

Victorian Livestock Exchange Limited
ABN 72 078 839 031

Annual Financial Report
for the year ended 30 June 2004

CORPORATE INFORMATION

ABN 72 078 839 031

Directors

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

Company Secretary

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 2004.

1. DIRECTORS

The details of the company's directors in office at any time during or since the end of the year are as follows:

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 26 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 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 a solicitor for the companies department at the Australian Stock Exchange (Melbourne) Limited. He is a director of several public companies including Hedron Limited, Quatro Limited, Peregrine Corporate Limited and Capital First 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.

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.

DIRECTORS' REPORT CONTINUED

1. DIRECTORS (cont'd)

Mr Bruce Barron (Non-executive Director - resigned 28 April 2004)

Bruce has 16 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.

2. DIVIDENDS PAID OR RECOMMENDED

Dividends paid or declared for payment are as follows:

Ordinary dividend of \$0.05 per share recommended by the directors, payable 18 February 2005	\$163,591
Ordinary dividend paid on 30 January 2004, as recommended in last year's report	\$159,640

3. 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 38 employees (both casual and full time) as at 30 June 2004 (2003: 32 employees).

4. REVIEW AND RESULTS OF OPERATIONS

(a) Operating Results

Summarised operating results are as follows:

		2004	
	Livestock	Land	TOTAL
	Operations	Subdivision	
	\$	\$	\$
Revenues	1,732,944	1,626,527	3,359,471
Result before income tax	190,055	709,498	899,553
Income tax expense			(278,049)
Result after income tax			621,504

DIRECTORS' REPORT CONTINUED

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

(a) Operating Results (cont'd)

The annual accounts show a profit before tax of \$899,533. This is the best result the company has recorded to date and it has been largely driven by land development and sales. It should be recognised that profits of this magnitude from land sales are not sustainable and that eventually VLE will be bereft of excess land to sell. For this reason, VLE directors have continued to apply funds to debt reduction.

At the close of the financial year, VLE had debt of \$2.15 million compared to previous year end of \$3.5 million.

Again, the directors have sanctioned the payment of a five cents per share dividend.

Stage 10 of the industrial land development was completed within the reporting period and yielded a profit of \$709,498. A further land sale for \$2.28 million was contracted within the period (as per notice given to the Bendigo Stock Exchange on 16 February 2004); the completion of the transaction is dependent on issue of appropriate approvals by the relevant authorities.

The return of more favourable pasture production seasons resulted in a decline in stock throughput. This was expected and a similar effect has been felt at most livestock marketing centres.

The improved rainfall has seen the VLE dam replenished, hopefully water for truck washing will not have to be purchased this year.

Currently an upgrade of the process for drying sludge from the truck wash is taking place. This is expected to assist with cost control in this area and provide commercial benefit.

Shareholder rebates of \$43,225 were paid during the year.

Under the Dividend Re-investment Plan (DRP), 79,020 new shares were issued. \$72,686 was paid to shareholders as cash dividends for the period.

The company has now utilised all of its prior year income tax losses and in respect of the income tax year ended 30 June 2004, must pay income tax of \$140,788.

With the continued improvement in the company's financial strength, directors have chosen not to lift yard dues for the ensuing year.

The company's mobile electronic ear tag reading service delivered services into western Victoria, East Gippsland and Tasmania during the year. In both Victoria and Tasmania the value of VLE services was recognised by the respective government departments who consequently contributed financially to the activities. This service has proven to be an excellent promotional tool for the company. The company has of late been invited to deliver similar services to NSW and Queensland.

The facility at Pakenham continues to attract visitors from all over Australia and from overseas. Of particular interest is VLE's effectiveness and efficiency in recording and reading the now mandatory electronic ear tags.

DIRECTORS' REPORT CONTINUED

4. 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

This year saw an expected correction from the high levels of the previous year which were heavily impacted by very dry pasture conditions.

(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 is currently one employee on workcare benefits; the injury occurred as part of the National Livestock Identification Scheme (NLIS) animal ear tag reading. Processes have since been changed and this type of event should not occur again.

(i) Industrial Relations

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

DIRECTORS' REPORT CONTINUED

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

6. AFTER BALANCE DATE EVENTS

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.

