

Victorian Livestock Exchange Limited
ABN 72 078 839 031

Annual Financial Report
for the year ended 30 June 2003

CORPORATE INFORMATION

ABN 72 078 839 031

Directors

Christopher Sleigh (Non-executive Chairman)
Graham Osborne (Managing Director)
Bruce Barron (Non-executive Director)
Michael Quinert (Non-executive Director)
Michael Everitt (Non-executive Director)
Gregory Walsh (Non-executive Director)

Company Secretary (Non-executive)

Michael Quinert

Registered Office

Level 17, 500 Collins Street
Melbourne Victoria 3000
Ph: (03) 9614 3771

Business Address

Exchange Drive
Pakenham Victoria 3810
Ph: (03) 5940 2121

Solicitors

Oakley Thompson & Co Pty Ltd
Level 17, 500 Collins Street
Melbourne Victoria 3000

Bankers

Westpac Banking Corporation Limited

Accountants

O'Shaughnessy & Associates
49 Whitehorse Road
Balwyn Victoria 3103

Share Register

ASX Perpetual Registrars
Level 4, 333 Collins Street
Melbourne Victoria 3000
Ph: (03) 9615 9999

Auditors

Sinclair Wilson
177 Koroit Street
Warrnambool Victoria 3280

Internet Address

www.vle.com.au

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DIRECTORS REPORT

Your directors submit their report for the year ended 30 June 2003.

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 owned part of the development site. He is a registered commercial builder having 20 years experience in the construction of industrial buildings. He has other industrial property interests in the southeast growth corridor of Melbourne. He also has farming interests in central Victoria.

Mr Graham Osborne Dip. RBM FAICD (Managing Director)

Graham has extensive knowledge of the livestock industry including transportation, marketing and breeding. He has a long history of being active in farmer lobby groups, has been a councillor to Cardinia Shire and retains cattle grazing interests.

Graham is responsible for bringing together all facets of the company's livestock operations, land development activities, corporate reporting functions, financial management and planning and oversees all shareholder related matters. He is also in charge of developing new revenue streams and improving the performance of current revenue streams.

Mr Bruce Barron (Non-executive Director)

Bruce has 15 years experience in both residential and commercial property development. 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.

Mr Michael Quinert LL.B., B.Ec (Secretary/Non-executive)

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

(a) Names, qualifications, experience and special responsibilities (cont.)

Mr Michael Everitt (Non-executive Director)

Michael is a partner in the livestock agency of Everitt & Seeley Pty Ltd and is a founding shareholder of the VLE. Michael has served as President of the Dandenong (now Pakenham) Stock Agents Association. He has 21 years experience in the industry.

Dr Gregory Walsh MA, PhD (Non-executive Director)

Gregory has considerable experience in Regional Funding and capital raising, acts as a consultant to government and industry on re-structuring and the finance packages to match. He specialises in regional economics and has extensive contacts in municipal fields to which VLE may wish to expand. He is also a director of two unlisted food processing companies.

(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
- Harjan Pty Ltd	60,000
	<u>560,000</u>
Bruce Barron	
- Westmont Holdings Pty Ltd	<u>330,000</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
- Oakley Thompson & Co	19,000
- Quatro Limited	45,500
- Kenneth Norwood Quinert	64,000
	<u>496,800</u>
Michael Everitt	
- M.Everitt & L.Seeley ATF Everitt & Seeley Superannuation Fund	<u>50,000</u>
Gregory Walsh	
- As an individual	<u>19,180</u>

DIRECTORS' REPORT CONTINUED

2. EARNINGS PER SHARE

	Cents
Basic earnings per share	10.2

3. DIVIDENDS

At a board meeting on 27 August 2003, the directors recommended payment of an ordinary dividend of \$0.05 per share. This dividend is to be paid in January 2004.

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.

(c) Employees

The company employed 32 employees (both casual and full time) as at 30 June 2003 (2002: 33 employees).

5. REVIEW AND RESULTS OF OPERATIONS

(a) Operating Results

Summarised operating results are as follows:

	2003	
	Livestock Operations	Land Subdivision
	\$	\$
Revenues	1,941,370	195,579
Result before significant revenues and expenses	404,093	6,740
Significant revenues and expenses	-	65,745
Result before income tax	404,093	72,485
Income tax expense		(150,700)
Result after income tax		325,878

DIRECTORS' REPORT CONTINUED

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

(a) Operating Results (cont'd)

The annual accounts show a profit before tax of \$476,578 (last year \$48,113) – a tenfold increase. This is the company's best year to date. It has been driven by three key factors:

1. a large increase in throughput of 40,579 head (31.0%).
2. re-financing of the company, to lower borrowing costs by \$38,330 (11.7%).
3. the ability of the company to convert a large percentage of the extra revenue to profit.

