Committee reviewed all tenders received and interviewed the tenderers.

Following this process and further discussion, the directors then decided that RSM Bird Cameron Partners 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 RSM Bird Cameron Partners 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

8 October 2010

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 RSM Bird Cameron Partners as auditor of the company at the Annual General Meeting to be held on 19 November 2010.

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 2010.

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 86; Director since 1956, Managing Director 1961-1996, Chairman since 1966, 61 years experience with the company. Special responsibilities: Investments and Finance.

Martin Charles Veall, Diploma of Farm Management (Marcus Oldham College) – Executive Director.
Age 57; Director since 1989, 39 years experience in farm management. Special responsibilities: Agriculture and Forestry. Audit Committee.

Robert Sidney Righetti, Chartered Accountant – Non-executive Director.
Age 60, Director since 1996, Formerly Partner, Pannell Kerr Forster (Melbourne Partnership) Chartered Accountants, 39 years experience in accounting and auditing. Special responsibilities: Audit Committee.

Duncan Reginald Veall, B.Ec. (Monash) – Executive Director.
Age 54, Director since 1999, 21 years experience with the company. Special responsibilities: Cardrona Ski Resort (New Zealand).

COMPANY SECRETARY

Duncan Reginald Veall, B.Ec. (Monash)
Appointed 2000. 21 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	-
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	-

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	-	-	2,850

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. **Operations**

(a) Comprehensive Income

(i) Revenue was 16,029m, with Cardrona Ski Resort continuing to be the main contributor (84%).

(ii) Other income was $2.063m, chiefly from fair value revaluation of investments (Mt Martha land) (68%).

(iii) Other comprehensive income of $4.566m from fair value revaluation of Property, plant & equipment, the major item being in Cardrona Ski Resort (94%).

Compared with the previous year there was a substantial total increase, but much of this was due to periodic fair value revaluations of assets.

(b) Expenses

Total operating expenses showed little increase but their composition differed markedly from the previous year in items, such as, revaluations, unrealised foreign exchange, and the costs of opening up an additional ski area at Cardrona Ski Resort.

(c) Profit

Consolidated net profit after tax was $4.023m, up about 10% on the previous year, but there were several items that affected the comparison – some of which were fairly large.

In summary, the operating results are considered satisfactory in all the circumstances, but it is difficult to show a meaningful comparison with the previous year because of the number of items that were either included or excluded in the respective years' results.

2. **Balance Sheet**

Consolidated assets totalled $100.627m with the main items being increases in Cash and cash equivalents ($5.56m) and Property, plant & equipment ($5.35m) and a decrease in Agricultural & biological assets of $0.54m.

Total liabilities decreased by $1.619m, mainly in Income tax payable that in the previous year included capital gains tax relating to the sale of Rippling Water Station NSW.

The financial position shows high liquidity levels and an increase in shareholders' equity of $8.52m.

Director's Report continued

3. Cash Flows

The statement of cash flows shows there was an increase of $6.246m over the year ended 30 June 2010. The main item being from the final sale proceeds of Rippling Water Station ($4.7m).

4. Dividends

The following final dividends for the year ended 30June 2010 have been declared payable on 29 October 2010.The dividends will be fully franked at 30% tax rate.

	Per Share
• Preference shares	0.35c
• Income shares	4.90c
• Capital shares	0.50c

5. Review of Operations

(a) Skifield activities

The 2009 season at Cardrona Ski Resort in New Zealand opened as scheduled in late June. There were heavy snow falls initially and conditions remained favourable for the rest of the season. Operations were successful at all levels and the management and staff are to be commended for their efforts. Over the summer months a new ski area (Valley View) was opened up with trails being serviced by a fixed quad chairlift. It provides an additional 220 vertical metres that links up with the existing runs to give a downhill run of about 600 vertical metres.

(b) Investment Activities

Income was derived from interest on short term deposits placed with a number of trading banks in AUD, NZD, USD, SGD & Euro currencies.
Interest rates declined over the period to very low historical levels and thus substantially affected the income earned.
The global economy continues to be fragile, although with muted effects in Australia, and to a lesser extent, New Zealand. Longer term investment remains problematic.

(c) Agricultural Activities

With the sale of Rippling Water Station, near Jingilic, NSW cattle breeding continued on the adjoining Clear Springs Station. Seasonal conditions were good and the calves produced sold well at auction. Stock numbers were reduced and totaled 1,334 head at balance date.

(d) Forestry Activities

The oak forest (Foret de Leyde) near Moulins, France continued as expected under its management plan, but suffered an adverse foreign currency unrealised movement through the Euro/AUD rate of exchange.

6. Significant features of Operating Performance

(a) Consolidated profit before tax compared with the previous year was $1.476m lower, but this was more than accounted for by the capital gains made on the sale of the rural property, Rippling Water Station that occurred in the previous year.

Profit after tax increased by $0.368m, mainly due to lower income tax expense that required reduced deferred tax liabilities.

