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Director's Report

Your directors submit their report for the half-year ended 31 December 2001.

DIRECTORS

The names 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.

Mr Christopher Sleigh (Non-executive Chairman)

Mr Bruce Barron (Director Land Sales)

Mr Graham Osborne Dip. RBM FAICD (Managing Director)

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

Mr. Michael Everitt (as of 1 November 2001)

Mr Gregory Walsh M.A Phd (as of 1 December 2001)

REVIEW AND RESULTS OF OPERATIONS

The VLE has recorded a strong improvement in operational performance for the half year ended 31 December 2001. Whilst a bottom line loss of \$28,000 was reported, the assessment of that outcome should take account of several factors. Firstly, the result, as always, incorporates a substantial non-cash charge for depreciation, which is associated with the construction of the facility only four years ago. The result before depreciation was a positive \$122,000. The outcome was also negatively affected by the fact that no contracts for land sales were signed during the period. The main reason for this apparent lack of activity was a delay by a purchaser of two lots in finalising its requirements for lot sizes and the like. The good news is that the land sales that had been expected in the relevant period have since Christmas been contracted and there has been strong further interest in unsold lots.

When taking account of these factors, the result demonstrates a strong underlying improvement in the core livestock selling business operated by the Company.

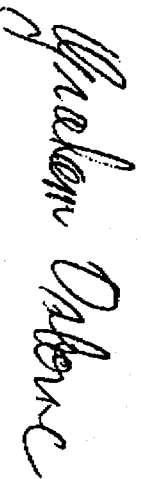
Revenue from these activities has improved significantly as a result of both increased throughput and the rise in fees implemented last year. The beef industry is enjoying a strong period of prosperity and there is unlikely to be any shrinkage of the herd in VLE's catchment areas while this lasts.

The capital raising last winter and improved trading have enabled a further reduction in debt by some \$1 million (or 20% of total debt) since this time last year. The Company's long-term strategy is to further reduce debt through continuation of the land development process and through trading results. After a slow start three years ago and with a little over half the available lots now sold, the land development program has to date contributed some \$1 million in debt reduction. The Company is confident that the ongoing program will provide the means to further significantly reduce borrowings. In the interim, the directors continue to review ways of ameliorating the cost of debt, such as fixing interest rate changes.

This result provides a good base for the Company's run through the second half of the year, which has traditionally be strongest in terms of cattle throughput.

Graham Osborne
Managing Director

Signed in accordance with a resolution of the directors.

A handwritten signature in dark ink, appearing to read 'Graham Osborne', is written over the printed name and title.

Graham Osborne
Managing Director

Melbourne, 14 March 2002