

Victorian Livestock Exchange Limited
ABN 72 078 839 031

Annual Financial Report
for the year ended 30 June 2001

CORPORATE INFORMATION

ABN 72 078 839 031

Directors

Christopher Sleigh (Chairman)

Bruce Barron (Executive Director of Finance and Information Technology)

Graham Osborne (Executive Director of Operations)

Michael Quinert

Company Secretary

Michael Quinert

Registered Office

Level 17, 500 Collins Street

Melbourne Victoria 3000

Ph: (03) 9614 3771

Business Address

30 Livestock Way

Pakenham Victoria 3810

Ph: (03) 5940 2121

Solicitors

Oakley Thompson & Co Pty Ltd

Level 17, 500 Collins Street

Melbourne Victoria 3000

Bankers

National Australia Bank Limited

Share Register

ASX Perpetual Registrars

Level 4, 333 Collins Street

Melbourne Victoria 3000

Ph: (03) 9615 9999

Auditors

Ernst & Young

Level 33, 120 Collins Street

Melbourne Victoria 3000

Internet Address

www.vle.com.au

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DIRECTORS REPORT

Your directors submit their report for the year ended 30 June 2001.

1. DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

(a) Names, qualifications, experience and special responsibilities

Mr Christopher Sleigh (Non-executive Chairman)

Chris was the original sponsor of a livestock-selling complex at Pakenham, and originally owned part of the development site. He is a registered commercial builder having over 18 years experience in the construction of industrial buildings, and has other industrial property interests in the southeast growth corridor of Melbourne. He also has farming interests in central Victoria, including cattle breeding.

Mr Bruce Barron (Executive Director Finance and IT)

Bruce has 13 years experience in both residential and commercial property developments including 7 years experience in cattle breeding. He has held positions as a Councillor of the City of Berwick, President of the Berwick Village Chamber of Commerce and was Managing Director of commercial building design and development consultants, Barlink Pty Ltd. Barlink designed and prepared the initial feasibility assessments for the VLE facility at Pakenham. He has been a key driving force in establishing the Victorian Livestock Exchange since its inception.

Bruce's areas of responsibility as a director of the VLE include finance, the VLE's Internet Joint Venture with E-Auction Australasia, developing and marketing the associated industrial land at Pakenham, planning and assessing future opportunities and maintaining the principle relationship with shareholders and financiers.

Mr Graham Osborne Dip. RBM FAICD (Executive Director Operations)

Graham has extensive knowledge of the livestock industry including transportation, marketing and breeding. He is a qualified CALM assessor and has had considerable experience in trading cattle futures. He is a past president of the Victorian Farmers Federation - Pakenham Branch, and is currently a Councillor of the Shire of Cardinia and maintains considerable cattle interests.

Graham's knowledge of saleyard operations throughout southeast Australia, and extensive industry associations, have been invaluable in reaching agreement with the stock agents and in addressing industry related issues. Graham's areas of responsibility include overseeing the day to day operations of the VLE, monitoring related industry issues, and maintaining the principle relationship with all stock agents, and users of the facility.

Mr Michael Quinert LL.B., B.Ec (Secretary)

Michael is the managing partner of Oakley Thompson & Co. Solicitors & Consultants, and partner in charge of the commercial law and mortgage departments. He is a commercial lawyer with areas of practice including acquisitions, takeovers, capital raising, stock exchange listing rules, licensing agreements, managed investment schemes and commercial contracts.

He was previously an associate at Kearneys solicitors, a senior associate of Donovan & Howard, and solicitor for the companies department at the Australian Stock Exchange (Melbourne) Limited. He is a director of several listed and unlisted public companies including Home Link Mortgage Corporation Limited, Disctronics Limited and Quatro Limited. Mr Quinert's areas of responsibility as a director of the VLE include legal negotiations, legal issues both internal and external, and company compliance advice.

DIRECTORS' REPORT CONTINUED

(b) Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Victorian Livestock Exchange Limited were:

	Ordinary Shares
Christopher Sleigh	
- As an individual	48,000
- Maintangoon Pty Ltd	374,000
- Vialima Pty Ltd	50,000
- HCF Australia Pty Ltd ATF HCF Australia Superannuation Fund	28,000
	<u>500,000</u>
Bruce Barron	
- W & B Barron Pty Ltd	<u>350,000</u>
Graham Osborne	
- Pedrobob Pty Ltd	105,000
- Hurstdale Pastoral Co Pty Ltd	180,000
	<u>285,000</u>
Michael Quinert	
- As an individual	44,000
- Gold Sea Pty Ltd	267,300
- Quinert Family Trust	57,000
	<u>368,300</u>

2. EARNINGS PER SHARE

	Cents
Basic earnings per share	(6.8)

3. DIVIDENDS

No dividends have been paid or declared since the start of the financial year. The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2001.

4. CORPORATE INFORMATION

(a) Corporate structure

Victorian Livestock Exchange Limited is a company limited by shares that is incorporated and domiciled in Australia.

(b) Nature of operations and principal activities

The principal activities during the year of the company were:

- the operation of the livestock exchange; and
- development of the surrounding industrial land.

There have been no significant changes in the nature of those activities during the year.

DIRECTORS' REPORT CONTINUED

4. CORPORATE INFORMATION (cont'd)

(c) Employees

The company employed 29 employees as at 30 June 2001 (2000: 29 employees).