(b) Interest rates on deposits progressively declined over the year but stabilised by balance date. Income was substantially reduced even with a higher level of cash & cash equivalents available for investment.

(c) Cardrona Ski Resort increased both revenues and the financial outcomes in NZD terms with favourable operating conditions.

Director's Report continued

7. Other Financial Information

(a) Basic and diluted earnings per ordinary share were 42.29c compared with 38.22c in the previous year.

(b) Net tangible asset backing per ordinary share was $10.30 compared with $9.34 in the previous year.

(c) Returns to shareholders (cents per share)

• Preference share dividends	0.73c
• Income share dividends	9.70c
• Capital share dividends	0.50c

(d) Statement of Retained Earnings (Consolidated)

	000's
Balance at beginning of year	$51,811
Add – profit after tax	4,023
Less – dividends paid	(314)
Balance at end of year	$55,520

8. Subsequent events

The 2010 ski season at Cardrona Ski Resort commenced in late June as usual. Snow conditions were good and have remained so to date. However, for the better part of September a succession of low pressure troughs has brought showers and high winds that have affected skier numbers and hence revenues to some extent.

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 2010 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.

Director's Report continued

(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.

(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:	**2006**	**2007**	**2008**	**2009**	**2010**
Net Profit ('000's)					
Before tax	3,156	7,294	5,364	6,686	5,210
After tax	2,148	5,946	4,363	3,655	4,023

Director's Report continued

(b) Shareholder Wealth

Year ended 30 June:	**2006**	**2007**	**2008**	**2009**	**2010**
(1) Dividends -					
Preference shares	0.70c	0.70c	0.70c	0.70c	0.70c
Income shares	8.90c	9.10c	9.30c	9.50c	9.70c
Capital shares	0.50c	0.50c	0.50c	0.50c	0.50c
(2) Share Price *					
Preference shares	0	0	0	0	0
Income shares	0	0	+ 20c	-20c	+45c
Capital shares	0	0	- 65c	-225c	+5c

* 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	4	2	2
Robert Sidney Righetti	8	8	2	2
Duncan Reginald Veall	8	5	-	-

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:

2010

	Short- term benefits		**Post – employment benefits**			
DIRECTORS	**Cash, salary and commissions $**	**Non-cash benefits $**	**Super-annuation $**	**Long – term benefits $**	**Other benefits**	**Total $**
Ian Raymond Veall (Chairman)	46,421	-	-	1,601	-	48,022
Martin Charles Veall (Executive director)	80,000	6,720	7,403	-	1,333	95,456
Robert Sidney Righetti (Non-executive director)	25,000	-	3,708	-	-	28,708
Duncan Reginald Veall (Executive director)	91,000	2,837	9,919	-	-	103,756
	242,421	9,557	21,030	1,601	1,333	275,942

Director's Report continued

2009

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	-	-	1,601	-	48,022
Martin Charles Veall (Executive director)	80,000	6,720	7,403	-	1,333	95,456
Robert Sidney Righetti (Non-executive director)	22,750	-	3,708	-	-	26,458
Duncan Reginald Veall (Executive director)	91,000	2,837	9,919	-	-	103,756
	240,171	9,557	21,030	1,601	1,333	273,692

Note: (a) With the exception of Mr R S Righetti who is a non-executive director, each of the abovenamed 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.

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, 27th September 2010

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF VEALLS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Danby Bland Provan & Co.

DANBY BLAND PROVAN & CO
Chartered Accountants

123 Camberwell Road
HAWTHORN EAST 3123

R A LANE

Partner

27 September 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 $000	2009 $000
Revenue	2	16,029	15,402
Other Income	2	2,063	4,129
Cost of Sales		(1,848)	(1,754)
Employee benefits expense		(4,017)	(3,824)
Depreciation expense		(1,877)	(1,621)
Advertising and Promotion		(246)	(214)
Unrealised foreign exchange gains/(losses)		(829)	(21)
Decrement in value of livestock		-	(7)
Decrement in value of standing timber		-	(70)
Decrement in value of investments		-	(1,470)
Pasture improvement		(33)	(43)
Transport costs		(277)	(296)
Rates and taxes		(199)	(200)
Repairs and maintenance		(857)	(962)
Insurance		(301)	(272)
Skifield preparation & Events		(647)	(207)
Light, power and telephone		(545)	(513)
Professional costs		(217)	(338)
Freight		(36)	(31)
Listing & share registry fees		(32)	(27)
Merchant & bank fees		(218)	(175)
Other expenses		(703)	(800)
Profit before income tax expense		**5,210**	**6,686**
Income tax expense	4	(1,187)	(3,031)
Profit after tax		**4,023**	**3,655**
Other comprehensive income:			
Foreign currency translation		248	828
Fair value revaluation of property plant & equipment		4,566	-
Total other comprehensive income for the period		**4,814**	**828**
Total Comprehensive Income for the period		**8,837**	**4,483**
Earnings per share		42.23c	38.21c
Diluted earnings per share		42.23c	38.21c