Land development made a modest contribution to the final profit. The small animal sector performed well again and the store sales continued strongly throughout the year. The extended dry and poor seasonal conditions brought inordinate numbers of stock onto the market, these factors are still distorting stock flows.

At year end, the company debt had been lowered to \$3.5 million and substantial cash reserves were in hand.

Given the growing strength of the company, the Directors propose to pay a dividend of five cents per share in January, 2004. The directors are particularly pleased to be in a position to reward, to a modest level at least, the patience of shareholders. A dividend re-investment scheme, whereby all or part of dividends may be taken up as a further issue of shares, will be initiated.

Stage 8 of the industrial land development has been completed and all lots settled for a profit of \$72,485. Stage 10 is now proceeding with several sale contracts nearing finalisation. There will only be a small profit in this stage, however it clears the way for much more profitable sales to be made at the rear of the premises.

During the year a security fence was constructed around the perimeter of the facility (\$59,617) to which electronically controlled gates are yet to be added. Shrub and tree plantings have commenced along the now fenced boundary.

The VLE dam water level dropped below the suction reach of the pump thus necessitating, for the first time, purchase of potable water for truck washing.

Last year the accounts were impacted by the effects of "Stage 8" land development being incomplete. This year there is only a small amount of incomplete work and accordingly the payables and receivables figures are much lower.

Shareholder rebates of \$47,678 were paid for the year.

The company operations have again proven to be flexible and robust with a stable cost base.

The company has commenced a new service, "VLE Advisory Services", selling saleyard management and design expertise. It has also commenced a mobile electronic ear-tag reading service which is available to other marketing centres.

The operations of the company were actively promoted throughout Victoria and in other states during the year. The Managing Director hosted visits to the company facility by interested persons, including Governor Landy and the Managing Director of Westpac, Mr. David Morgan.

DIRECTORS' REPORT CONTINUED

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

(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 minimal errors in recording of stock ownership and numbers.

(c) Throughput

As mentioned earlier, a large increase was recorded. This compared favourably against all other centres in Victoria.

(d) Agents

The agencies operating at the VLE are proving quite stable with all contributing strongly to the increase in throughput.

(e) Staff

Key operations and administrative staff are largely unchanged from the previous year.

(f) Floor

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

(g) Pens and Water Troughs

With four and a half 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.

(h) Workforce Safety

There are currently no employees on work care benefits. VLE continues to set the highest standard in Victoria for work place safety, with no claims in the last twelve months.

(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 standard of corporate behaviour and accountability, the Directors of Victorian Livestock Exchange have established an Audit Committee consisting of Dr. Walsh (Chairman), C. Sleigh and G. Osborne to appraise all matters of a governance nature. The company's corporate governance statement is contained in the additional BSX information section of this annual report.

DIRECTORS' REPORT CONTINUED

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

7. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

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. There have been no 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 \$6,100.

DIRECTORS' REPORT CONTINUED

12. DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

(a) Remuneration Policy

Directors fees have been set at \$15,000 per annum for Gregory Walsh and \$10,000 per director per annum for all other directors. This amount has been determined by the board.

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

	Annual Emoluments Base Fee \$	Long Term Emoluments Superannuation \$
Christopher Sleigh	10,000	900
Bruce Barron	10,000	900
Graham Osborne	10,000	900
Michael Quinert	10,000	900
Michael Everitt	10,000	900
Gregory Walsh	15,000	1,350

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 Directors' meetings held while a director	No of Directors' meetings attended	No of Audit Committee meetings held while a director	Number of Audit Committee meetings attended
Christopher Sleigh	14	14	1	1
Bruce Barron	14	13	-	-
Graham Osborne	14	14	1	1
Michael Quinert	14	14	-	-
Michael Everitt	14	14	-	-
Gregory Walsh	14	14	1	1

Signed in accordance with a resolution of the directors.



