

# Vealls Limited

ABN 39 004 288 000

## Appendix 4E

### Preliminary Final Report

For the Year Ending 30 June 2010

Results for announcement to the market

Name of entity:

ABN Reference:

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

Previous corresponding period

30 June 2010

30 June 2009

Results for announcement to the market

					<b>\$A'000</b>
Revenues	up	4.1%	to		16,029
Profit after tax from ordinary activities attributable to members	up	10.1%	to		4,023
Net profit attributable to members	up	10.1%	to		4,023

<b>Dividends</b>		<b>Amount per security</b>	<b>Franked amount per security at 30% tax</b>
<b>Interim dividend</b>	<b>Record Date:</b> 15 April 2010 <b>Payable:</b> 30 April 2010		
Preference shares		0.35c	0.35c
Income shares		4.90c	4.90c
<b>Final dividend</b>	<b>Record Date:</b> 15 October 2010 <b>Payable:</b> 29 October 2010		
Preference shares		0.35c	0.35c
Income shares		4.90c	4.90c
Capital shares		0.50c	0.50c

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# Vealls Limited

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NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary (Capital) security	\$10.30	\$ 9.34

## Audit of financial statements.

This report is based on accounts which are in the process of being audited and should be read in conjunction with the attached financial statements and commentary on results for the year ended 30 June 2010.



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Date: 31 August 2010

(Director)

Ian Raymond Veall

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## COMMENTS BY DIRECTORS

### 1. Revenue

Total revenue for the year was \$16.029m and other income, principally fair value gains on investments, was \$2.063m. Although not categorised as income under accounting standards, independent valuations resulted in an increase of \$4.573m in Property, plant & equipment.

### 2. Profit

Consolidated net profit from ordinary activities was \$4.023m, after income tax of \$1.187m.

### 3. Cash Flows

Net cash flow was \$5.534m.

### 4. Financial Position

Assets increased by \$6.904m, while liabilities reduced by \$1.619m, giving an increase in shareholders' equity of \$8.523m.

### 5. Dividends

Final dividends of 0.35c on preference shares, 4.90c on income shares and 0.50c on capital shares have been declared payable on 29 October 2010. The dividends are fully franked at a tax rate of 30%.

### 6. Review of Operations

#### (a) Skifield activities

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

#### (b) Investment Activities

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

#### (c) Agricultural Activities

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

#### (d) Forestry Activities

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

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## 7. Significant features of Operating Performance

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

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

- (b) Interest rates on deposits progressively declined over the year but stabilised by balance date. Income was substantially reduced even with a higher level of cash & cash equivalents available for investment.
- (c) Cardrona Ski Resort increased both revenues and the financial outcomes in NZD terms with favourable operating conditions.

## 8. Other Financial Information

- (a) Basic and diluted earnings per ordinary share were 42.29c compared with 38.22c in the previous year.
- (b) Net tangible asset backing per ordinary share was \$10.30 compared with \$9.34 in the previous year.
- (c) Returns to shareholders (cents per share)

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

- (d) Statement of Retained Earnings (Consolidated)

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Balance at beginning of year	\$51,881
Add – profit after tax	4,023
Less – dividends paid	(314)
Balance at end of year	\$55,520

## 9. Subsequent events

The 2010 ski season at Cardrona Ski Resort commenced in late June as usual. Snow conditions were good and have remained so to date. Operations should therefore continue at expected levels subject always to the weather.

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

	Economic Entity	
	2010 \$000	2009 \$000
Revenue	16,029	15,402
Other Income	2,063	4,129
Cost of Sales	(1,848)	(1,754)
Employee benefits expense	(4,017)	(3,824)
Depreciation expense	(1,877)	(1,621)
Advertising and Promotion	(246)	(214)
Unrealised foreign exchange gains/(losses)	(829)	(21)
Decrement in value of livestock	-	(7)
Decrement in value of standing timber	-	(70)
Decrement in value of investments	-	(1,470)
Pasture improvement	(33)	(43)
Transport costs	(277)	(296)
Rates and taxes	(199)	(200)
Repairs and maintenance	(857)	(962)
Insurance	(301)	(272)
Skifield preparation & Events	(647)	(207)
Light, power and telephone	(545)	(513)
Professional costs	(217)	(338)
Freight	(36)	(31)
Listing & share registry fees	(32)	(27)
Merchant & bank fees	(218)	(175)
Other expenses	(703)	(800)
<b>Profit before income tax expense</b>	<b>5,210</b>	<b>6,686</b>
Income tax expense	(1,187)	(3,031)
<b>Profit after tax</b>	<b>4,023</b>	<b>3,655</b>
<b>Other comprehensive income:</b>		
Foreign currency translation	248	828
<b>Total other comprehensive income for the period</b>	<b>248</b>	<b>828</b>
<b>Total Comprehensive Income for the period</b>	<b>4,271</b>	<b>4,483</b>