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 $'000	2009 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	39,515	33,958
Trade and other receivables	8	304	4,895
Inventories	11	206	215
Agricultural & biological assets	9	1,260	1,285
TOTAL CURRENT ASSETS		**41,285**	**40,353**
NON-CURRENT ASSETS			
Investment properties	10	15,718	14,600
Available for sale financial assets	12	224	182
Property, plant and equipment	13	40,486	35,140
Deferred tax assets	16	96	92
Agricultural & biological assets	9	2,818	3,356
TOTAL NON-CURRENT ASSETS		**59,342**	**53,370**
TOTAL ASSETS		**100,627**	**93,723**
CURRENT LIABILITIES			
Trade and other payables	15	3,753	3,519
Current tax liabilities		693	2,707
Provisions	17	267	256
TOTAL CURRENT LIABILITIES		**4,713**	**6,482**
NON-CURRENT LIABILITIES			
Trade and other payables	15	188	-
Deferred tax liabilities	16	2,882	2,920
TOTAL NON-CURRENT LIABILITIES		**3,070**	**2,920**
TOTAL LIABILITIES		**7,783**	**9,402**
NET ASSETS		**92,844**	**84,321**
EQUITY			
Issued capital	18	1,235	1,235
Reserves		36,089	31,275
Retained earnings		55,520	51,811
TOTAL EQUITY		**92,844**	**84,321**

The accompanying notes form part of these financial statements.

Vealls Limited ABN 39 004 288 000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2010

	Share Capital $'000	Retained Profits $'000	General Reserve $'000	Asset Replacement Reserve $'000	Asset Revaluation Reserve $'000	Asset Realisation Reserve $'000	Foreign Currency Translation $'000	Total $'000
Balance at 1 July 2008	1,235	48,464	5,981	4,619	12,515	10,425	(3,093)	80,146
Profit for the period	-	3,655	-	-	-	-	-	3,655
Other comprehensive income	-	-	-	-	-	-	828	828
Total comprehensive income for the period	**-**	**3,655**	**-**	**-**	**-**	**-**	**828**	**4,483**
Transfers to and (from) Reserves		-	-	-	(1,567)	1,567	-	-
Dividends paid	-	(308)	-	-	-	-	-	(308)
Balance at 30 June 2009	**1,235**	**51,811**	**5,981**	**4,619**	**10,948**	**11,992**	**(2,265)**	**84,321**
Profit for the period	-	4,023	-	-	-	-	-	4,023
Other comprehensive income	-	-	-	-	4,566	-	248	4,814
Total comprehensive income for the period	**-**	**4,023**	**-**	**-**	**4,566**	**-**	**248**	**8,837**
Dividends paid		(314)						(314)
Balance at 30 June 2010	**1,235**	**55,520**	**5,981**	**4,619**	**15,514**	**11,992**	**(2,017)**	**92,844**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	2010 $'000	2009 $'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	15,788	14,960
Payments to suppliers and employees (inclusive of GST)	(10,092)	(10,675)
Proceeds from sale of agricultural assets	-	1,419
Income tax paid	(3,242)	(1,042)
Net cash provided by operating activities	2,454	4,662
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,656	1,870
Dividends received	1	3
Purchase of Property, plant and equipment	(2,330)	(2,187)
Proceeds from sale of Property plant and equipment	4,743	5,325
Proceeds from sale of Investment property	-	875
Proceeds from sale of available-for-sale investments	36	-
Net cash provided by (used in) investing activities	4,106	5,886
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(314)	(308)
Net cash provided by (used in) financing activities	(314)	(308)
Net (decrease) / increase in cash held	6,246	10,240
Cash and cash equivalents at beginning of year	33,958	22,762
Effects of exchange rate changes on cash	(689)	956
Cash and cash equivalents at end of year	**39,515**	**33,958**

The accompanying notes form part of these financial statements.

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 27 September 2010.

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.

Changes in accounting policy and disclosures:

The Group has adopted the following new and amended Accounting Standards and AASB Interpretations as of 1 July 2009

REFERENCE	TITLE	APPLICATION DATE
AASB 8 & AASB 2007 -3	Operating Segments and consequential amendments to other Australian Accounting Standards	1 July 2009
AASB 101 (Revised) AASB 2007 8 &10	Presentation of Financial Statements and consequential amendments to Australian Accounting Standards	1 July 2009
AASB 1039 (Revised)	Concise Reporting	1 July 2009
AASB 2008 - 5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 July 2009
AASB 2008 - 6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 July 2009
AASB 2009 - 2	Amendments to Australian Accounting Standards – Improving disclosures about Financial Instruments	1 July 2009

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 30 June 2010, and have not been adopted.

