

October 20, 2006

Dear shareholder,

Your company continues to grow and be successful; this last year has seen the outcome of the board's carefully planned and executed growth strategy. VLE is now the largest and most diverse saleyard operator in Australia.

In a peak period of activity from early March to early May (sixty days), VLE had 80,000 head of cattle pass through its various points of operation.

The integration of operations at Leongatha, Korumburra, Sale and Traralgon to VLE's umbrella has gone quite smoothly. Refurbishment of VLE Leongatha stage 1 is nearing completion while stage 2 permits are being sought.

VLE Pakenham continues to be the national benchmark saleyard and attracts many visitors from within Australia and overseas. Of particular note are the many visitors from beef importing countries eg. Japan and also from the United States of America, who are admirers of Australia's animal tracing capabilities (NLIS) particularly as implemented at Pakenham.

VLE Leongatha will be the beneficiary of all lessons learnt at Pakenham and other sites; it should be the most user friendly and efficient pre-weigh yard in Australia.

VLE expects to sell most of its "stage 13" blocks of industrial land this year. Construction is complete; this is the last land available for development and re-sale at the Pakenham site.

The hard work of previous years and the solid foundation laid by the board and management will see it in good stead for the years ahead. I look forward to them with cheerful expectation. Your company will continue to prosper.

Yours faithfully,



Graham Osborne  
Managing Director