7. FUTURE DEVELOPMENTS

Likely developments in the operations of the company and the expected results of those operations have not been included in this report, as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the company.

8. ENVIRONMENTAL ISSUES

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.

9. 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.

10. INDEMNIFYING OFFICERS OR AUDITOR

The company has paid premiums to insure every director of the company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium paid was \$6,330.

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an auditor of the company.

11. DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

Disclosure relating to directors' and executive officers' emoluments has been included in Note 23 of the financial report.

12. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not party to any such proceedings during the year.

DIRECTORS' REPORT CONTINUED

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	11	10	5	4
Bruce Barron	9	9	-	-
Graham Osborne	11	11	5	5
Michael Quinert	11	11	-	-
Michael Everitt	11	11	-	-
Gregory Walsh	11	11	5	5

Signed in accordance with a resolution of the directors.



C. Sleigh
Director

Melbourne, 11th September 2004

STATEMENT OF FINANCIAL PERFORMANCE YEAR ENDED 30 JUNE 2004

	Notes	2004 \$	2003 \$
Revenues from ordinary activities	2	3,359,471	2,136,949
Depreciation and amortisation expenses	3	(310,727)	(295,660)
Borrowing costs expense	3	(240,671)	(290,772)
Salaries and employee benefits expense		(452,565)	(415,530)
Other expenses from ordinary activities		(1,455,955)	(658,409)
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		899,553	476,578
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	(278,049)	(150,700)
NET PROFIT	18	621,504	325,878
Basic earnings per share (cents per share)	22	19.3	10.2

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2004

	Notes	2004 \$	2003 \$
CURRENT ASSETS			
Cash assets		108,227	323,859
Receivables	6	138,771	104,102
Inventories	7	97,448	259,431
Other	8	26,843	27,163
TOTAL CURRENT ASSETS		371,289	714,555
NON-CURRENT ASSETS			
Other financial assets	9	-	-
Property, plant and equipment	10	5,925,698	6,079,286
Deferred tax assets	11	11,435	132,824
Intangible assets	12	139,500	161,818
TOTAL NON-CURRENT ASSETS		6,076,633	6,373,928
TOTAL ASSETS		6,447,922	7,088,483
CURRENT LIABILITIES			
Payables	13	86,037	91,991
Current tax liabilities	14	140,788	-
Provisions	15	15,825	9,982
TOTAL CURRENT LIABILITIES		242,650	101,973
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	16	2,150,000	3,500,000
Deferred tax liabilities	14	276,392	260,521
Provisions	15	4,073	-
TOTAL NON-CURRENT LIABILITIES		2,430,465	3,760,521
TOTAL LIABILITIES		2,673,115	3,862,494
NET ASSETS		3,774,807	3,225,989
EQUITY			
Contributed equity	17	3,148,123	3,061,169
Retained profits	18	626,684	164,820
TOTAL EQUITY		3,774,807	3,225,989

STATEMENT OF CASH FLOWS YEAR ENDED 30 JUNE 2004

	Notes	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,302,635	2,833,769
Payments to suppliers and employees		(1,731,460)	(1,602,074)
Interest received		10,274	6,004
Borrowing costs		(238,510)	(271,501)
NET CASH FLOWS FROM OPERATING ACTIVITIES	19(a)	1,342,939	966,198
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(138,192)	(150,561)
Proceeds from sale of property, plant and equipment		2,307	6,150
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(135,885)	(144,411)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings – other		(1,350,000)	(400,000)
Payment of prospectus and listing costs		-	(18,016)
Payment of dividends		(72,686)	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(1,422,686)	(418,016)
NET INCREASE/(DECREASE) IN CASH HELD		(215,632)	403,771
Add opening cash brought forward		323,859	(79,912)
CLOSING CASH CARRIED FORWARD	19(b)	108,227	323,859

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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 following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies are consistent with those of the previous year.

(a) Income Tax

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amounts of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) Inventories

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of the development. Borrowing costs and holding charges incurred after development are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

NOTES CONTINUED

30 JUNE 2004

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

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation

The carrying value of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amounts of all fixed assets, excluding freehold land, are depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are

Class of Fixed Asset	Depreciation rate
Freehold buildings:	2.5% to 40.0%
Plant and equipment:	2.0% to 33.3%

(d) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(e) 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.