5. REVIEW AND RESULTS OF OPERATIONS

(a) Operating Results

Summarised operating results are as follows:

		2001	
	Livestock Operations	Land Subdivision	TOTAL
	\$	\$	\$
Revenues	1,223,961	540,000	1,763,961
Result before significant revenues and expenses	(256,332)	116,087	(140,245)
Significant revenues and expenses	(32,145)	(36,013)	(68,158)
Result before income tax	(288,477)	80,074	(208,403)
Income tax benefit			43,456
Result after income tax			(164,947)

The annual accounts of the company record a loss after income tax benefit of \$164,947. \$90,009 of the loss was attributable to once-off write-offs of licensing, borrowing costs and development costs that had been previously been carried as assets. Recent advice received by the directors regarding the latest international accounting standards indicated that, although it was not mandatory under applicable Accounting Standards, it would be prudent to write these accounts off now. A provision for diminution of \$18,149 has also been taken up against the company's investment in National Livestock Exchange Pty Ltd, as that company is yet to demonstrate a clear program for implementation of its internet strategies. A previously accrued provision for deferred maintenance of \$40,000 was written back as this liability had not yet crystallised at balance date.

Final results from operations were mixed. An unexpected fall in throughput towards the end of the year reduced revenue, as did our decision to delay the introduction of the 15% price increase from May 2001 to July 2001. These were partially offset by a stronger revenue stream from our truck wash facility. Overall, the net reduction in revenue was some \$50,000 from what had been expected. On a brighter note, throughput numbers for the first two months of the current financial year have ensured our strongest start since operations commenced in 1999.

The result was also affected by delays in completing a further stage of the company's industrial land development. Of the four further lots earmarked for disposal at balance date, one has been contracted and others are now in the final negotiation stage. The directors are confident that approximately \$80,000 of anticipated profit from these four lots will be realised in the 2002 financial year, making the overall impact upon profit one of timing rather than substance.

Operational expenses were some \$60,000 higher than expected. Most of this increase was caused by two major factors, these being:

- a significant unforeseen increase in costs for removal of waste from the truck wash facility as a result of two competing contractors merging; and
- an increase in MAPP scheme costs as the facility was successful in securing an increase (some 7%) in throughput from Gippsland sources.

DIRECTORS' REPORT CONTINUED

5. REVIEW AND RESULTS OF OPERATIONS (cont'd)

(a) Operating Results (cont'd)

Otherwise, costs were stable.

The following comments are also worthy of consideration:

- The 15% average increase for yard fees has now been introduced;
- As indicated, throughput for July and August 2001 on the combined basis has provided the best start to a financial year yet;
- The land sales that were delayed from the 2001 financial year, should be completed in the 2002 financial year; and
- Your directors are examining alternative options for reducing truck wash costs and are confident a solution can be found.

(b) Operational Changes

There have been no major changes to operations throughout the year, however there has been an amount of fine-tuning in an effort to maximise efficiencies of livestock handling and labour usage and at the same time maintain the integrity of our ISO 9002 Quality Assurance accreditation. VLE continues to maintain a very high standard of operational effectiveness with errors of stock ownership and numbers at a very minimal occurrence.

(c) Throughput

Once again VLE has seen a decline in throughput. It is only a small comfort to note that nearly all other yards have suffered the same fate, and most to a greater extent. In spite of the decline in total numbers, it is most heartening to be able to inform you of a 7% increase in weighed cattle drawn principally from the Warragul district. It would seem producers and their agents are beginning to recognise the value of the quality facilities and better prices on offer at the VLE.

(d) Agents

The agencies operating at the VLE are proving quite stable. Elders VP are the largest operator with Peter Gibbon Livestock (PGL) running a commendable second. This is really a very good effort on behalf of PGL as the company was not operating at Dandenong (operated at Warragul only) and so had to start-up "cold" at the VLE. They have brought a significant part of their Warragul business to VLE.

(e) Staff

Kathryn Finlay, who was VLE's first employee in administration and accounts left us during the year to "relax a bit" and run the accounts for her partner's growing electrical business. We wish her well.

Mary Chapman is now the administration and accounts controller, joining the company some 12 months ago. All other staff positions are quite stable.

(f) Floor

The floor concept continues to be a success story, with demand for the outgoing product improving.

DIRECTORS' REPORT CONTINUED

5. REVIEW AND RESULTS OF OPERATIONS (cont'd)

(g) Pens and Water Troughs

With 2½ years elapsed since opening, the company has still not been required to replace any of the gates or water troughs – highlighting the quality of their design. We hope to sell troughs in the coming financial year to a South Australian Consortium that is building a new facility near Adelaide.

(h) Workforce Safety

There are currently no employees on workcare benefits. VLE continues to set the highest standard in Victoria for workforce safety, with no claims in the last 12 months. Workcover (Vic) is keen to replicate our operational skills in other yards.

(i) Industrial Relations

There were no disputes recorded this year and absenteeism is at a minimum.

(j) Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Victorian Livestock Exchange support and have adhered to the principles of good corporate governance. The company's corporate governance statement is contained in the additional BSX information section of this annual report.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Contributed equity increased to \$2,550,000 from \$2,400,000, an increase of \$150,000. This capital was raised through a share issue to director-related entities and was used to purchase intellectual property.