C. Sleigh
Director

DIRECTORS' REPORT CONTINUED

Melbourne, 7 October 2003

STATEMENT OF FINANCIAL PERFORMANCE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$	2002 \$
Revenues from ordinary activities	2	2,136,949	2,280,603
Depreciation and amortisation expenses	3	(295,660)	(298,521)
Borrowing costs expense	3	(290,772)	(329,102)
Salaries and employee benefits expense		(415,530)	(355,672)
Other expenses from ordinary activities		(658,409)	(1,249,195)
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		476,578	48,113
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	(150,700)	(21,840)
NET PROFIT	17	325,878	26,273
Basic earnings per share (cents per share)	21	10.2	0.8

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2003

	Notes	2003 \$	2002 \$
CURRENT ASSETS			
Cash assets		323,859	1,138
Receivables	6	104,102	888,585
Inventories	7	259,431	346,852
Other	8	27,163	20,954
TOTAL CURRENT ASSETS		714,555	1,257,529
NON-CURRENT ASSETS			
Other financial assets	9	-	-
Property, plant and equipment	10	6,079,286	6,206,943
Deferred tax assets	4	132,824	254,121
Intangible assets	11	161,818	184,137
TOTAL NON-CURRENT ASSETS		6,373,928	6,645,201
TOTAL ASSETS		7,088,483	7,902,730
CURRENT LIABILITIES			
Payables	12	91,991	763,046
Interest-bearing liabilities	13	-	81,049
Provisions	14	9,982	9,389
TOTAL CURRENT LIABILITIES		101,973	853,484
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	15	3,500,000	3,900,000
Deferred tax liabilities	4	260,521	231,118
TOTAL NON-CURRENT LIABILITIES		3,760,521	4,131,118
TOTAL LIABILITIES		3,862,494	4,984,602
NET ASSETS		3,225,989	2,918,128
EQUITY			
Contributed equity	16	3,061,169	3,079,186
Accumulated profits/(losses)	17	164,820	(161,058)
TOTAL EQUITY		3,225,989	2,918,128

STATEMENT OF CASH FLOWS YEAR ENDED 30 JUNE 2003

	Notes	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,833,769	999,724
Payments to suppliers and employees		(1,602,074)	(283,052)
Interest received		6,004	493
Borrowing costs		(271,501)	(345,533)
NET CASH FLOWS FROM OPERATING ACTIVITIES	18(a)	966,198	371,632
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(150,561)	(62,929)
Proceeds from sale of property, plant and equipment		6,150	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(144,411)	(62,929)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings – other		(400,000)	(1,000,000)
Payment of prospectus and listing costs		(18,016)	(38,807)
Proceeds from issue of ordinary shares		-	540,980
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(418,016)	(497,827)
NET INCREASE/(DECREASE) IN CASH HELD		403,771	(189,124)
Add opening cash brought forward		(79,912)	109,212
CLOSING CASH CARRIED FORWARD	18(b)	323,859	(79,912)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2003

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 including 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. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies are consistent with those of the previous year.

(b) Cash and cash equivalents

Cash on hand and in banks are stated at nominal 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) Receivables

Trade debtors and sundry debtors are recognised and carried at original invoice amount. There were no bad debts during the period and no debtors were charged interest by the company.

Amounts receivable from sale of industrial land are recognised and carried at the original contract amount. Amounts receivable from related parties are recognised and carried at the original invoice amount. No interest is charged on these receivables.

(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.

NOTES CONTINUED

30 JUNE 2003

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

(f) Recoverable Amount

Non-current assets measured using the cost basis 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:

	2003	2002
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) 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

NOTES CONTINUED

30 JUNE 2003

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

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

(j) 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 original invoice amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(k) Interest-bearing liabilities

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

(l) Contributed equity

Issued and paid up 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.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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.

Interest

Control of the right to receive the interest payment.

Sale of Industrial Land

NOTES CONTINUED
30 JUNE 2003

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

Profits are brought to account on the signing of an unconditional contract of sale.

NOTES CONTINUED

30 JUNE 2003

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

(n) Taxes

Income taxes

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.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(o) 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.