(f) 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 three years, being the period in which their benefits are expected to be realised.

NOTES CONTINUED

30 JUNE 2004

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

(g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave, sick leave and any other employee entitlements which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

(h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of outstanding bank overdrafts.

(i) Revenue

Revenue from the sale of industrial land is recognised on the signing of an unconditional contract of sale to customers. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(k) Comparative figures

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

(l) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of next financial year.

The Directors of Victorian Livestock Exchange Limited, through the audit committee, are assessing the significance of these changes and preparing for their implementation.

NOTES CONTINUED
30 JUNE 2004

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

NOTES CONTINUED

30 JUNE 2004

	Notes	2004	2003
		\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES			
Revenues from operating activities			
Weigh fees & store sales		1,191,431	1,392,062
Droving fees		156,517	172,918
Auctioneers fees		59,510	54,730
Truckwash fees		162,630	169,149
Revenue from sale of land		1,626,527	100,000
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>3,196,615</u>	<u>1,984,438</u>
Revenues from non-operating activities			
Rent		53,428	52,630
Interest – Other persons/corporations		10,274	6,004
Government grants		-	30,000
Proceeds on disposal of property, plant and equipment		4,614	6,080
Sundry other revenue		94,540	57,797
Total revenues from outside the operating activities		<u>162,856</u>	<u>152,511</u>
Total revenues from ordinary activities		<u>3,359,471</u>	<u>2,136,949</u>
3. PROFIT FROM ORDINARY ACTIVITIES			
Profit from ordinary activities before income tax has been determined after:			
(a) Expenses and Net Losses			
Cost of land sold		892,080	103,760
Cost of option over land sold		-	9,500
Total cost of sales		<u>892,080</u>	<u>113,260</u>
Depreciation of non-current assets			
Plant and equipment		58,375	43,273
Buildings		230,034	230,069
Total depreciation of non-current assets		<u>288,409</u>	<u>273,342</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>310,727</u>	<u>295,660</u>

NOTES CONTINUED
30 JUNE 2004

	Notes	2004	2003
		\$	\$
3. PROFIT FROM ORDINARY ACTIVITIES (cont'd)			
(a) Expenses and Net Losses (cont'd)			
Borrowing costs expensed:			
Interest expense			
- Bills of exchange		238,548	265,672
- Overdraft		33	3,295
		<u>238,581</u>	<u>268,967</u>
Other borrowing costs		2,090	21,805
Total borrowing costs expensed		<u>240,671</u>	<u>290,772</u>
Rental expense on operating leases			
- minimum lease payments		5,129	8,444
Net loss on disposal of non-current assets			
- property, plant and equipment		1,065	-
Bad and doubtful debts			
- trade debtors		7,278	-
(b) Revenues and Net Gains			
Net gain on disposal of non-current assets			
- property, plant and equipment		-	1,274
(c) 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:			
Land development costs over-accrued at 30 June 2002		-	75,579
Less: land settlement costs under-accrued at 30 June 2002		-	(9,834)
Net over-accrual of costs relating to land sold in year ended 30 June 2002		<u>-</u>	<u>65,745</u>

NOTES CONTINUED

30 JUNE 2004

	Notes	2004	2003
		\$	\$
4. INCOME TAX			
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2003: 30%)		269,866	142,973
Add: Tax effect of			
non-deductible amortisation		6,695	6,695
other non-allowable items		1,488	1,032
Income tax expense attributable to profit from ordinary activities		278,049	150,700

5. DIVIDENDS

2003 proposed final unfranked ordinary dividend of 5.0 cents per share paid in 2004	18	159,640	-
(a) Proposed final fully franked (2003: unfranked) ordinary dividend of 5.0 (2003: 5.0) cents per share		163,591	159,640
(b) As at 30 June 2004 the company's Dividend Franking Account had a nil balance (2003: \$Nil).			

