Vealls Limited

ABN 39 004 288 000

Annual Financial Report

for the year ended 30 June 2009

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 fifty-ninth Annual General Meeting of members of Vealls Limited will be held at Level 11, 500 Collins Street, Melbourne, Victoria, on 18 November 2009 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 2009.

2. To elect a director:

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

3. To adopt the Remuneration Report.

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

By Order of the Board

Duncan R Veall
Company Secretary

6 October 2009

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.

Director's Report

The directors present this report on the consolidated entity of Vealls Limited and the entities it controlled in respect of the year ended 30 June 2009.

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 85; Director since 1956, Managing Director 1961-1996, Chairman since 1966, 60 years experience with the company. Special responsibilities: Investments and Finance.

Martin Charles Veall, Diploma of Farm Management (Marcus Oldham College) – Executive Director.
Age 56; Director since 1989, 38 years experience in farm management. Special responsibilities: Agriculture and Forestry. Audit Committee.

Robert Sidney Righetti, Chartered Accountant – Non-executive Director.
Age 59, Director since 1996, Formerly Partner, Pannell Kerr Forster (Melbourne Partnership) Chartered Accountants, 38 years experience in accounting and auditing. Special responsibilities: Audit Committee.

Duncan Reginald Veall, B.Ec. (Monash) – Executive Director.
Age 53, Director since 1999, 20 years experience with the company. Special responsibilities: Cardrona Ski Resort (New Zealand).

COMPANY SECRETARY

Duncan Reginald Veall, B.Ec. (Monash)
Appointed 2000. 20 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	-
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

Director's Report continued

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. Operating results

(a) Income

(i) Revenue was $15.402 m, with Cardrona Ski Resort in New Zealand continuing to be the main contributor (83%).

(ii) Other Income was $4.129 m. most of which came from the Sale of the rural property (Rippling Water Station) (82%).

Compared with the previous year total revenue was up by $3.602 m, but excluding the rural property sale, as a one time event, were only marginally higher.

(b) Expenses

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

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

(c) Profit

Consolidated net profit before tax was $6.686 m an increase on the previous year of $1.322 m. The effects of the downward revaluation of agricultural and biological assets and investments in the current year materially affected the comparison.

Income tax expense included capital gains tax applicable to the sale of the rural property and additional deferred tax liabilities following a review of their calculation. The tax rate increased to 45%. As a consequence consolidated net profit after tax was $1.071m lower than the previous year.

2. Balance Sheet

Consolidated assets totalled $93.723 m. The major movements were in cash and cash equivalents and other receivables associated with the sale of the rural property, up $15.464 m, with a decrease in investments, property plant and equipment and agricultural and biological assets of $8.881 m. Total liabilities total $9.401 m – an increase of $2.377 m, mainly due to increased tax liability. The figures illustrate the strong financial position.

3. Cash Flows

The statement of Cash Flows shows there was an increase in cash and cash equivalents of $10.240 m. This was generated by the sale of the rural property ($7.619 m) and from other activities ($5.116 m) offset by continuing expansion at Cardrona Ski Resort ($1.573m) and the payment of dividends.

4. Dividends

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

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

Director's Report continued

5. Review of Operations

(a) Ski Field Activities

The 2008 ski season at Cardrona Ski Resort in New Zealand was completed in the second week of October 2008. It was again a good outcome in terms of customer support and snow conditions and management and staff are to be commended on the result achieved.
However, revenue increases were out stripped by operating costs with the financial result below that of the 2007 season. An adverse movement in the New Zealand dollar against the Australian dollar was a contributing factor.

(b) Investment Activities

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

Deposits were denominated in the following currencies:

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

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

(c) Agricultural Activities

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

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

(d) Forestry Activities

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

6. Significant features of Operating Performance

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

(b) The sale of Rippling Water Station NSW was completed and settled apart from a contract balance that has been paid subsequently. Clear Springs Station was not sold and continues in operation as before with livestock, mainly cattle.

(c) Interest rates on deposits fell substantially over the year with consequent effects on the level of interest received. Higher funds generated by operations largely offset this factor.

(d) Cardrona Ski Resort increased revenues but higher operating costs, many of which could not be avoided or reduced, left the net profit after tax below last year. The result in AUD term was also adversely affected by the exchange rate.

Director's Report continued

7. Other Financial information

(a) Basic and diluted Earnings per ordinary share were 38.21 cents compared with 50.35c in the previous year.

(b) Net tangible asset backing per ordinary capital share was $9.34 compared with $8.87 in the previous year.

(c) Returns to shareholders (cents per share)

- Preference share dividends 0.70 c
- Income share dividends 9.50 c
- Capital share dividends 0.50 c

(d) Statement of Retained Earnings (Consolidated)

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

8. Subsequent Events

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

(b) A number of snow boarding events have been successfully held, such as, the Burton Open, Winter Games, and the FIS World Cup.

(c) Customer support has compared well with the previous season. As usual, weather conditions are a major factor and during September have been variable, particularly with high winds causing closed days.