REFERENCE	TITLE	APPLICATION DATE
AASB 2009 - 5	Further amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 July 2010
AASB 9	Financial Instruments	1 July 2013
AASB 2009 -11	Amendments to Australian Accounting Standards arising from AASB 9	1 July 2013
AASB 124 (Revised)	Related Party disclosures (December 2009)	1 July 2011
AASB 2009 - 12	Amendments to Australian Accounting Standards	1 July 2011
AASB 1053	Application of Tiers of Australian Accounting Standards	I July 2013
AASB 2010 - 2	Amendments to Australian Accounting Standards	1 July 2013
AASB 2010 - 4	Further amendments to Australian Accounting Standards	1 July 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group has not determined the impact of these standards, however most changes will only affect the presentation of the financial statements and disclosures within. Any impact on recognition and measurement is expected to be immaterial.

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.

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

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted as at the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the translation of monetary items are recognised in the profit or loss, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

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 cattle and mixed age forest timber is determined at current market price but for immature plantation timber, for which there is no active liquid market, it is an expert valuer's estimate of the net present value of expected future cash flows discounted at a risk adjusted interest rate. 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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a straight line 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 2010**	**30 June 2009**
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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2010

NOTE 2: REVENUE	2010 $'000	2009 $'000
(a) Revenue		
— sale of goods	1,982	3,126
— from services	12,236	10,194
Total	14,218	13,320
(b) Other Revenue		
— Interest	1,655	1,870
— Dividends	2	3
— Rental	28	120
— Sundry	126	89
Total	1,811	2,082
Total Revenue	**16,029**	**15,402**
(c) Other Income		
Fair value gains:		
— Investment Property	1,400	-
— Available-for-sale financial assets	66	-
— Agricultural and biological assets	597	-
Net gain on disposal of property, plant and equipment	-	3,576
Unrealised foreign exchange gain	-	553
Total Other Income	**2,063**	**4,129**
Total Revenue and Other Income	**18,092**	**19,531**

NOTE 3: OTHER ITEMS		
(a) Expenses		
Cost of sales	1,848	1,723
Rental expense on operating leases – Minimum lease payments	94	82
Depreciation of non-current assets		
Plant and equipment	1,496	1,256
Buildings	381	365
Total depreciation	1,877	1,621
(b) Net decrement in the net market value of agricultural and biological assets.		
Livestock	-	7
Standing Timber	-	70
(c) Net decrement in the value of available for sale assets	-	51
(d) Net decrement in the value of investment properties	-	1,417

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 $'000	2009 $'000
NOTE 4: INCOME TAX EXPENSE		
(a)		
Current tax	1,237	1,154
Capital gains tax	-	1,058
Deferred tax	(42)	524
Tax under/(over) provided in prior years	(8)	295
	1,187	**3,031**
(b)		
Reconciliation of Income tax (benefit) expense with prima facie tax payable:		
Profit before tax	5,210	6,686
Income Tax at 30% (2009: 30%)	1,563	2,006
Amounts that are not deductible (assessable) in calculating taxable income.		
— Attribution tax	1	-
— Net foreign exchange gains (losses)	232	(169)
— Investments gains(losses)	(447)	441
— Agricultural & Biological assets gains(losses)	(6)	252
— Other items	(105)	156
	1,238	2,686
Under/(Over) provisions in prior years	(51)	345
Income tax expense	1,187	3,031
The applicable weighted average effective tax rates are as follows:	23%	45%

NOTE 5: COMPENSATION FOR KEY MANAGEMENT PERSONNEL		
Short-term benefits	252	250
Long-term benefits	24	24
Total Compensation	**276**	**274**

	2010 $'000	2009 $'000
NOTE 6: DIVIDENDS		
Distributions paid		
Previous year final dividend paid on 30 October 2009:		
i) Unfranked dividend on preference shares of 0.35 cents per share (2008: unfranked 0.35 cents per share)	1	1
ii) Unfranked dividend on income shares of 4.80 cents per share (2008: unfranked 4.70 cents per share)	132	129
iii) Unfranked dividend on capital shares of 0.50 cents per share (2008: unfranked 0.50 cents per share)	44	44
	178	175
Current year interim dividend paid on 30 April 2010:		
i) Fully franked dividend on preference shares of 0.35 cents per share (2009: unfranked 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 4.90 cents per share (2009: unfranked 4.80 cents per share)	136	133
	137	134
Total dividends	314	308
Dividends proposed but not recognised as a liability payable:		
i) Fully franked dividend on preference shares of 0.35 cents per share (2009 unfranked 0.35 cents per share)	1	1
ii) Fully franked dividend on income shares of 4.90 cents per share (2009 unfranked 4.80 cents per share)	136	133
iii) Fully franked dividend on capital shares of 0.50 cents per share (2009 unfranked 0.50 cents per share)	44	44
	181	178