NOTES CONTINUED

30 JUNE 2004

	Notes	2004 \$	2003 \$
6. RECEIVABLES			
Trade debtors		120,763	90,300
Amount due from sale of industrial land		3,300	1,173
Sundry debtors		14,708	12,629
		<u>138,771</u>	<u>104,102</u>
(a) Related party receivables			
Directors and director-related entities			
- director-related (refer note 25)		14,531	1,777
(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 25			
7. INVENTORIES			
Land held for resale at cost			
Cost of acquisition		45,752	122,182
Development expenses capitalised		51,696	137,249
		<u>97,448</u>	<u>259,431</u>
Total inventories at lower of cost and net realisable value			
8. OTHER CURRENT ASSETS			
Prepayments		<u>26,843</u>	<u>27,163</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 2004

	Notes	2004 \$	2003 \$
10. PROPERTY, PLANT AND EQUIPMENT			
<i>Freehold land</i>			
At cost	10(c)	<u>160,251</u>	<u>160,251</u>
<i>Buildings and civil works</i>			
At cost		6,789,691	6,776,253
Accumulated depreciation		<u>(1,321,660)</u>	<u>(1,091,626)</u>
	10(c)	<u>5,468,031</u>	<u>5,684,627</u>
Total land and buildings		<u>5,628,282</u>	<u>5,844,878</u>
<i>Plant and equipment</i>			
At cost		563,051	445,301
Accumulated depreciation		<u>(265,635)</u>	<u>(210,893)</u>
Total plant and equipment	10(c)	<u>297,416</u>	<u>234,408</u>
Total property plant and equipment			
Cost		7,512,993	7,381,805
Accumulated depreciation and amortisation		<u>(1,587,295)</u>	<u>(1,302,519)</u>
Total written down amount		<u>5,925,698</u>	<u>6,079,286</u>

(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 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 2004

	Notes	2004 \$	2003 \$
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>160,251</u>	
<i>Buildings and civil works</i>			
Carrying amount at beginning		5,684,627	
Additions		13,438	
Depreciation expense		<u>(230,034)</u>	
		<u>5,468,031</u>	
<i>Plant and equipment</i>			
Carrying amount at beginning		234,408	
Additions		124,754	
Disposals		(3,371)	
Depreciation expense		<u>(58,375)</u>	
		<u>297,416</u>	
11. DEFERRED TAX ASSETS			
Future income tax benefit		<u>11,435</u>	<u>132,824</u>
The future income tax benefit is made up of the following estimated tax benefits:			
- tax losses		-	123,955
- timing differences		<u>11,435</u>	<u>8,869</u>
		<u>11,435</u>	<u>132,824</u>
12. INTANGIBLE ASSETS			
Licenses		-	47,475
Accumulated amortisation		<u>-</u>	<u>(34,157)</u>
		-	13,318
Intellectual property		180,000	180,000
Accumulated amortisation		<u>(40,500)</u>	<u>(31,500)</u>
		<u>139,500</u>	<u>148,500</u>
		<u>139,500</u>	<u>161,818</u>

NOTES CONTINUED
30 JUNE 2004

	Notes	2004	2003
		\$	\$
13. PAYABLES			
Trade creditors		43,996	51,870
Other creditors		28,986	13,853
Withholding tax payable		6,251	4,726
Goods and services tax		6,804	21,542
		<u>86,037</u>	<u>91,991</u>
Aggregate amounts payable to related parties:			
Director related entity		7,012	5,593
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 25			
14. TAX LIABILITIES			
CURRENT			
Income tax		<u>140,788</u>	<u>-</u>
NON-CURRENT			
Provision for deferred income tax		<u>276,392</u>	<u>260,521</u>
15. PROVISIONS			
CURRENT			
Employee entitlements		<u>15,825</u>	<u>9,982</u>
NON-CURRENT			
Employee entitlements		<u>4,073</u>	<u>-</u>

NOTES CONTINUED

30 JUNE 2004

	Notes	2004	2003
		\$	\$

16. INTEREST BEARING LIABILITIES

Borrowings secured by mortgage
- bills of exchange

2,150,000 3,500,000

Terms and conditions relating to the above financial instrument

(i) The bank bill facility is secured by a registered first mortgage over the land of the company. The bills of exchange roll over every 90 days and have effective interest rates of 5.85% to 6.20% (2003: 5.16% to 6.20%).