(d) Conditions have been good for pastures at Clear Springs Station over the Spring and the increased cattle numbers there following the disposal of Rippling Water Station have been accommodated. A reduced inventory will however be expected by the Summer months.

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 2009 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.

Director's Report continued

REMUNERATION REPORT

Pursuant to Section 300A Corporations Act 2001 the directors state:

Remuneration policy

(a) There is no remunerations or appointments committee of the board, and the directors and other officers' emoluments are determined in accordance with a policy that encompasses the relevant criteria and procedures to be followed.

(b) A director of the company, including an executive officer, is usually appointed by invitation of the board, but may be appointed otherwise by the company's shareholders in general meeting. All directors are in any case ultimately either confirmed or not confirmed to hold office by vote of the shareholders.

(c) The board is responsible for setting the direction taken by the company in its operations and the nature of such operations; and is responsible thereafter for monitoring the results that flow from its decisions.

(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.

Director's Report continued

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:	**2005**	**2006**	**2007**	**2008**	**2009**
Net Profit ('000's)					
Before tax	6,391	3,156	7,294	5,364	6,686
After tax	4,516	2,148	5,946	4,363	3,655

(b) Shareholder Wealth

Year ended 30 June:	**2005**	**2006**	**2007**	**2008**	**2009**
(1) Dividends -					
Preference shares	2.10c	0.70c	0.70c	0.70c	0.70c
Income shares	8.70c	8.90c	9.10c	9.30c	9.50c
Capital shares	1.00c	0.50c	0.50c	0.50c	0.50c
(2) Share Price *					
Preference shares	+ 102c	0	0	0	0c
Income shares	- 54c	0	0	+ 20c	-20c
Capital shares	+ 40c	0	0	- 65c	-225c
(3) Other relevant matters:					
(i) Reduction of capital					
Preference shares	40c	-	-	-	-
Income shares	-	-	-	-	-
Capital shares	90c	-	-	-	-
(ii) Share buy-backs					
Preference shares	-	-	-	-	-
Income shares	156c	-	-	-	-
Capital shares	-	-	-	-	-

* 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	9	9	-	-
Martin Charles Veall	9	5	2	2
Robert Sidney Righetti	9	8	2	2
Duncan Reginald Veall	9	3	-	-

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:

Director's Report continued

2009

DIRECTORS	Cash, salary and commissions $	Non-cash benefits $	Post employment Benefits		Total $
			Super-annuation $	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	2,934	273,692

2008

DIRECTORS	Cash, salary and commissions $	Non-cash benefits $	Post employment Benefits		Total $
			Super-annuation $	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	2,934	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, 30th September 2009

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 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
Chartered Accountants

123 Camberwell Road
HAWTHORN EAST 3123

G D WINNETT

Partner

30 September 2009

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Economic Entity		Parent Entity	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Revenue	2	15,402	14,466	881	1,717
Other income	2	4,129	1,463	283	749
Raw materials and consumables used		(1,754)	(1,862)	-	-
Employee benefits expense		(3,824)	(3,537)	(77)	(90)
Depreciation expense		(1,621)	(1,299)	-	-
Travelling		(296)	(167)	(8)	-
Advertising		(214)	(214)	-	-
Unrealised foreign exchange losses		(21)	-	-	-
Pasture improvement		(43)	(36)	-	-
Fodder		(3)	-	-	-
Increment(Decrement) in value of livestock		(7)		-	
Decrement in value of standing timber		(70)	-	(70)	-
Decrement in value of investments		(1,470)	-	(70)	-
Rates and taxes		(200)	(184)	(126)	(104)
Repairs and maintenance		(962)	(783)	-	(5)
Insurance		(272)	(243)	(13)	-
Snow field preparation		(207)	(187)	-	-
Light, power and telephone		(513)	(355)	(1)	(6)
Merchant and bank fees		(175)	(112)	(1)	-
Freight		(31)	(27)	-	-
Interest paid		-	-	-	(292)
Professional costs		(338)	(206)	(91)	(141)
Listing and share registry fees		(27)	(27)	(27)	(27)
Other expenses		(797)	(1,326)	(64)	(53)
Profit before income tax		6,686	5,364	616	1,748
Income tax (expense)/benefit	4	(3,031)	(638)	(372)	102
Profit attributable to members of the parent entity		3,655	4,726	244	1,850
Earnings per share (cents)	25	38.21	50.35		
Diluted earnings per share (cents)	25	38.21	50.35		
Dividends per (Income) share (cents)		9.50	9.30		
Dividends per (Preference) share (cents)		0.70	0.70		
Dividends per (Capital) share (cents)		0.50	0.50		