In a prospectus lodged with the Australian Securities and Investments Commission on 4 May 2001 the company has offered the public to subscribe for 600,000 ordinary shares deemed fully paid at an issue price of \$1.10 per share payable in full on application. The offer also provided the company with the discretion to accept an over-subscription of up to a further 400,000 shares. The offer was not underwritten.

The purpose of the share offer was to raise funds as capital for expenditure on specific capital items, for retirement of existing debt, and to meet the expenses of the issue.

Three days after the issue of the prospectus, application was made to the Bendigo Stock Exchange Ltd ("BSX") for admission of the Victorian Livestock Exchange Limited to the BSX and for official quotation on the BSX of the VLE shares other than those designated restricted securities

The company completed the subdivision of 10 lots during the financial year.

No other significant changes in the company's state of affairs occurred during the financial year.

DIRECTORS' REPORT CONTINUED

7. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The offer listed above closed on 31 July 2001 and 642,800 shares were subscribed for and allotted on 13 August 2001. A total of \$707,080 cash was raised from the public offer.

The company was admitted to the BSX on 13 August 2001 and trading in its non-restricted securities commenced on that date.

The company has reduced its debt facilities from \$4.9 million at balance date to \$4.27 million as at the date of this report.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the company.

9. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Victorian Livestock Exchange holds licenses issued by the Environmental Protection Authority and operates within the framework of the "Waste Management Plan" established with South East Water. These licenses regulate the management of truck wash discharges operations. There have been no significant known breaches of the company's licence conditions.

10. SHARE OPTIONS

No options over unissued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

11. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Subject to the provisions of Section 241 of the Act every director or officer of the company is indemnified out of the funds of the company against all liability incurred by him as such director or officer in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted. The amount of the premium paid was \$3,400.

DIRECTORS' REPORT CONTINUED

12. DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

(a) Remuneration Policy

Directors fees have been set at \$10,000 per director per annum. This amount has been determined by the board and remains unchanged from the prior year.

(b) Emoluments of each director and each of the five executive officers receiving the highest emoluments are as follows

	Annual Emoluments Base Fee \$	Long Term Emoluments Superannuation \$
Christopher Sleigh	10,000	800
Bruce Barron	10,000	800
Graham Osborne	10,000	800
Michael Quinert	10,000	800

Executives are those directly accountable and responsible for the operational management and strategic direction of the company. There are no executive officers other than the directors listed above.

13. DIRECTORS' MEETINGS

The numbers of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	No of Director's Meetings Held while a director	No of Meetings attended
Christopher Sleigh	10	10
Bruce Barron	10	10
Graham Osborne	10	10
Michael Quinert	10	9

Signed in accordance with a resolution of the directors.

C. Sleigh
Director

Melbourne, September 2001

STATEMENT OF FINANCIAL PERFORMANCE YEAR ENDED 30 JUNE 2001

	Notes	2001 \$	2000 \$
Revenues from ordinary activities	2	1,763,961	1,895,531
Depreciation and amortisation expense	3	(282,964)	(278,508)
Borrowing costs expense	3	(451,345)	(377,264)
Salaries and employee benefits expense		(352,023)	(370,509)
Other expenses from ordinary activities		(886,032)	(657,651)
PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(208,403)	211,599
INCOME TAX (EXPENSE) BENEFIT RELATING TO ORDINARY ACTIVITIES	4	43,456	(76,092)
NET PROFIT (LOSS)	19	(164,947)	135,507
Basic earnings per share (cents per share)		(6.8)	5.6

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2001

	Notes	2001 \$	2000 \$
CURRENT ASSETS			
Cash assets		171,879	13,230
Receivables	6	354,488	306,851
Inventories	7	305,244	625,094
Other	8	150,904	10,779
TOTAL CURRENT ASSETS		982,515	955,954
NON-CURRENT ASSETS			
Other financial assets	9	-	17,999
Property, plant and equipment	10	6,420,217	6,666,469
Deferred tax assets	4	233,346	127,161
Intangible assets	11	206,455	125,787
TOTAL NON-CURRENT ASSETS		6,860,018	6,937,416
TOTAL ASSETS		7,842,533	7,893,370
CURRENT LIABILITIES			
Payables	12	155,411	276,009
Interest-bearing liabilities	13	62,667	48,727
Provisions	14	7,182	7,244
Other	15	166,100	18,000
TOTAL CURRENT LIABILITIES		391,360	349,980
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	16	4,900,000	5,000,000
Deferred tax liabilities	4	188,504	125,774
Provisions	17	-	40,000
TOTAL NON-CURRENT LIABILITIES		5,088,504	5,165,774
TOTAL LIABILITIES		5,479,864	5,515,754
NET ASSETS		2,362,669	2,377,616
EQUITY			
Contributed equity	18	2,550,000	2,400,000
Accumulated losses	19	(187,331)	(22,384)
TOTAL EQUITY		2,362,669	2,377,616

STATEMENT OF CASH FLOWS YEAR ENDED 30 JUNE 2001

	Notes	2001 \$	2000 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,608,312	1,854,441
Payments to suppliers and employees		(952,364)	(1,444,119)
Interest received		12	227
Borrowing costs		(412,776)	(323,933)
Grants received		-	36,000
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	243,184	122,616
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(25,338)	(64,264)
Investment in joint ventures		(150)	(17,999)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(25,488)	(82,263)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings – other		(100,000)	(9,187)
Payment of prospectus and listing costs		(139,087)	-
Advance proceeds – future issue of shares		166,100	-
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		(72,987)	(9,187)
NET INCREASE IN CASH HELD		144,709	31,166
Add opening cash brought forward		(35,497)	(66,663)
CLOSING CASH CARRIED FORWARD	20	109,212	(35,497)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The accounting policies have been consistently applied, unless otherwise stated.