Franking credit balance	Parent 2010 $'000	2009 $'000
The amount of franking credits available for the subsequent financial year are:		
• Franking account balance at the beginning of the financial year	2,812	315
• Franking credits from the payment of income tax during the financial year.	59	2,497
• Franking debits from the payment of dividends during the financial year.	(58)	-
• Franking account balance at the end of the financial year	2,813	2,812
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.	(78)	-

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 2010

	2010 $'000	2009 $'000
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	709	497
Short-term bank deposits	38,806	33,461
Total	**39,515**	**33,958**
Reconciliation to cash flow statement	**39,515**	**33,958**
NOTE 8: TRADE AND OTHER RECEIVABLES		
Current Assets		
Sundry Receivables	36	4,709
Goods and Services Tax	250	165
Prepayments	18	21
Total	**304**	**4,895**
NOTE 9: AGRICULTURAL AND BIOLOGICAL ASSETS		
Current Assets		
Cattle - at fair value	1,260	1,285
Non Current Assets		
Standing timber – at fair value (foret de Leyde – Moulins, France)	2,818	3,356
NOTE 10: INVESTMENT PROPERTIES		
Non Current Assets		
(a) Freehold Land (Mt Martha, Vic) –at fair value		
Opening Balance at 1 July 2009	13,000	14,400
Net gain(loss) on revaluation	1,400	(1,400)
Closing Balance at 30 June 2010	14,400	13,000
(b) Freehold land and buildings (France) – at fair value		
Opening Balance at 1 July 2009	1,600	1,526
Net gain(loss) on revaluation	(282)	74
Closing Balance at 30 June 2010	1,318	1,600
Totals	**15,718**	**14,600**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 $'000	2009 $'000
NOTE 11: INVENTORIES		
Current		
Ski field merchandise – at cost	206	215
	206	**215**

	2010 $'000	2009 $'000
NOTE 12: AVAILABLE FOR SALE FINANCIAL ASSETS		
Non Current Assets		
(a) Listed shares – at fair value	223	181
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	1
Total	**224**	**182**

NOTE 13: PROPERTY PLANT & EQUIPMENT

Non Current Assets

	Freehold Land $'000	Buildings $'000	Plant & Equipment $'000	Total $'000
At 30 June 2010				
Cost or fair value	15,120	12,226	19,699	47,045
Accumulated depreciation	-	(120)	(6,439)	(6,559)
Net carrying amount	**15,120**	**12,106**	**13,260**	**40,486**
Reconciliation of carrying amounts:				
Balance 1 July 2009	9,314	12,540	13,286	35,140
Additions	-	306	2,024	2,330
Disposals	-	-	(70)	(70)
Revaluations	5,772	(507)	(692)	4,573
Exchange differences	34	148	208	390
Depreciation charges	-	(381)	(1,496)	(1,877)
At 30 June 2010	**15,120**	**12,106**	**13,260**	**40,486**

NOTE 13: PROPERTY PLANT & EQUIPMENT (continued)

Non Current Assets

	Freehold Land $'000	Buildings $'000	Plant & Equipment $'000	Total $'000
At 30 June 2009				
Cost or fair value	9,314	13,297	19,560	42,171
Accumulated depreciation	-	(757)	(6,274)	(7,031)
Net carrying amount	**9,314**	**12,540**	**13,286**	**35,140**
Reconciliation of carrying amounts:				
Balance 1 July 2008	14,763	12,580	13,287	40,630
Additions	259	278	1,451	1,988
Disposals	(5,754)	(149)	(267)	(6,170)
Exchange differences	46	152	115	313
Depreciation charges	-	(321)	(1,300)	(1,621)
At 30 June 2009	**9,314**	**12,540**	**13,286**	**35,140**

NOTE 14: CONTROLLED ENTITIES

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)* 2010	2009
Parent Entity:			
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 2010

	2010 $'000	2009 $'000
NOTE 15: TRADE AND OTHER PAYABLES		
Current Liabilities		
Trade payables	1,331	1,464
Other Payables	2,422	2,055
Total	**3,753**	**3,519**
Non Current Liabilities		
Trade Payables	188	-

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

NOTE 16: DEFERRED TAX

	2010 $'000	2009 $'000
(a) Deferred Tax Assets		
Provisions		
Annual Leave	32	31
Long Service Leave	64	61
Total	**96**	**92**
Movements		
Balance 1 July 2009	92	114
Credited (Charged) to income	4	(22)
Balance 30 June 2010	**96**	**92**
(b) Deferred Tax Liabilities		
Investments	85	163
Agricultural & Biological assets	208	379
Property plant & equipment	2,589	2,378
Total	**2,882**	**2,920**
Movements		
Balance 1 July 2009	2,920	3,607
Credited (Charged) to income	(38)	(687)
Balance 30 June 2010	**2,882**	**2,920**

	2010 $'000	2009 $'000
NOTE 17: PROVISIONS		
Current Liabilities		
Annual leave	53	53
Long service leave	214	203
Total	**267**	**256**

NOTE 18: ISSUED CAPITAL		
40,474 (2009: 40,474) fully paid preference shares	4	4
2,775,108 (2009: 2,775,108) fully paid income shares	344	344
8,873,860 (2009: 8,873,860) fully paid capital shares	887	887
	1,235	1,235

		2010	2009
(a)	**Preference shares**	**No.**	**No.**
	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.