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Economic Entity		Parent Entity	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	33,958	22,762	1,254	1,916
Trade and other receivables	9	4,895	627	12	21
Inventories	10	215	172	-	-
Agricultural and biological assets	14	1,285	1,231	-	-
TOTAL CURRENT ASSETS		40,353	24,792	1,266	1,937
NON-CURRENT ASSETS					
Investment Property	8	14,600	16,801	1,600	1,526
Other financial assets	11	182	233	47,184	47,237
Property, plant and equipment	13	35,140	40,630	-	-
Deferred tax assets	16	92	114	35	66
Agricultural and biological assets	14	3,356	4,600	3,356	3,232
TOTAL NON-CURRENT ASSETS		53,370	62,378	52,175	52,061
TOTAL ASSETS		93,723	87,170	53,441	53,998
CURRENT LIABILITIES					
Trade and other payables	15	3,519	3,132	47,146	47,667
Current tax liabilities		2,707	52	(22)	-
Short-term provisions	17	256	233	117	113
TOTAL CURRENT LIABILITIES		6,482	3,417	47,241	47,780
NON-CURRENT LIABILITIES					
Deferred tax liabilities	16	2,920	3,607	313	269
TOTAL NON-CURRENT LIABILITIES		2,920	3,607	313	269
TOTAL LIABILITIES		9,402	7,024	47,554	48,049
NET ASSETS		84,321	80,146	5,887	5,949
EQUITY					
Issued capital	19	1,235	1,235	1,235	1,235
Reserves		31,275	30,447	1,732	1,733
Retained earnings		51,811	48,464	2,920	2,981
TOTAL EQUITY		84,321	80,146	5,887	5,949

The accompanying notes form part of these financial statements.

Vealls Limited ABN 39 004 288 000 and Controlled Entities

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2009

	Share Capital $'000	Retained Profits $'000	General Reserve $'000	Asset Replacement Reserve $'000	Asset Revaluation Reserve $'000	Asset Realisation Reserve $'000	Foreign Currency Translation $'000	Total $'000
Economic Entity								
Balance at 1 July 2007	1,235	44,328	5,981	4,331	12,515	10,425	1,389	80,204
Profit attributable to members of parent entity	-	4,726	-	-	-	-	-	4,726
Gain (loss) on translation of overseas controlled entities	-	-	-	-	-	-	(4,482)	(4,482)
Transfer to and from reserves		(288)	-	288	-	-	-	-
Sub-total	1,235	44,766	5,981	4,619	12,515	10,425	(3093)	80,448
Dividends paid	-	(302)	-	-	-	-	-	(302)
Balance at 30 June 2008	1,235	48,464	5,981	4,619	12,515	10,425	(3,093)	80,146
Profit attributable to members of parent entity	-	3,655	-	-	-	-	-	3,655
Gain on translation of overseas controlled entities	-	-	-	-	-	-	828	828
Transfer to and from reserves	-	-	-		(1,567)	1,567	-	-
Sub-total	1,235	52,119	5,916	4,659	10,948	11,992	(2,265)	84,629
Dividends paid	-	(308)	-	-	-	-	-	(308)
Balance at 30 June 2009	1,235	51,811	5,916	4,659	10,948	11,992	(2,265)	84,321
Parent Entity								
Balance at 1 July 2007	1,235	1,436	987	-	745	-	-	4,400
Profit attributable to members of parent entity	-	1,850	-	-	-	-		1,850
Sub-total	1,235	3,286	987	-	745	-	-	6,250
Dividends paid	-	(302)	-	-	-	-	-	(302)
Balance at 30 June 2008	1,235	2,984	987	-	745	-	-	5,948
Profit attributable to members of parent entity	-	244	-	-	-	-	-	247
Sub-total	1,235	3,228	987	-	745	-	-	6,195
Dividends paid		(308)	-	-	-	-	-	(308)
Balance at 30 June 2009	1,235	2,920	987	-	745	-	-	5,887

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
FOR YEAR ENDED 30 JUNE 2009

	Note	Economic Entity		Parent Entity	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		14,960	13,353	-	-
Payments to suppliers and employees		(10,675)	(10,404)	(922)	(831)
Proceeds from sale of agricultural assets		1,419	1,356	-	-
Income tax paid		(1,042)	(1,089)	(313)	-
Net cash provided by operating activities		4,662	3,216	(1,235)	(831)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		1,870	1,874	86	112
Dividends received		3	5	795	1,604
Proceeds from sales of property plant and equipment		5,325	17	-	-
Purchase of Investments		-	6,010	-	-
Purchase of property, plant and equipment		(2,187)	(6,786)	-	-
Proceeds from investment property		875	-	-	-
Net cash provided by investing activities		5,886	1,120	881	1,716
CASH FLOW FROM FINANCING ACTIVITIES					
Loans advanced to controlled entities		-	-	-	(660)
Dividends paid		(308)	(302)	(308)	(302)
Net cash used in financing activities		(308)	(302)	(308)	(962)
Net (decrease) / increase in cash held		10,240	4,034	(662)	(77)
Cash and cash equivalents at beginning of year		22,762	19,627	1,916	1,993
Effects of exchange rate changes on cash		956	(899)	-	-
Cash and cash equivalents at end of year		33,958	22,762	1,254	1,916

The accompanying notes form part of these financial statements.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Vealls Limited as an individual parent entity and Vealls Limited and the controlled entities as an economic entity. Vealls Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Vealls Limited and the controlled entities and Vealls Limited as an individual parent entity comply with standards and international accounting standards as issued by the International Accounting Standards Board (AIFRS)

The following is a summary of the material accounting policies adopted by the economic 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 25 September 2009.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

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 and financial liabilities for which the fair value basis of accounting has been applied.