NOTES CONTINUED
30 JUNE 2003

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

(p) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(q) Comparative figures

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

NOTES CONTINUED

30 JUNE 2003

	Notes	2003	2002
		\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES			
Revenues from operating activities			
Weigh fees & store sales		1,392,062	1,036,227
Droving fees		172,918	144,655
Auctioneers fees		54,730	50,000
Truckwash fees		169,149	133,309
Revenue from sale of land		100,000	805,000
Revenue from sale of option over land		20,000	-
Over-accrual of land development costs in prior year		75,579	-
Total revenues from operating activities		<u>1,984,438</u>	<u>2,169,191</u>
Revenues from non-operating activities			
Rent		52,630	60,493
Interest – Other persons/corporations		6,004	493
Government grants		30,000	-
Proceeds on disposal of property, plant and equipment		6,080	-
Sundry other revenue		57,797	50,426
Total revenues from outside the operating activities		<u>152,511</u>	<u>111,412</u>
Total revenues from ordinary activities		<u><u>2,136,949</u></u>	<u><u>2,280,603</u></u>
3. EXPENSES AND LOSSES/(GAINS)			
(a) Expenses			
Cost of land sold		103,760	717,286
Cost of option over land sold		9,500	-
Total cost of sales		<u>113,260</u>	<u>717,286</u>
Depreciation of non-current assets			
Plant and equipment		43,273	51,169
Buildings		230,069	225,034
Total depreciation of non-current assets		<u>273,342</u>	<u>276,203</u>
Amortisation of non-current assets			
Licences		13,318	13,318
Intellectual property		9,000	9,000
Total amortisation of non-current assets		<u>22,318</u>	<u>22,318</u>
Total depreciation and amortisation expenses		<u><u>295,660</u></u>	<u><u>298,521</u></u>

NOTES CONTINUED

30 JUNE 2003

	Notes	2003	2002
		\$	\$
3. EXPENSES AND LOSSES/(GAINS) (cont'd)			
(a) Expenses (cont'd)			
Borrowing costs expensed:			
Interest expense			
- Bills of exchange		265,672	307,688
- Overdraft		3,295	3,664
- Other		-	5,000
		<u>268,967</u>	<u>316,352</u>
Other borrowing costs		21,805	12,750
Total borrowing costs expensed		<u>290,772</u>	<u>329,102</u>
Operating lease rental			
- minimum lease payments		8,444	24,457
(b) Material/Significant Items			
Profit from ordinary activities before income tax expense includes the following material revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:			
Write-off of development expenses incurred in year ended 30 June 2002 relating to subdivided land sold in year ended 30 June 2001		-	(29,000)
Land development costs over-accrued at 30 June 2002		75,579	-
Less: land settlement costs under-accrued at 30 June 2002		<u>(9,834)</u>	<u>-</u>
Net over-accrual of costs relating to land sold in year ended 30 June 2002		<u>65,745</u>	<u>-</u>

NOTES CONTINUED

30 JUNE 2003

	Notes	2003	2002
		\$	\$
4. INCOME TAX			
The prima facie tax on profit differs from the income tax provided in the financial statements as follows:			
Prima facie tax on profit from ordinary activities		142,973	14,436
Tax effect of permanent differences			
Amortisation of intangible assets		6,695	6,695
Other non-allowable items		1,032	709
Income tax expense attributable to ordinary activities		150,700	21,840
Deferred tax assets and liabilities			
Provision for deferred income tax – non-current		260,521	231,118
Future income tax benefit – non-current		132,824	254,121
Income tax losses			
Future income tax benefit carried forward as an asset that is attributable to tax losses		123,955	243,528

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. PROPOSED DIVIDENDS

Proposed final unfranked dividend of 5.0 (2002: Nil) cents per share	159,640	-
As at 30 June 2003 the company's Dividend Franking Account had a nil balance (2002: \$Nil).		

NOTES CONTINUED

30 JUNE 2003

	Notes	2003	2002
		\$	\$
6. RECEIVABLES			
Trade debtors		90,300	77,863
Amount due from sale of industrial land		1,173	802,172
Sundry debtors		12,629	8,550
		<u>104,102</u>	<u>888,585</u>
(a) Related party receivables			
Directors and director-related entities			
- director-related		1,777	12,668
(b) 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 7 and 14 days following registration of title with the Registrar of Titles.			
(iii) Details of the terms and conditions of related party receivables are set out in note 24			
7. INVENTORIES			
Land held for resale at cost			
Cost of acquisition		122,182	126,947
Development expenses capitalised		137,249	219,905
		<u>259,431</u>	<u>346,852</u>
Total inventories at lower of cost and net realisable value			
		<u>259,431</u>	<u>346,852</u>
8. OTHER CURRENT ASSETS			
Prepayments		27,163	20,954
		<u>27,163</u>	<u>20,954</u>
9. OTHER FINANCIAL ASSETS			
Equity in joint ventures with the National Livestock Exchange Pty Ltd and the NSW Livestock Exchange representing formation expenses and other outlays capitalised by the company		18,149	18,149
Provision for diminution		(18,149)	(18,149)
		<u>-</u>	<u>-</u>