		2010	2009
(b)	**Income shares**	**No.**	**No.**
	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.

		2010	2009
(c)	**Capital shares**	**No.**	**No.**
	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 2010 and 2009 as there were no external loans or borrowings.

NOTE 19: AUDITORS' REMUNERATION

	2010 $	2009 $
Remuneration of the auditor of the parent entity for:		
• auditing or reviewing the financial report	38,000	35,500
Remuneration of other auditors of subsidiaries for:		
• auditing or reviewing the financial report of subsidiaries	19,800	17,300
	57,800	**52,800**

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	**2010 $'000**	**2009 $'000**
Reconciliation of earnings to profit		
Profit after tax	4,023	3,655
Preference & Income share dividends	(269)	(263)
Earnings used to calculate basic and diluted earnings per share	**3,754**	**3,392**

	2010 No. of shares	**2009 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	42.23 cents	38.21 cents

	2010 $'000	2009 $'000
NOTE 22: CAPITAL AND LEASING COMMITMENTS		
(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	24	23
—between 12 months and 5 years	-	16
Total	24	39
(b) Capital Expenditure Commitments		
Capital expenditure commitments contracted for:		
- payable not later than 12 months	8	-
Total	8	-

	2010 $'000	2009 $'000
NOTE 23: CASH FLOW INFORMATION		
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after Income tax	4,023	3,655
Non-cash flows in profit		
Depreciation	1,877	1,621
Net (gain) / loss on disposal of property, plant and equipment	-	(3,576)
Net foreign currency (gains) / losses	829	(532)
Decrement / (increment) in net market value of agricultural and biological assets	(597)	77
Movement in net market value of investment property	(1,400)	1,417
Movement in market value of available-for-sale financial assets	(66)	51
Dividend / Interest income classified as investing activities	(1,657)	(1,873)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(101)	352
(Increase)/decrease in agricultural assets	1,160	1,113
(Increase)/decrease in inventories	9	(43)
Increase/(decrease) in trade payables and other payables	421	388
Increase/(decrease) in tax balances	(2,055)	1,989
Increase/(decrease) in provisions	11	23
Net cash from operating activities	**2,454**	**4,662**

NOTE 24: SEGMENT INFORMATION

As this is the first time the group has adopted AASB8: Operating Segments the accounting policies have been reviewed as follows:

Identification of reportable segments.

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

Description of each segment.

Skifield.

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

Investment.

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

Agriculture.

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

Major Customers

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

Accounting Policies

The table below represents revenue and profit information for reportable segments for the year ended 30 June 2010 and 2009.

Segment revenue and expenses are those directly attributable to the segment. Segment assets include all assets used by a segment and consist principally of cash, receivables, term deposits and property, plant and equipment, net of allowances and accumulated depreciation. 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	**2010 $'000**	**2009 $'000**
From outside Australia	13,679	13,781
From inside Australia	4,413	5,750
	18,092	**19,531**

NOTES TO THE FINANCIALSTATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

30 June 2010

	Skifield $'000	Investments $'000	Agriculture $'000	Total $'000
Segment Revenue				
Sales to external customers	13,140	-	1,078	14,218
Other revenue	324	2,524	1,026	3,874
Total segment revenue	**13,464**	**2,524**	**2,104**	**18,092**
Segment net operating profit before tax	**3,294**	**1,246**	**670**	**5,210**
ASSETS				
Segment assets	36,407	53,246	10,974	100,627
LIABILITIES				
Segment liabilities	5,527	381	1,875	7,783
Interest Received	188	1,057	410	1,655
Depreciation	(1,845)	-	(32)	(1,877)
Fair Value Gains	-	1,519	544	2,063
Unrealised Foreign Exchange Gains/(Losses)	98	(927)	-	(829)
Income tax expense	(954)	47	(280)	(1,187)
Amounts of additions to non-current assets:				
Investment properties	-	1,118	-	1,118
Available for sale financial assets	-	42	-	42
Property, plant & equipment	5,108	-	238	5,346
Agricultural & biological assets	-	-	(538)	(538)
Total	**5,108**	**1,160**	**(300)**	**5,968**