(b) Cash and cash equivalents

Cash on hand and in banks are stated at the lower of cost and net realisable value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(c) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount. As the only trade receivables relate to rental of stock agent's office space it is not deemed necessary to provide for doubtful debts. Bad debts are written-off as incurred. Interest is taken up as income on an accrual basis.

(d) Investments

The investments in joint ventures for the National Livestock Exchange Pty Ltd and the NSW Livestock Exchange are carried at recoverable amount in the financial report. They have not been equity-accounted because they have been written down to nil.

(e) Inventories

Land held for resale

Freehold property purchased for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition and development. Profits are brought to account on the signing of an unconditional contract of sale.

NOTES CONTINUED
30 JUNE 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Recoverable Amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

(g) Property, plant and equipment

Cost and valuation

All classes of land, buildings and property, plant and equipment are measured at cost.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than freehold land.

Major depreciation periods are:

	2001	2000
Freehold buildings:	20 to 40 years	20 to 40 years
Plant and equipment:	4 to 20 years	4 to 20 years

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

(i) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(j) Loans and borrowings

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

NOTES CONTINUED

30 JUNE 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Share capital

Ordinary share capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of Goods

Control of the goods has passed to the buyer.

Rendering of Services

Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

(m) Income tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

The income tax expense for the year is calculated using the 34% tax rate, however the deferred tax balances have been adjusted for the decreased corporate tax rate of 30% for the tax year 2001-02 and thereafter. The adjustment recognises that reversal of timing differences will occur during income tax years, at which time tax will be attributed at a lower rate. The corresponding adjustment has been charged to income tax expense.

NOTES CONTINUED

30 JUNE 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

Employee entitlements expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave entitlements; and
- other types of employee entitlements

are charged against profits on a net basis in their respective categories.

(o) Earnings per share

Basic earnings per share is determined by dividing the operating profit after by the weighted average number of ordinary shares outstanding during the financial year.

(p) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(q) Intangibles

Intellectual property

Intellectual property includes the trademarks, logos, names, research material, financial data, records, feasibility studies, copyrights and other material necessary to the establishment and conduct of the business of the company. Intellectual property is valued in the accounts at cost of acquisition and amortised over twenty years, being the period in which the benefits are expected to be realised.

Licences

EPA licences and QA certification expenses are valued in the accounts at cost of acquisition and are amortised over a further three years, being the period in which their benefits are expected to be realised.

NOTES CONTINUED
30 JUNE 2001

	Notes	2001	2000
		\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES			
Revenues from operating activities			
Weigh fees & store sales		848,649	936,664
Droving fees		139,907	144,779
Auctioneers fees		51,250	54,450
Truckwash fees		86,729	60,920
Revenue from sale of land		540,000	565,523
Total revenues from operating activities		1,666,535	1,762,336
Revenues from non-operating activities			
Rent		47,363	82,067
Interest – Other persons/corporations		12	227
Government grants		18,000	30,500
Sundry other revenue		32,051	20,401
Total revenues from outside the operating activities		97,426	133,195
Total revenues from ordinary activities		1,763,961	1,895,531
3. EXPENSES AND LOSSES/(GAINS)			
(a) Expenses			
Cost of land sold		423,986	249,656
Depreciation of non-current assets			
Plant and equipment		47,269	41,258
Buildings		224,321	220,650
Total depreciation of non-current assets		271,590	261,908
Amortisation of non-current assets			
Licences		2,374	5,020
Intellectual property		9,000	1,500
Borrowing costs		-	10,080
Total amortisation of non-current assets		11,374	16,600
Total depreciation and amortisation expenses		282,964	278,508

NOTES CONTINUED
30 JUNE 2001

	Notes	2001 \$	2000 \$
3. EXPENSES AND LOSSES/(GAINS) (cont'd)			
(a) Expenses (cont'd)			
Borrowing costs expensed:			
Interest expense			
- Bills of exchange		406,444	376,014
- Overdraft		3,902	-
- Other		10,000	-
		420,346	376,014
Other borrowing costs		30,999	1,250
Total borrowing costs expensed		451,345	377,264
Operating lease rental			
- minimum lease payments		25,406	24,405
(b) Significant Revenues and Expenses			
Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:			
Previously capitalised costs written off as future benefits are no longer deemed to be recoverable:			
- Formation expenses		(25,597)	-
- Borrowing costs		(28,399)	-
Previously accrued provision for deferred maintenance written back as liability not yet crystallised		40,000	-
Write-off of development expenses previously included in cost of inventories at 30 June 2000. The land to which the costs relate was sold in the year ended 30 June 1999.		(36,013)	-
Provision for diminution raised to ensure carrying value of non-current investments reflect their recoverable amounts		(18,149)	-