NOTES CONTINUED

30 JUNE 2003

	Notes	2003	2002
		\$	\$
10. PROPERTY, PLANT AND EQUIPMENT			
<i>Freehold land</i>			
At cost	10(c)	160,251	160,251
<i>Buildings and civil works</i>			
At cost		6,776,253	6,712,240
Accumulated depreciation		(1,091,626)	(861,557)
	10(c)	5,684,627	5,850,683
Total land and buildings		5,844,878	6,010,934
<i>Plant and equipment</i>			
At cost		445,301	364,284
Accumulated depreciation		(210,893)	(168,275)
Total plant and equipment	10(c)	234,408	196,009
Total property plant and equipment			
Cost		7,381,805	7,236,775
Accumulated depreciation and amortisation		(1,302,519)	(1,029,832)
Total written down amount		6,079,286	6,206,943

(a) Valuation of land and buildings

A directors' valuation of freehold land and buildings and all plant and equipment was undertaken on 30 June 2002. This valuation was performed on an open market basis, being the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date. The directors valued all property, plant and equipment at \$6,217,867. As this value was not materially different from book value at that date, the directors elected not to revalue the assets in the financial report.

(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 15). 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 2003

	Notes	2003	2002
		\$	\$
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		<u><u>160,251</u></u>	
<i>Buildings and civil works</i>			
Carrying amount at beginning		5,850,683	
Additions		64,013	
Depreciation expense		<u>(230,069)</u>	
		<u><u>5,684,627</u></u>	
<i>Plant and equipment</i>			
Carrying amount at beginning		196,009	
Additions		86,548	
Disposals		(4,876)	
Depreciation expense		<u>(43,273)</u>	
		<u><u>234,408</u></u>	
11. INTANGIBLES			
Licenses		47,475	47,475
Accumulated amortisation		<u>(34,157)</u>	<u>(20,838)</u>
		<u>13,318</u>	<u>26,637</u>
Intellectual property		180,000	180,000
Accumulated amortisation		<u>(31,500)</u>	<u>(22,500)</u>
		<u>148,500</u>	<u>157,500</u>
		<u><u>161,818</u></u>	<u><u>184,137</u></u>

NOTES CONTINUED

30 JUNE 2003

	Notes	2003	2002
		\$	\$
12. PAYABLES			
Trade creditors		51,870	61,829
Construction costs outstanding		-	676,746
Other creditors		13,853	16,000
Withholding tax payable		4,726	3,858
Goods and services tax		21,542	4,613
		<u>91,991</u>	<u>763,046</u>
Aggregate amounts payable to related parties:			
Director related entity		5,593	5,500
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 24			
13. INTEREST BEARING LIABILITIES (CURRENT)			
Borrowings secured by mortgage			
- bank overdraft		-	81,049
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			
Employee entitlements		9,982	9,389

NOTES CONTINUED

30 JUNE 2003

	Notes	2003	2002
		\$	\$

15. INTEREST BEARING LIABILITIES (NON-CURRENT)

Borrowings secured by mortgage
- bills of exchange

3,500,000	3,900,000
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Terms and conditions relating to the above financial instrument

(i) The company has a fully utilised and approved bank bill facility of \$3,500,000 in place at 30 June 2003 (2002: \$3,900,000) which is secured by a registered first mortgage over the land of the company. The bills of exchange roll over every 30 to 90 days and have effective interest rates of 5.16% to 6.20% (2002: 5.27% to 6.26%).

16. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares fully paid	3,061,169	3,079,186
	3,061,169	3,079,186

(b) Movements in shares on issue

	2003		2002	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	3,192,800	3,079,186	2,550,000	2,550,000
Issued during the year				
- public equity raising	-	-	642,800	707,080
less transaction costs	-	(18,017)	-	(177,894)
End of the financial year	3,192,800	3,061,169	3,192,800	3,079,186

(c) 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 2003

	Notes	2003 \$	2002 \$
17. ACCUMULATED PROFITS/(LOSSES)			
Balance at beginning of year		(161,058)	(187,331)
Net profit after income tax		<u>325,878</u>	<u>26,273</u>
Balance at end of year		<u><u>164,820</u></u>	<u><u>(161,058)</u></u>
18. STATEMENT OF CASH FLOWS			
(a) Reconciliation of the net profit after tax to the net cash flows from operations			
Net profit		325,878	26,273
Non-Cash items			
Depreciation of non-current assets		273,342	276,203
Amortisation of non-current assets		22,318	22,318
Profit on sale of property, plant and equipment		(1,275)	-
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		784,483	(534,100)
(Increase)/decrease in inventory		87,422	(41,609)
(Increase)/decrease in future income tax benefit		121,297	(20,775)
(Increase)/decrease in prepayments		(6,209)	(9,137)
Increase/(decrease) in trade and other creditors		(671,053)	607,637
Increase in deferred income tax liability		29,403	42,615
Increase in employee entitlements		592	2,207
Net cash flow from operating activities		<u><u>966,198</u></u>	<u><u>371,632</u></u>
(b) Reconciliation of cash			
Cash balance comprises:			
- cash on hand		300	300
- cash at bank		323,559	837
- bank overdraft		-	(81,049)
Closing cash balance		<u><u>323,859</u></u>	<u><u>(79,912)</u></u>

NOTES CONTINUED

30 JUNE 2003

	Notes	2003	2002
		\$	\$

18. 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		-	81,049
- bill facility		3,500,000	3,900,000
Facilities unused at balance date:			
- bank overdraft		100,000	18,951
- bill facility		1,500,000	1,100,000

19. EXPENDITURE COMMITMENTS

Operating lease expenditure commitments

Minimum lease payments			
- not later than one year		5,225	9,007
- later than one year and not later than five years		-	5,225
Aggregate lease expenditure contracted for at balance date, but not provided for in accounts		5,225	14,232

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.

20. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlement liability is comprised of:

Accrued superannuation contributions		2,323	1,683
Provisions (current)		9,981	9,389
		12,304	11,072

NOTES CONTINUED

30 JUNE 2003

	Notes	2003	2002
		\$	\$
21. EARNINGS PER SHARE			
The following reflects the income and share data used in the calculation of basic earnings per share:			
Net profit		325,878	26,273
		Number of shares	Number of shares
Weighted average number of ordinary shares on issue in the calculation of basic earnings per share		3,192,800	3,113,551
		2003	2002
		\$	\$

22. 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.	65,000	55,417
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(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	900	800
C. Sleight	900	800
G. Osborne	900	800
M. Quinert	900	800
M. Everitt	900	533
G. Walsh	1,350	700
	5,850	4,433

	No.	No.
The number of directors of the company whose income (including superannuation contributions) falls within the following bands is:		
\$0 - \$9,999	-	2
\$10,000 - \$19,999	6	4

NOTES CONTINUED
30 JUNE 2003

	Notes	2003	2002
		\$	\$

23. AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditor for an audit or review of the company

12,496

27,035

No amounts were received or are due and receivable by the auditor for any other services in relation to the company.

NOTES CONTINUED

30 JUNE 2003

24. RELATED PARTY DISCLOSURES

Directors

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

Bruce Barron
Christopher Sleigh
Graham Osborne
Michael Quinert
Michael Everitt
Gregory Walsh

Director-related entity transactions

Purchases

During the year the company purchased \$17,305 (2002: \$39,030) 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 (2002: \$Nil) at year end.

During the year the company purchased \$1,667 (2002: \$14,667) of management services from Westmont Holdings Pty Ltd (formerly W & B Barron Pty Ltd), of which Mr Bruce Barron is a director. The purchases were made under normal commercial terms and conditions. No amount remained payable (2002: \$917) at year end

During the year the company purchased \$60,515 (2002: \$51,333) 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, \$5,518 (2002: \$4,583) remained payable, forming part of the balance of trade creditors.

During the year the company paid shareholder rebates of \$775 (2002: \$3,123) to Everitt & Seeley Pty Ltd of which Mr Michael Everitt is a director. The company also paid shareholder rebates of \$3,099 (2002: \$Nil) to Michael Everitt & Leslie Seeley in their capacity as trustees of the Everitt & Seeley Pty Ltd Superannuation Fund. The rebates were paid under the same terms and conditions available to all shareholders. No amount remained payable (2002: \$Nil) at year end.