NOTES TO THE FINANCIALSTATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

30 June 2009

	Skifield $'000	Investments $'000	Agriculture $'000	Total $'000
Segment Revenue				
Sales to external customers	12,108	-	1,212	13,320
Other revenue	314	1,725	4,172	6,211
Total segment revenue	**12,422**	**1,725**	**5,384**	**19,531**
Segment net operating profit before tax	**2,838**	**(195)**	**4,043**	**6,686**
ASSETS				
Segment assets	30,729	41,784	21,210	93,723
LIABILITIES				
Segment liabilities	5,117	543	3,742	9,402
Interest Received	216	1,132	522	1,870
Depreciation	(1,572)	-	(49)	(1,621)
Fair Value Losses	-	(1,468)	(77)	(1,545)
Unrealised Foreign Exchange Gains	-	553	-	553
Disposal of property plant & equipment	-	-	3,576	3,576
Income tax expense	(1,043)	(445)	(1,543)	(3,031)
Amounts of additions to non-current assets:				
Investment properties	-	(1,326)	(875)	(2,201)
Available for sale financial assets	-	(51)	-	(51)
Property, plant & equipment	467	-	(5,957)	(5,490)
Agricultural & biological assets	-	-	(1,244)	(1,244)
Total	**467**	**(1,377)**	**(8,076)**	**(8,986)**

NOTES TO THE FINANCIALSTATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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	**2010 $'000**	**2009 $'000**
- Advances paid by parent entity to subsidiary	-	532
- Advances from subsidiary to parent entity	14,275	-

b) Key management personnel equity holdings

Fully paid capital shares of Vealls Limited	**Balance as at 30/6/10 No.**	**Balance as at 30/ 6/09 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	29,258	29,258
	29,258	29,258

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
4.40% - 2.73%	4.45% - 3.25%	0.16% - 0.09%	0.33% - 0.09%

At 30 June 2010 short term bank deposits in AUD functional currency totalled $39.515m.
A movement of +/- 1% in deposit interest rates would amount to $395,000 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 10:1 and thereby provide adequate liquidity to cover the Group's present and future operations.

	2010	**2009**
	$'000	**$'000**
Year ended 30 June	**Within 6 Months**	**Within 6 Months**
Financial Assets		
Cash and Cash Equivalents	39,515	33,958
Trade & Other Receivables	304	4,895
Available- for-sale financial assets	224	182
Total	**40,043**	**39,035**
Financial liabilities		
Trade and other payables	3,941	3,519
Total	**3,941**	**3,519**
Net difference:	**36,102**	**35,516**

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.

2010	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Listed shares	223	-	-	223
Shares in other corporations	-	-	1	1
Total	**223**	**-**	**1**	**224**

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

2009	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Listed shares	181	-	-	181
Shares in other corporations	-	-	1	1
Total	**181**	**-**	**1**	**182**

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

NOTES TO THE FINANCIALSTATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 27 : PARENT ENTITY INFORMATION

Information relating to Vealls Limited:	**2010 $'000**	**2009 $'000**
Current Assets	26,277	1,266
Total Assets	68,675	53,441
Current Liabilities	289	98
Total Liabilities	61,674	47,*554*
Issued Capital	1,235	1,235
Assets Revaluation Reserve	745	745
General Reserve	987	987
Retained Earnings	4,034	2,920
Total Shareholders' equity	7,001	5,887
Profit or (loss) of the parent entity	1,428	244
Total comprehensive income of the parent entity	1,428	244

NOTE 28: 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 2010 except for the following:

The 2010 ski season at Cardrona Alpine Resort in New Zealand commenced in late June as usual. Initially, conditions were good and regular snow falls, together with snow making in high traffic areas, have maintained both quality and cover since.

Weather patterns more recently however have brought a succession of showers and high winds that have affected skier numbers to some extent.

NOTE 29: 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 2010 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 2010.

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

Ian Raymond Veall
Executive Chairman

Melbourne, 27th September 2010

Independent Audit 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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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 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 judgment, 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 and the remuneration disclosures in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

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 2010 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

DANBY BLAND PROVAN & CO
Chartered Accountants

123 Camberwell Road
HAWTHORN EAST 3123

R A LANE
Partner

27 September 2010

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 27 September 2010.

(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	37	16,741	36	17,581	10	3,066
1,001 - 5,000	19	37,950	25	55,432	4	11,000
5,001 - 10,000	8	69,157	13	111,467	-	-
10,001 - 100,000	13	382,472	24	635,929	1	26,408
100,001 - and over	5	8,367,540	2	1,954,699	-	-
	82	8,873,860	100	2,775,108	15	40,474
The number of shareholders holding less than a marketable parcel of shares are:	3	290	7	1,110	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. Custodial Services Ltd	248,250	2.80
4. National Nominees Ltd	215,400	2.43
5. Veall I R	155,890	1.76
6. Laurence G & Morrison J R	91,600	1.03
7. Moffatt J G M	50,000	0.56
8. Cameda Pty Ltd	46,117	0.52
9. Burnham Equities Pty Ltd	31,000	0.35
10. Heeley G	30,002	0.34
11. Ryan J	30,000	0.34
12. Anberton Pty Ltd	19,000	0.21
13. Charmof Nominees Pty Ltd	18,000	0.20
14. Laurence J & Stanton C	15,000	0.17
15. Armstrong M A	14,000	0.16
16. Kintonic Pty Ltd	13,970	0.16
17. Boongala Pty Ltd	13,167	0.15
18. Bell Potter Nominees Ltd	10,616	0.12
19. Tasmania Gifts Co Pty Ltd	10,000	0.11
20. Hayman PJ	10,000	0.11
	8,770,012	98.83