NOTES CONTINUED

30 JUNE 2001

	Notes	2001 \$	2000 \$
4. INCOME TAX			
The prima facie tax on profit/(loss) from ordinary activities differs from the income tax provided in the financial statements as follows			
Prima facie tax on profit/(loss) from ordinary activities before income tax at 34% (2000: 36%)		(70,857)	76,176
Tax effect of permanent differences			
Amortisation of intangible assets		3,867	993
Capital expenses		8,703	149
Other items (net)		7,022	631
Adjustment to future income tax benefit and provision for deferred income tax for change in company tax rate to 30% (2000: from 36% to 34%)		7,809	(1,857)
Income tax expense (benefit) attributable to ordinary activities		<u>(43,456)</u>	<u>76,092</u>
Deferred tax assets and liabilities			
Provision for deferred income tax – non-current		188,504	125,774
Future income tax benefit – non-current		233,346	127,161
Income tax losses			
Future income tax benefit carried forward as an asset that is attributable to tax losses		221,196	108,378

This future income tax benefit will only be obtained if:

- (a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends have been paid, and none have been provided for in respect of the year ended 30 June 2001 (2000: \$Nil). As at 30 June 2001 the company's Dividend Franking Account had a nil balance (2000: \$Nil).

NOTES CONTINUED

30 JUNE 2001

	Notes	2001	2000
		\$	\$
6. RECEIVABLES			
Trade debtors		68,656	67,461
Amount due from sale of industrial land		275,000	226,890
Sundry debtors		10,832	12,500
		<u>354,488</u>	<u>306,851</u>

Terms and conditions:

- (i) Trade and sundry debtors are non-interest bearing and generally on 7 day terms.
- (ii) Amounts due from sale of industrial land are non-interest bearing and have settlement dates between 30 days and 1 year after contract signing date.

7. INVENTORIES

Land held for resale at cost			
Cost of acquisition		160,251	249,058
Development expenses capitalised		144,993	376,036
Total inventories at lower of cost and net realisable value		<u>305,244</u>	<u>625,094</u>

8. OTHER ASSETS

Prepayments		11,817	10,779
Transaction costs relating to upcoming share issue and exchange listing		139,087	-
		<u>150,904</u>	<u>10,779</u>

As per Urgent Issues Group Consensus View Abstract no 23, transaction costs relating to the upcoming share issue will be debited against capital raised upon allotment on 13 August 2001.

9. OTHER FINANCIAL ASSETS

Equity in joint ventures for the National Livestock Exchange Pty Ltd and the NSW Livestock Exchange representing formation expenses and other outlays capitalised by the company		18,149	17,999
Provision for diminution		(18,149)	-
		<u>-</u>	<u>17,999</u>

NOTES CONTINUED
30 JUNE 2001

	Notes	2001 \$	2000 \$
10. PROPERTY, PLANT AND EQUIPMENT			
<i>Freehold land</i>			
At cost	10(b)	<u>160,251</u>	<u>160,251</u>
<i>Buildings and civil works</i>			
At cost		6,640,720	6,639,123
Accumulated depreciation		<u>(627,190)</u>	<u>(402,866)</u>
	10(b)	<u>6,013,530</u>	<u>6,236,257</u>
Total land and buildings		<u>6,173,781</u>	<u>6,396,508</u>
<i>Plant and equipment</i>			
At cost		372,878	349,134
Accumulated depreciation		<u>(126,442)</u>	<u>(79,173)</u>
Total plant and equipment	10(b)	<u>246,436</u>	<u>269,961</u>
Total property plant and equipment			
Cost		7,173,849	7,148,508
Accumulated depreciation and amortisation		<u>(753,632)</u>	<u>(482,039)</u>
Total written down amount		<u>6,420,217</u>	<u>6,666,469</u>

(a) Valuation of land and buildings

The company commenced operations in the year ended 30 June 1999 and valuations for land and buildings will be obtained by the year ended 30 June 2002.

(b) Assets pledged as security

Included in the balances of freehold land and buildings are assets over which first mortgages have been granted as security over commercial bills (see note 16). The terms of the first mortgages preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder. The mortgage also requires buildings that form part of the security to be fully insured at all times.

NOTES CONTINUED

30 JUNE 2001

	Notes	2001 \$	2000 \$
10. PROPERTY, PLANT AND EQUIPMENT (cont'd)			
(c) Reconciliations			
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year			
<i>Freehold Land</i>			
Carrying amount at beginning and end		160,251	
<i>Buildings and civil works</i>			
Carrying amount at beginning		6,236,257	
Additions		3,165	
Reversal of over-accrual in prior year		(1,571)	
Depreciation expense		(224,321)	
		6,013,530	
<i>Plant and equipment</i>			
Carrying amount at beginning		269,961	
Additions		23,744	
Depreciation expense		(47,269)	
		246,436	
11. INTANGIBLES			
Formation expenses	-		34,360
Accumulated amortisation	-		(4,800)
	-		29,560
Licences	47,475		47,475
Accumulated amortisation	(7,520)		(5,147)
	39,955		42,328
Intellectual property	180,000		30,000
Accumulated amortisation	(13,500)		(4,500)
	166,500		25,500
Borrowing costs	-		50,400
Accumulated amortisation	-		(22,001)
	-		28,399
	206,455		125,787