New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2009. These are outlined below:

Reference	Title	Application date for Group
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	1 July 2009
AASB 1039 (revised)	Concise reporting	1 July 2009
AASB 101 (Revised), AASB 2007-8 and AASB 2001-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	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 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies

a. Principles of Consolidation

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

A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the economic 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 economic 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 at the balance sheet date.

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 income 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 economic 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 Regime. 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 and net realisable value.

d. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which are the parent entity's functional and presentation currencies.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

When a gain or loss on a non-monetary item is recognised directly in equity, the exchange component of that gain or loss shall be recognised directly in equity, otherwise the exchange difference is recognised in the income statement.

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 translated directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement 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-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 revenue 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.

Increases and decreases in the carrying amount arising on revaluation of land and buildings are credited to the income statement.

Plant and Equipment

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and value in use. Value in use is determined on the basis of the expected net cash flows that will be received from the assets 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 economic 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 2009**	**30 June 2008**
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 balance sheet 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 income statement. 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 and 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 and 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 the income statement 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.

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 equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

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 income statement.

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 escalating cost 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 balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits that are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

n. Investment property

Investment properties comprise interests in land and buildings, held for the purpose of long term capital growth.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are stated at fair value. Fair value is determined by reference to valuations carried out at each balance 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 income statement in the period they arise.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting. 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 recognised in income 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 directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

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

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

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

NOTE 3: OTHER ITEMS	Economic Entity 2009 $'000	Economic Entity 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
(a) Expenses				
Cost of sales	1,723	1,862	-	-
Bad and doubtful debts:				
— Trade receivables	-	71	-	-
Total bad and doubtful debts	-	71	-	-
Rental expense on operating leases				
— Minimum lease payments	82	85	43	43
Depreciation of non-current assets				
— plant and equipment	1,256	926	-	-
— buildings	365	373	-	-
	1,621	1,299	-	-
(b) Net decrement(increment) in the net market value of Agricultural and biological assets				
Livestock	7	-	-	-
Standing Timber	70	-	70	-
	77	-	70	-
(c) Net decrement(increment) in value of other financial assets	51	-	53	-
(d) Net decrement(increment) in value of Investment Properties	1,417	-	17	-

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

NOTE 4: INCOME TAX (BENEFIT) EXPENSE	Note	Economic Entity 2009 $'000	Economic Entity 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
(a)					
Current tax		1,154	52	133	-
Capital gains tax		1,058	-	-	-
Deferred tax		524	(606)	78	(91)
Tax under/(over) provided in prior years		295	1,192	161	(11)
		3,031	638	372	(102)
(b)					
Reconciliation of Income tax (benefit) expense with prima facie tax payable:					
Profit before tax		6,686	5,364	616	1,748
Income Tax at 30% (2008: 30%) Amounts that are not deductable (assessable) in calculating taxable income.		2,006	1,610	185	525
— Attribution tax		-	315	228	315
— Temporary differences on balance sheet movements		-	(606)	-	(91)
— Effect of differences in tax rate		-	(174)	-	-
— Utilisation of tax losses		-	(308)	-	(308)
— New Zealand dividend		-	(481)	(238)	(481)
— Net foreign exchange gains (losses)		(169)	-	(85)	-
— Investments gains(losses)		441	-	21	-
— Agricultural & Biological assets gains(losses)		252	-	21	-
— Other items		156	-	1	-
		2,686	356	133	(40)
Under/(Over) provisions in prior years		345	282	239	(62)
Income tax expense attributable to the entity		3,031	638	372	(102)
The applicable weighted average effective tax rates are as follows:		45%	12%		-

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

	Economic Entity		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
NOTE 5: COMPENSATION FOR KEY PERSONNEL				
Short-term benefits	249,728	249,728	249,728	249,728
Other long-tern benefits	23,964	23,964	23,964	23,964
Total Compensation	**273,692**	**273,692**	**273,692**	**273,692**
NOTE 6: DIVIDENDS				
Distributions paid				
Previous year final dividend paid on 31 October 2008:				
i) Unfranked dividend on preference shares of 0.35 cents per share (2007: unfranked 0.35 cents per share)	1	1	1	1
ii) Unfranked dividend on income shares of 4.7 cents per share (2007: unfranked 4.6 cents per share)	130	127	130	127
iii) Unfranked dividend on capital shares of 0.5 cents per share (2007: unfranked 0.5 cents per share)	44	44	44	44
	175	172	175	172
Current year interim dividend paid on 30 April 2009:				
i) Unfranked dividend on preference shares of 0.35 cents per share (2008: unfranked 0.35 cents per share)	1	1	1	1
ii) Unfranked dividend on income shares of 4.8 cents per share (2008: unfranked 4.7 cents per share)	133	130	133	130
	134	131	134	131
Total dividend	309	303	309	303
Dividends proposed but not recognised as a liability payable:				
i) Unfranked dividend on preference shares of 0.35 cents per share (2008 unfranked 0.35 cents per share)	1	1	1	1
ii) Unfranked dividend on income shares of 4.8 cents per share (2008 unfranked 4.7cents per share)	133	130	133	130
iii) Unfranked dividend on capital shares of 0.5 cents per share (2008 unfranked 0.5 cents per share)	44	44	44	44
	178	175	178	175

