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Dear Shareholder,

Your company has completed another year of profitable operation and was able to return a modest profit from its livestock activities. The land development activities have again been very profitable and have provided the bulk of the cash surplus available to the company.

With its continued operational success VLE holds high its claim as "Victoria's premier cattle market".

With the cash surpluses confirmed from land sales, the board of directors acted to broaden the company's revenue base by contracting to purchase two saleyards (Traralgon and Koonwarra) from Landmark – AWB. Both facilities are in good order, well located and designed. A refurbishment of Koonwarra, now trading as VLE Leongatha, has commenced; it will become a roofed, soft floor facility of probably better quality than Pakenham.

VLE's proficiency and efficiency in implementing the National Livestock Identification Scheme (NLIS) at Pakenham and at several centres across Victoria has culminated in VLE providing services and advice to Tasmanian agencies and government departments and, of recent times, to Meat and Livestock Australia. An eight week tour of NSW delivering practical demonstrations and advice was undertaken and resulted in an order from the NSW Department of Primary Industries to fabricate and commission five of the VLE "Aussie" race readers and train operators for same.

VLE is still upgrading the sludge drying process at the truck wash; this should provide modest commercial benefit and assist with environmental matters.

Many shareholders again enjoyed the benefit of owning VLE shares when they received their quarterly rebate cheques; a total of \$44,059 was paid in the reporting period.

Your company continues to fulfil its future.

The board and management look forward to another year of solid growth and prosperity.

Yours faithfully,

Graham Osborne
Managing Director