17. CONTRIBUTED EQUITY

(a) Issued and paid up capital

3,271,820 (2003: 3,192,800) fully paid ordinary shares

3,148,123 3,061,169
3,148,123 3,061,169

(b) Movements in shares on issue

	2004		2003	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	3,192,800	3,061,169	3,192,800	3,079,186
Issued during the year				
- DRP on 30 January 2004	79,020	86,954	-	-
Transaction costs relating to share issue	-	-	-	(18,017)
End of the financial year	<u>3,271,820</u>	<u>3,148,123</u>	<u>3,192,800</u>	<u>3,061,169</u>

(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 2004

	Notes	2004	2003
		\$	\$
18. RETAINED PROFITS			
Retained profits at beginning of year		164,820	(161,058)
Net profit after income tax		621,504	325,878
Dividends paid		(159,640)	-
Retained profits at end of year		<u>626,684</u>	<u>164,820</u>

19. STATEMENT OF CASH FLOWS

(a) Reconciliation of the net profit after tax to the net cash flows from operations

Net profit	621,504	325,878
Non-Cash items		
Depreciation of non-current assets	288,409	273,342
Amortisation of non-current assets	22,318	22,318
Loss/(profit) on sale of property, plant and equipment	1,065	(1,275)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(34,669)	784,483
Decrease in inventory	161,983	87,422
Decrease in future income tax benefit	121,389	121,297
(Increase)/decrease in prepayments	319	(6,209)
Decrease in trade and other creditors	(5,955)	(671,053)
Increase in current tax liability	140,788	-
Increase in deferred income tax liability	15,871	29,403
Increase in employee entitlements	9,917	592
Net cash flow from operating activities	<u>1,342,939</u>	<u>966,198</u>

(b) Reconciliation of cash

Cash balance comprises:		
- cash on hand	500	300
- cash at bank	107,727	323,559
Closing cash balance	<u>108,227</u>	<u>323,859</u>

NOTES CONTINUED

30 JUNE 2004

	Notes	2004	2003
		\$	\$

19. 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		-	-
- bill facility		2,150,000	3,500,000
Facilities unused at balance date:			
- bank overdraft		100,000	100,000
- bill facility		2,850,000	1,500,000

20. EXPENDITURE COMMITMENTS

Operating lease expenditure commitments

Minimum lease payments			
- not later than one year		-	5,225
Aggregate lease expenditure contracted for at balance date, but not provided for in accounts		-	5,225

21. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlement liability is comprised of:

Accrued superannuation contributions	2,928	2,323
Provisions (current)	15,825	9,981
Provisions (non-current)	4,073	-
	22,826	12,304

NOTES CONTINUED

30 JUNE 2004

	Notes	2004	2003
		\$	\$
22. EARNINGS PER SHARE			
The following reflects the income and share data used in the calculation of basic earnings per share:			
Net profit		621,504	325,878
		Number of shares	Number of shares
Weighted average number of ordinary shares on issue in the calculation of basic earnings per share		3,225,833	3,192,800
		2004	2003
		\$	\$

23. REMUNERATION OF DIRECTORS

(a) Names of directors

The names of directors of Victorian Livestock Exchange Limited in office at any time during the financial year are:

Christopher Sleigh

Graham Osborne

Michael Quinert

Michael Everitt

Gregory Walsh

Bruce Barron (resigned 28 April 2004)

(b) 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.

61,667 65,000

NOTES CONTINUED

30 JUNE 2004

	Notes	2004	2003
		\$	\$
23. REMUNERATION OF DIRECTORS (cont'd)			
(c) 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		1,350	900
C. Sleigh		900	900
G. Osborne		900	900
M. Quinert		150	900
M. Everitt		900	900
G. Walsh		1,350	1,350
		<u>5,550</u>	<u>5,850</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	5	6

(d) Remuneration practices

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

(e) Specified Executives

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.

24. AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditor for an audit or review of the company	<u>13,366</u>	<u>12,496</u>
---	---------------	---------------

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 2004

25. RELATED PARTY TRANSACTIONS

(a) Director-related entity transactions

Purchases

During the year the company purchased \$12,239 (2003: \$17,305) 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. At balance date, \$22 (2003: \$Nil) remained payable, forming part of the balance of trade creditors.