Franking credit balance

	Parent 2009 $'000	Parent 2008 $'000
The amount of franking credits available for the subsequent financial year are:		
• Franking account balance as at the end of the financial year at 30% (2008: 30%).	315	-
• Franking credits that will arise from the payment of income tax payable as at the end of the financial year.	2,497	-
• Franking debits that will arise from the payment of dividends as at the end of the financial year.	-	-
• Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.	-	-
• Franking credits that the entity maybe prevented from distributing in the subsequent financial year.	-	-
	2,812	-
The amount of franking credits available for future reporting periods:		
• Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	-	-
	-	-

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

Note	Economic Entity		Parent Entity	
	2009	2008	2009	2008
NOTE 7: CASH AND CASH EQUIVALENTS	$'000	$'000	$'000	$'000
Cash at bank and in hand	497	425	9	9
Short-term bank deposits	33,461	22,337	1,245	1,907
	33,958	22,762	1,254	1,916
The effective interest rate on short-term bank deposits was 5.0% (2008:7.6%); these deposits have an average maturity of 30 days.				
Reconciliation to cash flow statement	33,958	22,762	1,254	1,916
NOTE 8: INVESTMENT PROPERTIES				
NON-CURRENT				
Forestry land	-	875	-	-
Mt Martha land	13,000	14,400	-	-
Land and buildings – La foret de Leyde	1,600	1,526	1,600	1,526
	14,600	16,801	1,600	1,526

The fair value model is being applied with changes in fair value recognised in profit or loss. Fair value of the freehold land and buildings is determined by reference to valuations carried out at each balance date. These valuations take the form of either a directors' valuation or independent valuation (which are carried out annually). The last independent valuations were obtained as at 30 June 2008. The fair value is determined as the amount for which the assets could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction at the valuation date.

	Economic Entity 2009	Economic Entity 2008	Parent Entity 2009	Parent Entity 2008
NOTE 9: TRADE AND OTHER RECEIVABLES				
CURRENT				
Sundry debtors	4,709	97	-	-
Goods and Services Tax	165	508	2	7
Wholly controlled entities	-	-	-	4
Prepayments	21	22	10	10
	4,895	627	12	21

Unsecured interest-free loans are made to related parties and repayable at call. There are no repayment terms. There are no receivables which are past due, nor impaired. Receivables are settled on 30 day terms.

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

	Note	Economic Entity		Parent Entity	
		2009	2008	2009	2008
NOTE 10: INVENTORIES		$'000	$'000	$'000	$'000
CURRENT					
At cost					
Ski field merchandise		215	172	-	-
		215	172	-	-

	Note	Economic Entity 2009 $'000	Economic Entity 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 11: OTHER FINANCIAL ASSETS					
Financial assets at fair value through profit and loss	11a	181	232	156	210
Available-for-sale financial assets	11b	1	1	-	-
Shares in controlled entities			-	47,028	47,028
		182	233	47,184	47,238

	Economic Entity 2009 $'000	Economic Entity 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
a. **Financial assets at fair value through profit and loss Comprise:**				
Listed investments, at fair value				
— shares in listed corporations	181	232	156	210
Total financial assets at fair value through profit and loss	181	232	156	210

	Economic Entity 2009 $'000	Economic Entity 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
b. **Available-for-sale financial assets Comprise:**				
Unlisted investments, at fair value				
— shares in other corporations – at fair value	1	1	-	-
Total available-for-sale financial assets	1	1	-	-

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

NOTE 12: CONTROLLED ENTITIES

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
Parent Entity:		**2009**	**2008**
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

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Economic Entity		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
LAND AND BUILDINGS				
Freehold land at:				
— Fair value	9,314	14,763	-	-
Total land	9,314	14,763	-	-
Buildings at:				
— Fair value	13,297	13,017	-	-
Less accumulated depreciation	(757)	(437)	-	-
Total buildings	12,540	12,580	-	-
Total land and buildings	21,854	27,343	-	-
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	19,560	18,261	-	-
Accumulated depreciation	(6,274)	(4,974)	-	-
Total plant & equipment	13,286	13,287	-	-
Total property, plant and equipment	35,140	40,630	-	-

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

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value is defined as the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction at the valuation date. Fair value of freehold land and buildings is based on market value determined by reference to a directors' valuation or independent valuations. The last independent valuations were obtained as at 30 June 2008