Sales

During the year the company sold \$168,250 (2002: \$133,815) of services to Everitt & Seeley Pty Ltd, of which Mr Michael Everitt is a director. The sales were made under normal commercial terms and conditions. At balance date, \$1,777 (2002: \$12,668) remained receivable, forming part of the balance of trade debtors.

NOTES CONTINUED

30 JUNE 2003

24. RELATED PARTY DISCLOSURES (cont'd)

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	
	2003	2002
	Number	Number
Christopher Sleigh	560,000	500,000
Bruce Barron	330,000	350,000
Graham Osborne	285,000	285,000
Michael Quinert	496,800	496,800
Michael Everitt	50,000	50,000
Gregory Walsh	9,180	9,180
	1,730,980	1,690,980

Movements in directors' equity holdings

On 27 June 2002, Westmont Holdings Pty Ltd (of which Mr Bruce Barron is a director) sold 2,000 shares, in an off-market trade, at an average price of \$1.08 per share. This trade was not reflected in the share register until 8 November 2002

On 28 June 2002, Westmont Holdings Pty Ltd (of which Mr Bruce Barron is a director) sold 2,000 shares, in an off-market trade, at an average price of \$1.08 per share. This trade was not reflected in the share register until 8 November 2002

On 28 June 2002, Westmont Holdings Pty Ltd (of which Mr Bruce Barron is a director) sold 10,000 shares, in an on-market trade, at an average price of \$1.09 per share. This trade was not reflected in the share register until 9 July 2002.

On 15 November 2002, Harjan Pty Ltd (of which Mr Christopher Sleigh is a director) acquired 60,000 shares, in an off-market trade, at price of \$1.00 per share.

On 17 March 2003, Westmont Holdings Pty Ltd (of which Mr Bruce Barron is a director) sold 6,000 shares, in an on-market trade, at price of \$1.06 per share.

On 27 June 2003, Mr Gregory Walsh bought 10,000 shares, in an on-market trade, at price of \$1.08 per share. This trade was not reflected in the share register until after 30 June 2003.

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

NOTES CONTINUED
30 JUNE 2003

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.

NOTES CONTINUED

30 JUNE 2003

25. SEGMENT INFORMATION

The company's operating activities are organised and managed separately according to the nature of the services they provide, with each segment serving different markets. The two segments in which the company operated during the year were

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

Geographically, the company only operates in one segment, being Australia.

There were no intersegment or sales or transfers during the year. Segment accounting policies are the same as the company's policies described in Note 1. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

	Livestock Operations		Land Subdivision		Consolidated	
	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$
Revenue						
Sales to customers outside the company	<u>1,941,370</u>	<u>1,475,603</u>	<u>195,579</u>	<u>805,000</u>	<u>2,136,949</u>	<u>2,280,603</u>
Results						
Segment result before income tax	<u>404,093</u>	<u>(10,600)</u>	<u>72,485</u>	<u>58,713</u>	<u>476,578</u>	<u>48,113</u>
Income tax expense					<u>(150,700)</u>	<u>(21,840)</u>
Net profit					<u>325,878</u>	<u>26,273</u>
Assets						
Segment assets	<u>6,487,155</u>	<u>6,498,746</u>	<u>468,504</u>	<u>1,149,863</u>	<u>6,955,659</u>	<u>7,648,609</u>
Unallocated assets					<u>132,824</u>	<u>254,121</u>
Total assets					<u>7,088,483</u>	<u>7,902,730</u>
Liabilities						
Segment liabilities	<u>3,572,238</u>	<u>4,040,725</u>	<u>21,085</u>	<u>696,759</u>	<u>3,593,323</u>	<u>4,737,484</u>
Unallocated liabilities					<u>269,171</u>	<u>247,118</u>
Total liabilities					<u>3,862,494</u>	<u>4,984,602</u>
Other segment information:						
Acquisition of property, plant and equipment and intangibles	<u>150,561</u>	<u>62,929</u>	<u>-</u>	<u>-</u>	<u>150,561</u>	<u>62,929</u>
Depreciation	<u>273,342</u>	<u>276,203</u>	<u>-</u>	<u>-</u>	<u>273,342</u>	<u>276,203</u>
Amortisation	<u>22,318</u>	<u>22,318</u>	<u>-</u>	<u>-</u>	<u>22,318</u>	<u>22,318</u>