NOTES CONTINUED
30 JUNE 2001

	Notes	2001 \$	2000 \$
12. PAYABLES			
Trade creditors		131,825	228,348
Construction costs outstanding		-	36,525
Other creditors		15,000	9,428
Withholding tax payable		3,995	-
Goods and services tax		4,591	1,708
		<u>155,411</u>	<u>276,009</u>
Aggregate amounts payable to related parties:			
Director related entity		8,250	60,907
Terms and conditions relating to the above financial instruments:			
(i) Trade and other creditors are non-interest bearing and are normally settled on 30 day terms			
(ii) Details and terms and conditions of related party payables are set out in note 27			
13. INTEREST BEARING LIABILITIES (CURRENT)			
Borrowings secured by mortgage			
Bank overdraft		<u>62,667</u>	<u>48,727</u>
Terms and conditions relating to the above financial instruments			
(i) An overdraft facility of \$100,000 has been approved by the company's bankers and is secured by a first mortgage over the freehold land and buildings of the company			
14. PROVISIONS (CURRENT)			
Employee entitlements		<u>7,182</u>	<u>7,244</u>
15. OTHER LIABILITIES			
Income in advance		-	18,000
Application monies held – future share issue		<u>166,100</u>	<u>-</u>
		<u>166,100</u>	<u>18,000</u>

NOTES CONTINUED

30 JUNE 2001

	Notes	2001	2000
		\$	\$
16. INTEREST BEARING LIABILITIES (NON-CURRENT)			
Borrowings secured by mortgage			
- bills of exchange		<u>4,900,000</u>	<u>5,000,000</u>

Terms and conditions relating to the above financial instrument

(i) The company has a fully utilised and approved bank bill facility of \$4,900,000 in place at 30 June 2001 (2000: \$5,000,000) which is secured by a registered first mortgage over the land of the company. The bills of exchange roll over every 30 days and have effective interest rates of 5.30% to 6.71% (2000: 6.46% to 6.71%). Although the financing facilities are due for settlement within 12 months, the bills have been disclosed as a non-current liability as the company is committed to an agreement to refinance prior to the completion of the financial report.

17. PROVISIONS (NON-CURRENT)

Deferred maintenance	<u>-</u>	<u>40,000</u>
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18. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares fully paid	<u>2,550,000</u>	<u>2,400,000</u>
	<u>2,550,000</u>	<u>2,400,000</u>

(b) Movements in shares on issue

	2001		2000	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	2,400,000	2,400,000	2,400,000	2,400,000
Issued during the year				
- allotment to director-related entities	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
End of the financial year	<u>2,550,000</u>	<u>2,550,000</u>	<u>2,400,000</u>	<u>2,400,000</u>

(k) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company

NOTES CONTINUED

30 JUNE 2001

	Notes	2001 \$	2000 \$
19. ACCUMULATED LOSSES			
Balance at beginning of year		(22,384)	(157,891)
Net profit/(loss) after income tax		<u>(164,947)</u>	<u>135,507</u>
Balance at end of year		<u>(187,331)</u>	<u>(22,384)</u>
20. STATEMENT OF CASH FLOWS			
(a) Reconciliation of the operating profit (loss) after tax to the net cash flows from operations			
Profit (loss) from ordinary activities after tax		(164,947)	135,507
Non-cash items			
Depreciation of non-current assets		271,590	261,908
Amortisation of non-current assets		11,374	16,599
Provision for diminution of investments		18,149	-
Write-off of borrowing costs		28,399	-
Write-off of formation expenses		25,597	-
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		(47,637)	(64,497)
(Increase)/decrease in inventories		319,848	(104,193)
(Increase)/decrease in future income tax benefit		(106,185)	(16,079)
(Increase)/decrease in prepayments		(1,037)	-
Increase/(decrease) in trade and other creditors		(116,635)	(240,176)
Increase/(decrease) in provision for deferred income tax		62,730	92,172
Increase/(decrease) in provision for employee entitlements		(62)	1,375
Increase/(decrease) in income in advance		(18,000)	-
Increase/(decrease) in provision for deferred maintenance		(40,000)	40,000
Net cash flow from operating activities		<u>243,184</u>	<u>122,616</u>
(b) Reconciliation of cash			
Cash balance comprises:			
- cash on hand		300	300
- cash at bank		171,579	12,930
- bank overdraft		<u>(62,667)</u>	<u>(48,727)</u>
Closing cash balance		<u>109,212</u>	<u>(35,497)</u>

NOTES CONTINUED

30 JUNE 2001

Notes	2001	2000
	\$	\$

20. STATEMENT OF CASH FLOWS (cont'd)

(c) Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

Total facilities		
- bank overdraft	100,000	100,000
- bill facility	5,000,000	5,000,000
Facilities used at balance date:		
- bank overdraft	62,668	48,727
- bill facility	4,900,000	5,000,000
Facilities unused at balance date:		
- bank overdraft	37,332	51,273
- bill facility	100,000	5,000,000

21. EXPENDITURE COMMITMENTS

Operating lease expenditure commitments

Minimum lease payments		
- not later than one year	26,895	24,405
- later than one year and not later than five years	14,232	13,567
- later than five years	-	405
Aggregate lease expenditure contracted for at balance date, but not provided for in accounts	41,127	38,377

Operating leases have an average lease term of 3 years and an average implicit interest rate of 9%. Assets which are the subject of operating leases comprise items of office equipment.

22. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlement liability is comprised of:

Provisions (current)	7,182	7,244
	7,182	7,244

NOTES CONTINUED

30 JUNE 2001

	Notes	2001	2000
		\$	\$

23. SUBSEQUENT EVENTS

A public offer of shares made under a prospectus dated 4 May 2001 closed on 31 July 2001 and 642,800 shares were subscribed for and allotted on 13 August 2001. A total of \$707,080 cash was raised from the public offer.

The company was admitted to the BSX on 13 August 2001 and trading in its non-restricted securities commenced on that date.

The company has reduced its debt facilities from \$4.9 million at balance date to \$4.27 million as at 24 September 2001.

	2001 cents per share	2000 cents per share
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24. EARNINGS PER SHARE

Basic earnings per share	(6.8)	5.6
Weighted average number of ordinary shares on issue in the calculation of basic earnings per share	2,436,986	2,400,000

NOTES CONTINUED

30 JUNE 2001

	Notes	2001	2000
		\$	\$

25. REMUNERATION OF DIRECTORS

(a) Directors' remuneration

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the company directly or indirectly by the company or any related party.	40,000	45,000
--	--------	--------

(b) Prescribed benefits approved at general meeting

Prescribed benefits given during the financial year by the company or a related party to a person or to a prescribed superannuation fund in connection with the retirement of a person from a prescribed office in relation to the company:

B. Barron	800	700
C. Sleight	800	700
G. Osborne	800	700
M. Quinert	800	700
	<u>3,200</u>	<u>2,800</u>

	No.	No.
The number of directors of the company whose income (including superannuation contributions) falls within the following bands is:		
\$0 - \$9,999	-	1
\$10,000 - \$19,999	4	4

As disclosed at 12(b) in the Directors' Report, each director received a salary of \$10,000 and superannuation contributions of \$800.

	2001	2000
	\$	\$

26. AUDITORS' REMUNERATION

Amounts received or due and receivable by Ernst & Young for an audit or review of the company	15,000	8,000
No amounts were received or are due and receivable by Ernst & Young for any other services in relation to the company.		

NOTES CONTINUED

30 JUNE 2001

27. RELATED PARTY DISCLOSURES

Directors

The directors of Victorian Livestock Exchange Limited during the financial year were:

Bruce Barron
Christopher Sleigh
Graham Osborne
Michael Quinert

Director-related entity transactions

Purchases

During the year the company purchased \$32,580 (2000: \$6,158) of legal services from Oakley Thompson & Co, of which Mr Michael Quinert is a partner. The purchases were made under normal commercial terms and conditions. No amount remained payable (2000: \$403) at year end.

During the year the company purchased \$34,676 (2000: \$18,500) of management services from W & B Barron Pty Ltd, of which Mr Bruce Barron is a director. The purchases were made under normal commercial terms and conditions. At balance date, \$2,750 (2000: \$Nil) remained payable, forming part of the balance of trade creditors.

During the year the company purchased \$33,000 (2000: \$36,249) of management services from Osborne Agcon Pty Ltd, of which Mr Graham Osborne is a director. The purchases were made under normal commercial terms and conditions. At balance date, \$5,500 (2000: \$Nil) remained payable, forming part of the balance of trade creditors.

Equity instruments of directors

Interests at balance date

Interests in the equity instruments of the company held by directors and their director-related entities:

	Ordinary Shares	
	Fully Paid	
	2001	2000
	Number	Number
Christopher Sleigh	424,000	374,000
Bruce Barron	350,000	300,000
Graham Osborne	285,000	235,000
Michael Quinert	327,000	327,000
	1,386,000	1,236,000

NOTES CONTINUED
30 JUNE 2001

27. RELATED PARTY DISCLOSURES (cont'd)

Equity instruments of directors (cont'd)

Movements in directors' equity holdings

During the year the company issued 50,000 shares of \$1 each to W & B Barron Pty Ltd (of which B. Barron is a director), Vialima Pty Ltd (of which C. Sleight is a director) and Pedrobob Pty Ltd (of which G. Osborne is a director) as consideration for the purchase of intellectual property

There have been no other transactions concerning equity instruments during the financial year with directors or their director-related entities.

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

28. SEGMENT INFORMATION

The company operates predominantly in the livestock exchange industry in the state of Victoria, Australia.

NOTES CONTINUED

30 JUNE 2001

29. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are as follows:

	Floating interest rate	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total carrying amount per balance sheet	Weighted average effective interest rate
	\$	\$	\$	\$	%

AT 30 JUNE 2001:

(i) Financial assets

Cash	-	-	171,879	171,879	N/A
Trade and other receivables	-	-	354,488	354,488	N/A
Total financial assets	-	-	526,367	526,367	

(ii) Financial liabilities

Payables	-	-	155,411	155,411	N/A
Bank overdraft	62,667	-	-	62,667	8.4
Bills of exchange	-	4,900,000	-	4,900,000	6.3
Total financial liabilities	62,667	4,900,000	155,411	5,118,078	

AT 30 JUNE 2000:

(i) Financial assets

Cash	-	-	13,230	13,230	N/A
Trade and other receivables	-	-	306,851	306,851	N/A
Investments	-	-	17,999	17,999	N/A
Total financial assets	-	-	338,080	338,080	