	Freehold Land	Buildings	Plant and Equipment	Total
	$'000	**$'000**	**$'000**	**$'000**
(a) Reconciliation of carrying amounts at the beginning and end of the period.				
Economic Entity				
Balance at 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)
Net foreign currency movements arising from foreign operations	46	152	115	313
Depreciation expense	-	(321)	(1,300)	(1,621)
Balance at 30 June 2009	9,314	12,540	13,286	35,140
Balance at 1 July 2007	15,218	13,382	9,828	38,428
Additions	-	1,072	5,714	6,786
Disposals	-	-	(22)	(22)
Net foreign currency movements arising from foreign operations	(455)	(1,500)	(1,308)	(3,263)
Depreciation expense	-	(374)	(925)	(1,299)
Balance at 30 June 2008	14,763	12,580	13,287	40,630

	Economic Entity		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
NOTE 14: AGRICULTURAL AND BIOLOGICAL ASSETS				
CURRENT				
Cattle – at fair value less point-of-sale costs	1,285	1,231	-	-
Total value of livestock	1,285	1,231	-	-
NON-CURRENT				
Foret de Leyde,Moulins,France - (oak) – at fair value less point-of-sale-costs	3,356	3,232	3,356	3,232
Rippling Water Station,NSW - (pine) – at fair value less point-of-sale costs.	-	1,368	-	-
Total value of standing timber	3,356	4,600	3,356	3,232

	Note	Economic Entity 2009 $'000	Economic Entity 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 15: TRADE AND OTHER PAYABLES					
CURRENT					
Trade payables		1,464	1,027	-	-
Other payables		2,055	2,105	98	89
Wholly owned subsidiaries		-	-	47,048	47,578
Total payables		3,519	3,132	47,146	47,667

There are no maturity dates applicable to the loans from wholly owned subsidiaries. These amounts are repayable on demand and do not accrue interest.

Trade creditors are payable 30 days net terms. Other creditors of $1.886m are payable over the 2009 ski season of approximately 100 days.

NOTE 16: TAX

	Economic Entity 2009 $'000	Economic Entity 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
(a) Deferred Tax Assets				
Balances comprise temporary differences attributable to:				
Amounts recognised in profit and loss				
• Employee benefits	92	101	35	53
• Tax Losses	-	13	-	13
	92	114	35	66
Movements:				
Balance at 1 July 2008	114	212	66	193
Credited (charged) to Income statement	(22)	(98)	(31)	(127)
Balance at 30 June 2009	92	114	35	66
(b) Deferred Tax Liabilities				
Balances comprise temporary differences attributable to:				
Amounts recognised in profit and loss				
Investments	163	238	163	157
Agricultural & Biological assets	379	112	150	112
Property, plant & equipment	2,378	3,257	-	-
Balance at 30 June 2009	2,920	3,607	313	269
Movements:				
Balance at 1 July 2008	3,607	4,307	269	500
Charged (credited) to income statement	(687)	(700)	44	(231)
Balance at 30 June 2009	2,920	3,607	313	269

NOTE 17: PROVISIONS

	Economic Entity		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Current Liability Provisions:				
Employee benefits	256	233	117	113
Total	256	233	117	113

Provision for Employee Benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in note 1.

NOTE 18: AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:				
• auditing or reviewing the financial report	35,500	32,000	35,500	32,000
Remuneration of other auditors of subsidiaries for:				
• auditing or reviewing the financial report of subsidiaries	17,300	13,100	-	-
	52,800	45,100	35,500	32,000

	Economic Entity		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
NOTE 19: ISSUED CAPITAL				
40,474 (2008: 40,474) fully paid preference shares	4	4	4	4
2,775,108 (2008: 2,775,108) fully paid income shares	344	344	344	344
8,873,860 (2008: 8,873,860) fully paid capital shares	887	887	887	887
	1,235	1,235	1,235	1,235

	2009 No.	**2008 No.**	**2009 No.**	**2008 No.**
(a) Preference shares				
At the beginning and end of period	40,474	40,474	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.

(b) Income shares

At the beginning and end of period	2,775,108	2,775,108	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.

(c) Capital shares

At the beginning and end of period	8,873,860	8,873,860	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 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.

There was no gearing ratio as at 30 June 2009 and 2008 as there were no external loans or borrowings.

NOTE 20: RESERVES

(a) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets.

(b) General Reserve

The general reserve records funds set aside for future expansion of the economic 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 foreign controlled subsidiaries.