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	80,000	2.88
4. Kylenet Pty Ltd	76,000	2.74
5. National Nominees Ltd	37,365	1.35
6. Veall K L	36,000	1.30
7. Clayton J R M	30,000	1.08
8. Helms D N	28,750	1.04
9. Tink Y L	28,750	1.04
10. Colman L P	27,500	0.99
11. Griffiths A B	27,315	0.98
12. Forbar Custodians Ltd	23,333	0.84
13. Chalet Custodians Pty Ltd	23,000	0.83
14. Curry N C	23,000	0.83
15. Barry-Scott U J	22,000	0.79
16. Noss E C	20,750	0.75
17. Dare H J	20,000	0.72
18. Maiden J N F	20,000	0.72
19. Parsons L M J	18,000	0.65
20. Emmerson J	15,000	0.54
	2,511,462	90.51

	Listed Preference shares	
	Number of shares	Percentage (%)
1. Duncan R Veall	26,408	65.25
2. John Ryan	4,350	10.75
3. DRV Superannuation Fund	3,050	7.53
4. Winpar Holdings Pty Limited	2,150	5.31
5. Anne M Leaver	1,450	3.58
6. Robert E Warman	600	1.48
7. Batoka Pty Limited	600	1.48
8. Graham A Leaver	500	1.24
9. XYZ Nominees Pty Ltd	500	1.24
10. Emily B Fraser and Glennys E Albrecht	300	0.74
11. Katherine V M Cameron	250	0.62
12. Adrienne M Currie	100	0.25
13. Estate Marie E Dinneen	100	0.25
14. Brenda A Pasamonte	66	0.16
15. David Tweed	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 2010 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 Ski Resort Ltd 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 Director's 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 4. 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 72.78% 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 trading in company securities by directors, senior executives and employees and disclose the policy or a summary of the policy.
Compliance:	Yes.
Comment:	The company's policy is that there are no fixed periods during which the company's securities may not be traded by the directors, senior executives and employees; provided always that the person or related entity does not have any inside information concerning the company's financial position, strategy or operations and any other information which a reasonable person might consider, if it were made public, would be likely to have a material impact on a decision to buy or sell the company's securities.
Recommendation 3.3:	Provide the information indicated in the Guide to reporting on Principle 3.
Compliance:	Yes.
Comment:	Recommendation 3.1 has not been complied with for the reasons given.
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 39 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 39 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 of all material matters concerning the company".**
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 and facilitate the effective exercise of those rights".**
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:	**"Establish a sound system of risk oversight and management and internal control".**
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:	**"Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear".**
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 9. 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 7.
Recommendation 8.2:	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 8.3:	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. Recommendation 8.1 has not been complied with for the reason given.

Vealls Limited
ABN 39 004 288 000

Registered Office:
1st Floor
484 Toorak Road
Toorak Vic 3142

Form of Proxy

I/We (Please print) ……………………………………………………………………………………………………..

of ……………………………………………………………………………………………………..

being a member(s) of VEALLS LIMITED hereby appoint

Name (Please print) …………………………………………………………………………………….............. % of vote
and / or

Name (Please print) …………………………………………………………………………………….............. % of vote

failing whom the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Friday 19 November 2010 at 10.30 a.m. and at any adjournment thereof.

*I/We direct my/our proxy in the following manner:

	For	Against	Abstain
1. To adopt the financial statements and reports.	☐	☐	☐
2. To re-elect Mr DR Veall as a director.	☐	☐	☐
3. To adopt the Remuneration report for the year ended 30 June 2010.	☐	☐	☐
4. To increase directors' fees.	☐	☐	☐
5. To appoint RSM Bird Cameron Partners as Auditor of the Company	☐	☐	☐

Signed this day of 2010

Member(s) Signature

………………………………………………………………………………………………….

*If you wish to direct your proxy how to vote you should place an x in the appropriate box. If you do not direct your proxy how to vote or you mark both boxes, your proxy may vote or abstain from voting as he/she shall think fit.

Notes:

1. A member entitled to attend and vote at the meeting may appoint not more than two proxies or an attorney under power to attend and vote in place of the member.
2. A proxy need not be a member of the company.
3. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the members' voting right.
4. To be effective, the proxy appointment and the Power of Attorney (if any) under which it is signed must be received at the Registered Office of the Company, 1st Floor, 484 Toorak Road, Toorak Vic 3142 either by mail or by facsimile to 03 9827 4112 or by other delivery, not less than forty-eight hours before the meeting.