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

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

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

	Share Capital	Retained Earnings	General Reserve	Asset Replacement Reserve	Asset Revaluation Reserve	Asset Realisation Reserve	Foreign Currency Translation	Total
	\$000	\$000			\$000	\$000	\$000	\$000
<b>At 1 July 2008</b>	1,235	48,464	5,981	4,619	12,515	10,425	(3,093)	80,146
Profit for the period	-	3,655	-	-	-	-	-	3,655
Other comprehensive income	-	-	-	-	-	-	828	828
<b>Total Comprehensive Income for the period</b>	-	<b>3,655</b>	-	-	-	-	<b>828</b>	<b>4,483</b>
Transfers to and from Reserves	-	-	-	-	(1,567)	1,567	-	-
Dividends paid	-	(308)	-	-	-	-	-	(308)
<b>Balance at 30 June 2009</b>	<b>1,235</b>	<b>51,811</b>	<b>5,981</b>	<b>4,619</b>	<b>10,948</b>	<b>11,992</b>	<b>(2,265)</b>	<b>84,321</b>
<b>At 1 July 2009</b>	1,235	51,811	5,981	4,619	10,948	11,992	(2,265)	84,321
Profit for the period	-	4,023	-	-	-	-	-	4,023
Other comprehensive income	-	-	-	-	-	-	248	248
<b>Total Comprehensive Income for the period</b>	-	<b>4,023</b>	-	-	-	-	<b>248</b>	<b>4,271</b>
Transfers to and from Reserves	-	-	-	(8)	4,574	-	-	4,566
Dividends paid	-	(314)	-	-	-	-	-	(314)
<b>Balance at 30 June 2010</b>	<b>1,235</b>	<b>55,520</b>	<b>5,981</b>	<b>4,611</b>	<b>15,522</b>	<b>11,992</b>	<b>(2017)</b>	<b>92,844</b>

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## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Economic Entity	
	2010 \$000	2009 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers (inclusive of GST)	14,456	14,960
Payments to suppliers and employees (Inclusive of GST)	(12,010)	(10,675)
Proceeds from sale of agricultural assets	-	1,419
Income tax paid	(717)	(1,042)
Net cash flows from / (used in) operating activities	1,729	4,662
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,629	1,870
Dividends received	1	3
Purchase of property, plant and equipment	(2,261)	(2,187)
Proceeds from sale of property, plant and equipment	4,714	5,325
Proceeds from sale of investment property	-	875
Proceeds from sale of available-for-sale investments	36	-
Net cash from / (used in) investing activities	4,119	5,886
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(314)	(308)
Net cash flows from / (used in) financing activities	(314)	(308)
Net increase/(decrease) in cash and cash equivalents	5,534	10,240
Cash and cash equivalents at beginning of year	33,958	22,762
Effects of exchange rate changes on cash	23	956
<b>Cash and cash equivalents at end of period</b>	<b>39,515</b>	<b>33,958</b>



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

### NOTE 1: BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with AXS listing rule 4.3A and the disclosure requirements of ASX Appendix 4E. This preliminary final report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the last annual report issued for the period ended 30 June 2009 and any public announcements made by Vealls Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporation Act 2001. The full annual report for the year ended 30 June 2010 is expected to be available on or before 30 September 2010.

This preliminary financial report has been prepared in accordance with International Financial Reporting Standards (IFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

### NOTE 2: REVENUE

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

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

### NOTE 3: OTHER ITEMS

	2010 \$'000	2009 \$'000
<b>(a) Expenses</b>		
Cost of sales	1,848	1,723
Rental expense on operating leases		
Minimum lease payments	94	82
Depreciation of non-current assets		
Plant and equipment	1,496	1,256
Buildings	381	365
Total depreciation	1,877	1,621
<b>(b) Net decrement in the net market value of agricultural and biological assets.</b>		
Livestock	-	7
Standing Timber	-	70
<b>(c) Net decrement in the value of available for sale assets</b>	-	51
<b>(d) Net decrement in the value of investment properties</b>	-	1,417

### NOTE 4: SEGMENT INFORMATION

	30 June 2010				30 June 2009			
	Skifield	Investments	Agriculture	Total	Skifield	Investments	Agriculture	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Segment Revenue</b>								
Sales to external customers	13,140	-	1,078	14,218	12,108	-	1,212	13,320
Other revenue	324	1,058	429	1,811	314	1,130	638	2,082
<b>Total segment revenue</b>	<b>13,464</b>	<b>1,058</b>	<b>1,507</b>	<b>16,029</b>	<b>12,422</b>	<b>1,130</b>	<b>1,850</b>	<b>15,402</b>
<b>Segment net operating profit before tax</b>	<b>3,294</b>	<b>1,246</b>	<b>670</b>	<b>5,210</b>	<b>2,838</b>	<b>(195)</b>	<b>4,043</b>	<b>6,687</b>

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

### NOTE 4: SEGMENT INFORMATION continued

	30 June 2010				30 June 2009			
	Skifield	Investments	Agriculture	Total	Skifield	Investments	Agriculture	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>								
Segment assets	36,407	53,246	10,974	100,627	30,729	41,784	21,210	93,723
<b>LIABILITIES</b>								
Segment liabilities	5,527	381	1,875	7,783	5,117	543	3,742	9,402
Interest Received	188	1,057	410	1,655	216	1,132	522	1,870
Depreciation	(1,845)	-	(32)	(1,877)	(1,572)	-	(49)	(1,621)
Fair Value Gains/(Losses)	-	1,519	544	2,063	-	(1,468)	(77)	(1,545)
Unrealised Foreign Exchange Gains/(Losses)	98	(927)	-	(829)	-	553	-	553
Disposal of property plant & equipment	-	-	-	-	-	-	3,576	3,576
Income tax expense	(954)	47	(280)	(1,187)	(1,043)	(445)	(1,543)	(3,031)
<b>Amounts of additions to non-current assets:</b>								
Investment properties	-	1,118	-	1,118	-	(1,326)	(875)	(2,201)
Available for sale financial assets	-	42	-	42	-	(51)	-	(51)
Property, plant & equipment	5,108	-	238	5,346	467	-	(5,957)	(5,490)
Agricultural & biological assets	-	-	(538)	(538)	-	-	(1,244)	(1,244)
<b>Total</b>	<b>5,108</b>	<b>1,160</b>	<b>(300)</b>	<b>5,968</b>	<b>467</b>	<b>(1,377)</b>	<b>(8,076)</b>	<b>(8,986)</b>

#### Geographical segments:

The Skifield operates in New Zealand. The other segment operations are conducted in Australia, Singapore and France.