(e) Asset Realisation Reserve

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

	Economic Entity		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
NOTE 21: 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	23	70	4	49
—between 12 months and 5 years	16	72	-	52
	39	142	4	101
(b) Capital Expenditure Commitments				
Capital expenditure commitments contracted for:				
Other (Payable not later than 12 months)	-	105	-	-
	-	105	-	-

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

	Economic Entity		Parent Entity	
NOTE 22: CASH FLOW INFORMATION	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
(a) Reconciliation of cash flow from Operations with profit after Income Tax				
Profit after income tax	3,655	4,726	247	1,850
Depreciation	1,621	1,299	-	-
Net (gain) / loss on property, plant and equipment	(3,576)	24	-	-
Net foreign currency (gains) / losses	(532)	(327)	(283)	(562)
Decrement in net market value of agricultural and biological assets	77	-	70	(187)
Movement in net market value of investment property	1,417	-	17	-
Movement in net market value of other investments	51	(25)	53	-
Interest income classified as investing cash flow	(1,870)	-	(86)	-
Dividend income classified as financing cash flow	(3)	-	(795)	-
Changes in assets and liabilities				
(Increase)/decrease in trade and term receivables	352	(319)	9	-
(Increase)/decrease in agricultural assets	1,113	-	(194)	-
(Increase)/decrease in inventories	(43)	87	-	-
increase/(decrease) in trade and other payables	388	75	(330)	(119)
Increase/(decrease) in tax balances	1,989	(451)	53	(101)
Increase/(decrease) in provisions	23	6	4	4
	4,662	5,095	(1,235)	885

NOTE 23: SEGMENT INFORMATION

	2009 Skifield	Investment	Agricultural	Consolidated	2008 Skifield	Investment	Agricultural	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE								
Sales to customers outside consolidated entity	12,108		1,212	13,320	11,298	-	1,233	12,531
Other revenues from customers outside the consolidated entity	314	1,725	4,172	6,211	299	1,484	1,615	3,398
Total segment revenue	12,422	1,725	5,384	19,531	11,597	1,484	2,848	15,929
RESULT								
Segment result	2,838	(195)	4,043	6,687	3,039	1,474	851	5,364
ASSETS								
Segment assets	30,729	41,784	21,210	93,723	29,571	40,366	17,233	87,170
LIABILITIES								
Segment liabilities	5,117	543	3,742	9,402	4,276	563	2,185	7,024
OTHER								
Acquisition of non-current segment assets	1,571	-	2	1,573	1,736	-	-	1,736
Depreciation of non-current segment assets	1,572	-	49	1,621	1,241	-	59	1,300
Movement (down)/up in fair value of investment properties	-	(1,417)	-	(1,417)	-	-	-	-

Accounting Policies

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

Geographical segments

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

NOTE 24: 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 2009 except for the following:

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

(b) A number of snow boarding events have been successfully held, such as, the Burton Open, Winter Games, and the FIS World Cup.

(c) Customer support has compared well with the previous season. As usual, weather conditions are a major factor and during September have been variable, particularly with high winds causing closed days.

(d) Conditions have been good for pastures at Clear Springs Station over the Spring and the increased cattle numbers there following the disposal of Rippling Water Station have been accommodated. A reduced inventory will however be expected by the Summer months.

NOTE 25: EARNINGS PER SHARE

		Economic Entity	
		2009 $'000	**2008 $'000**
(a)	Reconciliation of earnings to profit		
	Profit attributable to members	3,655	4,726
	Preference & Income share dividends	(263)	(258)
	Earnings used to calculate basic and diluted earnings per share	3,392	4,468

		2009 No. of shares	**2008 No. of shares**
(b)	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

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

	Parent Entity	
	2009 $'000	2008 $'000

NOTE 26: 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.

Interest is charged on related party loans between the New Zealand entities at normal commercial terms and conditions no more favourable than those available to other parties.

a) Transactions with related parties

	2009 $'000	2008 $'000
- Loans to parent entity	-	532
- Advances repaid by parent entity to subsidiary	532	3,333

b) Key management personnel equity holdings

Fully paid capital shares of Vealls Limited	Balance as at 30/6/09 No.	Balance as at 30/ 6/08 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 27: 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 economic 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 and loss as revenue.
During the year deposit interest rates per centum per annum varied between –

AUD	NZD	USD	SGD
7.15% - 2.98%	8.0% - 4.1%	3.0% - 0.15%	1.0% - 0.0%

At 30 June 2009 short term bank deposits in AUD functional currency totalled $33.461m. A movement of +/- 1% in deposit interest rates would amount to $335,000 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 economic 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 effects 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 Liability.

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 11:1 and thereby provide adequate liquidity to cover the Group's present and future operations.

Economic Entity	**2009**
Year ended 30 June 2009	**Within 6 Months**
	$'000
Financial Assets	
Cash and Cash Equivalents	33,958
Trade & Other Receivables	4,895
Available- for- sale financial assets	182
	39,035
Financial liabilities	
Trade and other payables	3,519
	3,519
	35,334

NOTE 27 : FINANCIAL INSTRUMENTS (Continued)

Parent Entity	2009
Year ended 30 June 2009	**Within 6 Months**
	$'000
Financial Assets	
Cash and Cash Equivalents	1,254
Trade & Other Receivables	12
Available-for-sale financial assets	156
	1,422
Financial liabilities	
Trade and other payables	97
	97
	1,325

(iv) Credit Risk

Credit risk arises from the potential default of the counter parties to the economic 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 fair values of listed investments have been valued at the quoted market bid price at balance date. For other assets and other liabilities the fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2009		**2008**	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets				
Listed shares	182	182	233	233
Loans and receivables	4,895	4,895	627	627
Short term deposits			-	-
	5,077	5,077	860	860
Financial liabilities				
Trade and other payables	3,519	3,519	3,132	3,132
	3,519	3,519	3,132	3,132

Fair values are materially in line with carrying values.