During the year the company purchased \$8,333 (2003: \$Nil) of management services from Bardora Pty Ltd, of which Mr Michael Quinert is a director. The purchases were made under normal commercial terms and conditions. No amount remained payable (2003: \$Nil) at year end.

During the year the company purchased \$60,305 (2003: \$60,515) 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 (2003: \$5,518) remained payable, forming part of the balance of trade creditors.

During the year the company paid shareholder rebates of \$1,177 (2003: \$5) to, and purchased \$3,156 (2003: \$Nil) of management services from Hurstdale Pastoral Company Pty Ltd, of which Mr Graham Osborne is a director. The rebates were paid under the same terms and conditions available to all shareholders and the purchases were made under normal commercial terms and conditions. At balance date, \$82 remained payable (2003: \$5), forming part of the balance of sundry creditors.

During the year the company paid shareholder rebates of \$4,773 (2003: \$3,099) 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. At balance date, \$1,240 remained payable (2003: \$660), forming part of the balance of sundry creditors.

Sales

During the year the company sold \$159,215 (2003: \$168,250) 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, \$14,531 (2003: \$1,777) remained receivable, forming part of the balance of trade debtors.

During the year the company sold \$158,527 (2003: \$Nil) of industrial land to 6 Huski Pty Ltd, of which Mr Christopher Sleight is a director. This sale was made at market value under normal commercial terms and conditions. No amount remained receivable (2003: \$Nil) at year end.

NOTES CONTINUED

30 JUNE 2004

(b) Equity instruments of directors

Number of shares held in the company by directors and their director-related entities:

	Balance 1.7.03	Acquired 30.1.04 in DRP	Other purchases	Balance 30.06.04
Christopher Sleigh				
- as an individual	48,000	2,181	-	50,181
- Gay Hartley	4,000	181	-	4,181
- Maintangoon Pty Ltd	374,000	17,000	16,000	407,000
- Harjan Pty Ltd	60,000	2,727	-	62,727
- Vialima Pty Ltd	50,000	2,272	-	52,272
- HCF Australia Superannuation Fund	28,000	1,272	20,000	49,272
	564,000	25,633	36,000	625,633
Bruce Barron				
- Westmont Holdings Pty Ltd	330,000	-	-	330,000
Graham Osborne				
- Pedrobob Pty Ltd	105,000	4,772	-	109,772
- Hurstdale Pastoral Co Pty Ltd	180,000	8,181	-	188,181
- James Osborne	4,000	-	-	4,000
	289,000	12,953	-	301,953
Michael Quinert				
- as an individual	44,000	2,000	-	46,000
- Gold Sea Pty Ltd	267,300	12,150	16,820	296,270
- Quinert Family Trust	57,000	2,590	-	59,590
- Oakley Thompson & Co Pty Ltd	19,000	863	-	19,863
- Quatro Limited	45,500	2,068	50,000	97,568
- Kenneth Norwood Quinert	64,000	-	-	64,000
	496,800	19,671	66,820	583,291
Michael Everitt				
- Everitt & Seeley Superannuation Fund	50,000	2,272	-	52,272
Gregory Walsh				
- as an individual	9,180	871	10,000	20,051
- jointly with Teresa Walsh	-	227	10,000	10,227
	9,180	1,098	20,000	30,278
TOTALS	1,738,980	61,627	122,820	1,923,427

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 2004

26. 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	
	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$
Revenue						
Sales to customers outside the company	1,732,944	1,941,370	1,626,527	195,579	3,359,471	2,136,949
Results						
Segment result before income Tax	190,055	404,093	709,498	72,485	899,553	476,578
Income tax expense					(278,049)	(150,700)
Net profit					621,504	325,878
Assets						
Segment assets	6,334,100	6,487,155	102,387	468,504	6,436,487	6,955,659
Unallocated assets					11,435	132,824
Total assets					6,447,922	7,088,483
Liabilities						
Segment liabilities	2,234,590	3,572,238	290	21,085	2,234,880	3,593,323
Unallocated liabilities					438,235	269,171
Total liabilities					2,673,115	3,862,494
Other segment information:						
Acquisition of property, plant and equipment and intangibles	138,192	150,561	-	-	138,192	150,561
Depreciation	288,409	273,342	-	-	288,409	273,342
Amortisation	22,318	22,318	-	-	22,318	22,318