(ii) Financial liabilities

Payables	-	-	276,009	276,009	N/A
Bank overdraft	48,727	-	-	48,727	9.3
Bills of exchange	-	5,000,000	-	5,000,000	6.6
Total financial liabilities	48,727	5,000,000	276,009	5,324,736	

N/A – not applicable for non-interest bearing financial instruments

NOTES CONTINUED
30 JUNE 2001

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Net fair values

All financial assets and liabilities have been recognised at the statement of financial position date at their net fair values. In all cases, the net fair value of financial assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

(c) Credit risk exposure

The company's maximum exposures to credit risk, excluding the value of any collateral or other security, at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position and notes to the financial statements. The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Victorian Livestock Exchange Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2001 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the board

C. Sleigh
Director

Melbourne, September 2001

INDEPENDENT AUDIT REPORT

To the members of Victorian Livestock Exchange Limited

Scope

We have audited the financial report of Victorian Livestock Exchange Limited for the year ended 30 June 2001, as set out on pages 8 to 31, including the Directors' Declaration. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Victorian Livestock Exchange Limited is in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2001 and of the performance of the company for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Act 2001; and
- b) other mandatory professional reporting requirements.

Ernst & Young

Stuart Alford
Partner

Melbourne, 2001

BSX ADDITIONAL INFORMATION

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 24 September 2001.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

			Ordinary Shares	
			Number of holders	Number of shares
1	-	1,000	-	-
1,001	-	5,000	71	166,000
5,001	-	10,000	6	55,000
10,001	-	100,000	32	1,586,500
100,001	and over		6	1,385,300
			<u>115</u>	<u>3,192,800</u>

There are no shareholders holding less than a marketable parcel of shares.

(b) Ten largest shareholders

The names of the ten largest holders of quoted shares are:

			Listed ordinary Shares	
			Number of shares	Percentage of ordinary shares
1	Maintangoon Pty Ltd		374,000	11.71%
2	W & B Barron Pty Ltd		350,000	10.96%
3	Gold Sea Pty Ltd		267,300	8.37%
4	Hurstdale Pastoral Co		180,000	5.64%
5	G. Bennett		109,000	3.41%
6	Pedrobob Pty Ltd		105,000	3.29%
7	T. Van Vliet		100,000	3.13%
8	Tribuzi Family Trust		100,000	3.13%
9	J. Khalid		100,000	3.13%
10	Bendigo Asset Management Ltd		100,000	3.13%
			<u>1,785,300</u>	<u>55.90%</u>

BSX ADDITIONAL INFORMATION CONTINUED

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Law are:

	Number of shares
Maintangoon Pty Ltd	374,000
W & B Barron Pty Ltd	350,000
Gold Sea Pty Ltd	267,300
Hurstdale Pastoral Co Pty Ltd	180,000

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

CORPORATE GOVERNANCE STATEMENT

The board guides and monitors the business and affairs of Victorian Livestock Exchange Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure the board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the board.

Composition of the Board

The composition of the board is determined in accordance with the following principles and guidelines:

- the board should comprise at least four directors and should maintain a majority of non-executive directors or if need be provide the Chairman a casting vote;
- the chairperson must be a non-executive director;
- the board should comprise directors with an appropriate range of qualifications and expertise; and
- the board shall meet at least monthly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The directors in office at the date of this statement are:

Name	Position
Christopher Sleigh	Chairman, Non-Executive Director
Bruce Barron	Executive Director
Graham Osborne	Executive Director
Michael Quinert	Non-Executive Director

Board Responsibilities

As the board acts on behalf of and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The board seeks to discharge these responsibilities in a number of ways.

The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the board. The board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

- board approval of a business plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk;
- the business plan is a dynamic document and the board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity;
- implementation of operating plans and budgets by management and board monitoring of progress against budget - this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;
- procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the company's expense;

CORPORATE GOVERNANCE STATEMENT

Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is reviewed annually by the chairperson. Directors whose performance is unsatisfactory are asked to retire.

The board of directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the annual general meeting and other meetings so called to obtain approval for board action as appropriate.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fourth annual general meeting of Victorian Livestock Exchange Limited will be held at 30 Livestock Way, Pakenham, Victoria at 8:30 am on 21st November, 2001

Business

1. To receive, consider and adopt the Directors' Report and Financial Report for the year ended 30 June 2001 and the Auditor's Report on the financial report.
2. To elect 2 directors
3. To transact any other business which may be lawfully brought forward.

By Order of the Board

Michael Quinert
Secretary

September 2001

Proxies

A member entitled to attend and vote at the meeting is entitled to appoint a proxy. 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.

FORM OF PROXY

Company Secretary
Victorian Livestock Exchange Limited
Level 17/500 Collins Street
MELBOURNE VIC 3000

I/We

of

being a member(s) of VICTORIAN LIVESTOCK EXCHANGE LIMITED hereby appoint

of

or, in his/her absence

of

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 the 21st day of November 2001 and at any adjournment of that meeting.

I/We desire to vote on the resolutions as indicated below:

Please indicate with an X how you wish your vote to be cast. Unless otherwise instructed, the proxy may vote as he/she thinks fit.

Resolution No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
FOR															
AGAINST															
ABSTAIN															

Signed this day of 2001

Signature(s) of member(s)

(Proxies must be received by the company not less than forty-eight hours before the time appointed for the holding of the meeting.)