NOTE 28: 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 2009 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 2009

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

Ian Raymond Veall
Executive Chairman

Melbourne, 30 September 2009

Independent Audit Report to the members of Vealls Limited

Report on the Financial Report

We have audited the accompanying financial report of Vealls Limited (the company) and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Vealls Limited on 30/9/09, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

a. the financial report of Vealls Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their 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

G D WINNETT

30 September 2009

Partner

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 25 September 2009.

(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	16,591	34	17,080	11	3,266
1,001 - 5,000	18	33,850	26	60,932	4	10,800
5,001 - 10,000	6	50,277	13	109,967	-	-
10,001 - 100,000	11	465,352	24	632,430	1	26,408
100,001 - and over	5	8,307,790	2	1,954,699	-	-
	77	8,873,860	99	2,775,108	16	40,474
The number of shareholders holding less than a marketable parcel of shares are:	3	290	9	1,480	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. National Nominees Ltd	215,400	2.43
4. Custodial Services Ltd	188,500	2.12
5. Veall I R	155,890	1.76
6. Laurence G & Morrison J R	91,600	1.03
7. Weigall L E	55,167	0.62
8. Weigall A A	55,167	0.62
9. Weigall A & L	55,167	0.62
10. Moffatt J G M	50,000	0.56
11. Stewart M C	40,500	0.46
12. Heeley G	30,002	0.34
13. Ryan J	30,000	0.34
14. Cameda Pty Ltd	24,750	0.28
15. Anberton Pty Ltd	19,000	0.21
16. Armstrong M A	14,000	0.16
17. Cleary V	9,787	0.11
18. Cobb A	8,656	0.10
19. Avanteos Investments Ltd	8,650	0.10
20. Petcan Investments Pty Ltd	8,221	0.09
	8,808,456	99.26

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	77,000	2.77
5. Veall K L	36,000	1.30
6. National Nominees Ltd	32,365	1.17
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
	2,507,462	90.36

	Listed Preference shares	
	Number of shares	**Percentage (%)**
1. Mr Duncan R Veall	26,408	65.25
2. Mr John Ryan	4,350	10.75
3. DRV Superannuation Fund	2,850	7.04
4. Winpar Holdings Pty Limited	2,150	5.31
5. Mrs Anne M Leaver	1,450	3.58
6. Mr Robert E Warman	600	1.48
7. Batoka Pty Limited	600	1.48
8. Mr Graham A Leaver	500	1.24
9. XYZ Nominees Pty Ltd	500	1.24
10. Mrs Emily B Fraser and Mrs Glennys E Albrecht	300	0.74
11. Miss Katherine V M Cameron	250	0.62
12. Mr Frederick G Castles	200	0.49
13. Mr William J Currie	100	0.25
14. Estate Marie E Dinneen	100	0.25
15. Mrs Brenda A Pasamonte	66	0.16
16. Mr 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 realised 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 2009 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 on page 7 of the Directors' Report.
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 R S 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 chair and 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 on page 7 of the Directors' Report.
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 Directors Report at page 3. The name of the director considered to be an independent director is Robert Sidney Righetti who has no material relationship with the company or another group member, other than as a director. There is a procedure agreed by the board for directors to take independent professional advice at the expense of the company. A performance evaluation for the board, its committees and the directors has taken place in the reporting period that was in accordance with the process disclosed. The board's policy for the nomination and appointment of directors is to confer with St Columb Ltd, the company's ultimate holding company, on such matters.
Closing comment:	The Veall family is the principal shareholding group and has been so since 1951 when the company was listed on the ASX. It holds 72.29% 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:	**" Promote 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 behaviour basically rests on an individual's recognition of the distinction between right and wrong conduct in any given situation and to then 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 that 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 consisting 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 of independent directors, is chaired by an independent chair who is not chair of the board and has at 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. Mr R S Righetti is a Chartered Accountant with 33 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 38 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 ending 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 designed 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 those 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 lodgement 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 communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.
Compliance:	Yes.
Comment:	The company does communicate directly with shareholders through its Annual Report and its meetings (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 company's 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 shareholder 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 27 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 system 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 295 A 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 composition of 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 Directors' Report at page 9 of the Annual Report. 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 on page 7 of the Annual Report.
<u>Recommendation 8.2:</u>	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.
<u>Recommendation 8.3:</u>	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 Wednesday 18 November 2009 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 R S Righetti as a director.	☐	☐	☐
3. To adopt the Remuneration report for the year ended 30 June 2009.	☐	☐	☐

Signed this day of 2009

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.