NOTES CONTINUED

30 JUNE 2004

27. 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 2004:					
(i) Financial assets					
Cash	107,727	-	500	108,227	0.05
Trade and other receivables	-	-	138,771	138,771	N/A
Total financial assets	107,727	-	139,271	246,998	
(ii) Financial liabilities					
Payables	-	-	86,037	86,037	N/A
Bills of exchange	-	2,150,000	-	2,150,000	6.2
Total financial liabilities	-	2,150,000	86,037	2,236,037	
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	

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

NOTES CONTINUED
30 JUNE 2004

27. FINANCIAL INSTRUMENTS (cont'd)

(b) Net Fair Values

All financial assets and liabilities have been recognised in the statement of financial position 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

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.

28. ECONOMIC DEPENDENCY

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

29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 7 to 29, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2004 and of the performance for the year ended on that date of the company;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors

A handwritten signature in black ink, appearing to read 'C. Sleight', is written over a light grey rectangular background.

C. Sleight
Director

Melbourne, 11th September 2004

INDEPENDENT AUDIT REPORT

** TO BE PROVIDED BY FM **

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 10 September 2004.

(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	3	2,400
1,001	-	5,000	73	174,625
5,001	-	10,000	6	47,362
10,001	-	100,000	37	1,516,520
100,001	and over		7	1,530,913
			126	3,271,820

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		407,000	12.4%
2	Westmont Holdings Pty Ltd		320,600	9.8%
3	Gold Sea Pty Ltd		296,270	9.1%
4	Hurstdale Pastoral Co Pty Ltd		188,181	5.8%
5	Pedrobob Pty Ltd		109,772	3.4%
6	Bendigo Asset Management Ltd		104,545	3.2%
7	J. Khalid		104,545	3.2%
8	Tribuzi Contractors Pty Ltd		100,000	3.1%
9	Quatro Ltd		97,568	3.0%
10	Chelfco Two Hundred and Forty-Seven Pty Ltd		65,000	2.0%
			1,793,481	55.0%

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	407,000
Westmont Holdings Pty Ltd	320,600
Gold Sea Pty Ltd	296,270
Hurstdale Pastoral Co Pty Ltd	188,181

(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)
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 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. The audit committee met on five occasions during the period ended 30 June 2004.

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.



SINCLAIR WILSON
A u d i t S e r v i c e s

**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 financial year ended 30 June 2004 as set out on pages 7 to 30.

The company's directors are responsible for the financial report. We have conducted an independent audit of this 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 included 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 and other mandatory professional reporting requirements in Australia and statutory requirements 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 their operations and their 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 2004 and of its' performance for the year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b. other mandatory professional reporting requirements in Australia.

Felicity Melican

Partner

Sinclair Wilson

Accountants & Business Advisors

11th September, 2004

PALAIS BUILDING

177 Koroit Street
P.O. Box 217
Warrnambool Vic 3280
Tel: (03) 5564 0555
Fax: (03) 5564 0500
Ausdoc DX: 28026
Email: info@sinclairwilson.com.au
Website: www.sinclairwilson.com.au

PARTNERS

W.R. Phillpot FCPA
P.A. McMillan FCPA
P. Cho FCPA
S.J. Knight FCPA
J. Bouwman CA
B.D. Brock CA
M.D. Rea CPA
M.E. Kavanagh CA
W.J. Dunn CA
R.A. Baudinette CA
F.K. Melican CA

ASSOCIATES

S.L. D'Cruz FCPA
M.J. Dixon FFPA Dip. FP
D.J. O'Donnell CPA
K.A. McLeod CPA
L.M. Marris CPA
R.L. Watt CPA
T.L. Bouwman CPA
P.L. Ross CA
D.L. Nankervis CPA
P.E. Lamb CPA
B.J. O'Connor CA
S. Dickie CPA
K.R. Grant CPA
W.L. Promnitz Dip. SM

CONSULTANTS

W.G. Sinclair FCPA
R.J. McMillan

BRANCHES

Cobden
Mortlake
Timboon
Terang
Port Fairy
Camperdown
Mt. Gambier
Hamilton