

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2014

## 25 SHARE BASED PAYMENT PLANS (continued)

### (b) Share based Long Term Incentive grants (continued)

#### (iii) 2012 Option Plan over ordinary shares to the entity's CEO ("2012 OP") (continued)

The fair value of each option has been estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions:

- Expected volatility: 35%;
- Expected yield: 6%;
- Risk-free interest rate: 2.75%; and
- Expected life of options: 3, 4 and 5 years ended 1 March 2016, 2017 and 2018 with expiry at 1 March 2019.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The resulting fair values per option for Mr. Burke were \$0.73, \$0.74 and \$0.75 for Tranches 1, 2 and 3 respectively.

These grants have been amortised over the vesting periods resulting in an increase in employee benefits expense of \$810,948 for the 2014 financial year (2013: \$475,460).

#### (iv) Holdings of Executive Directors and Senior Managers

There have been no allotments to KMP under any share based payment plan during the year ended 30 June 2014 (2013: November 2012 ESP allotment to Ms. J.E. Raffae and the issue of the CEO's 2012 options described above).

The number of shares in the Company during the financial year in which the KMP of the Company have a relevant interest, including their personally-related entities, are set out in the Remuneration Report.

#### (v) Number and weighted average exercise prices ("WAEP") and movements of Options & 'In Substance Options' during the year

	2014 Number	2014 WAEP - \$	2013 Number	2013 WAEP - \$
Outstanding at Beginning of Year	10,712,400	3.43	11,007,436	2.96
Granted during the Year	-	-	5,830,000	3.75
Forfeited/lapsed during the Year	(75,000)	3.37	(396,137)	2.00
Exercised during the Year	(1,106,990)	2.22	(5,728,899)	1.92
Expired during the year	-	-	-	-
Outstanding at the end of the Year	9,530,410	3.47	10,712,400	3.43
Exercisable at the end of the Year	1,935,410	3.02	2,972,400	3.07

#### (vi) The outstanding balance as at 30 June 2014 is represented by:

Legacy loans over 1993 equity linked performance plan for 193,050 'in substance options' with an issue price of \$2.63 each.

Executive Share Plan and Loan Facility: 4,837,360 'in substance options' over ordinary shares in the Company with issue prices ranging from \$2.35 to \$3.92.

Option Plan for CEO: 4,500,000 options over ordinary shares in the Company exercisable at \$3.51 each with an expiry date of 1 March 2019.

## 26 REMUNERATION OF AUDITORS

	2014 \$	2013 \$
The auditor of VRL is Ernst & Young (Australia). Aggregate remuneration received or due and receivable by Ernst & Young, directly or indirectly from the VRL group, in connection with -		
<b>Ernst &amp; Young (Australia) -</b>		
An audit or review of the financial report of VRL and any other entity in the VRL group	1,361,000	1,311,550
Other services in relation to VRL and any other entity in the VRL group:		
Tax	192,967	159,522
Advisory/Corporate Finance	204,755	40,500
Assurance related	27,240	36,800
	1,785,962	1,548,372
<b>Auditors other than Ernst &amp; Young (Australia) -</b>		
An audit or review of the financial report of any other entity in the VRL group	19,636	16,838
Other services in relation to any entity in the VRL group:		
Tax	117,430	164,732
Advisory/Corporate Finance	50,000	5,681
Assurance related	6,914	-
	193,980	187,251
	1,979,942	1,735,623

## 27 EVENTS SUBSEQUENT TO REPORTING DATE

There have been no material transactions which significantly affect the financial or operational position of the Group since the end of the financial year.