NOTES CONTINUED
30 JUNE 2003

NOTES CONTINUED

30 JUNE 2003

26. 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 2003:					
(i) Financial assets					
Cash	323,559	-	300	323,859	0.05
Trade and other receivables	-	-	104,102	104,102	N/A
Total financial assets	323,559	-	104,402	427,961	
(ii) Financial liabilities					
Payables	-	-	91,991	91,991	N/A
Bills of exchange	-	3,500,000	-	3,500,000	5.2
Total financial liabilities	-	3,500,000	91,991	3,591,991	
AT 30 JUNE 2002:					
(i) Financial assets					
Cash	-	-	1,138	1,138	N/A
Trade and other receivables	-	-	888,585	888,585	N/A
Total financial assets	-	-	889,723	889,723	
(ii) Financial liabilities					
Payables	-	-	763,046	763,046	N/A
Bank overdraft	81,049	-	-	81,049	8.7
Bills of exchange	-	3,900,000	-	3,900,000	5.8
Total financial liabilities	81,049	3,900,000	763,046	4,744,095	

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

NOTES CONTINUED

30 JUNE 2003

26. FINANCIAL INSTRUMENTS (cont'd)

(b) Net fair values

All financial assets and liabilities have been recognised in 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.

27. ECONOMIC DEPENDENCY

The company is not dependent on any single entity for a significant volume of revenue or financial support.

28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The directors are not aware of any contingent assets or contingent liabilities at balance date.

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 2003 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. Sleight
Director

Melbourne, 7 October 2003

INDEPENDENT AUDIT REPORT

Refer to attachment at end of report.

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 7 August 2003.

(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	75	171,000
5,001	-	10,000	3	29,000
10,001	-	100,000	36	1,627,500
100,001	and over		6	1,365,300
			120	3,192,800

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	11.7%
2	Westmont Holdings Pty Ltd	330,000	10.3%
3	Gold Sea Pty Ltd	267,300	8.4%
4	Hurstdale Pastoral Co Pty Ltd	180,000	5.6%
5	G. Bennett	109,000	3.4%
6	Pedrobob Pty Ltd	105,000	3.3%
7	Tribuzi Contractors Pty Ltd	100,000	3.1%
8	J. Khalid	100,000	3.1%
9	Bendigo Asset Management Ltd	100,000	3.1%
10	Chelfco Two Hundred and Forty-Seven Pty Ltd	88,820	2.8%
		1,754,120	54.8%

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
Westmont Holdings Pty Ltd	330,000
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
Graham Osborne	Managing Director (Executive)
Bruce Barron	Non-Executive Director
Michael Quinert	Non-Executive Director
Michael Everitt	Non-Executive Director
Gregory Walsh	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

Communication to Shareholders

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.

Audit Committee

The board has established an audit committee comprising three directors. The names and particulars of audit committee members during or since the end of the financial period are:

Dr Greg Walsh	Non executive director (chairman)
Mr Chris Sleigh	Non executive director
Mr Graham Osborne	Executive director

The audit committee meets at least three times in a full financial year. During the period ending June 30, 2003, the audit committee met once after its establishment in the second half of the financial year.

Other directors, the company's accountant and the external auditors attend audit committee meetings by invitation.

The audit committee's role is to review:

- The annual and half year financial accounts prior to their approval by the board and consider the appropriateness of the underlying policies;
- The efficiency and effectiveness of management information systems and systems of internal control;
- The efficiency and effectiveness of the external audit function, including reviewing the audit plan and ensuring the independence of the auditor; and
- Any reports from the external auditor concerning any matters which arise in connection with the performance of their audit, including the adequacy of internal controls.

Executive and Non-Executive Remuneration:

In determining executive remuneration, the remuneration policy takes into consideration community and industry standards to ensure that:

- Employer interests are aligned to corporate objectives; and
- The company attracts and retains superior personnel.

The committee also takes into account a range of additional factors, including overall company performance and the remuneration levels of comparable companies.

The total remuneration of non-executive directors is fixed by ordinary resolution of a general meeting. The individual remuneration of non-executive directors is determined by the full board. Details of each director's remuneration is disclosed in the annual report.

Share Trading

Directors and senior employees are prohibited from trading the company's shares during certain times of the year and otherwise if they possess unpublished price sensitive information.

Directors must notify at least two other directors, one of whom must be the Chairman or Managing Director, prior to buying or selling company shares.

CORPORATE GOVERNANCE STATEMENT

Monitoring Governance Performance

The board's governance performance is systematically appraised on an annual basis.