

**VICTORIAN LIVESTOCK EXCHANGE LIMITED**  
**ABN 72 078 839 031**  
**AND CONTROLLED ENTITY**

**INTERIM FINANCIAL REPORT**  
**HALF-YEAR ENDED 31 DECEMBER 2004**

**VICTORIAN LIVESTOCK EXCHANGE LIMITED**  
**ABN 72 078 839 031**  
**AND CONTROLLED ENTITY**

**DIRECTORS' REPORT**

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2004

**Directors**

The names of directors who held office during or since the end of the half-year:

Mr Christopher Sleigh  
Mr Graham Osborne  
Mr Michael Quinert  
Mr Michael Everitt  
Dr Gregory Walsh

**Review of Operations**

The company has performed satisfactorily for the first six months of the financial year and has again used surplus cash to lower debt from \$2,150,000 to \$2,000,000. The last figure is on a fixed rate of interest for a known term.

The reporting period is devoid of land sales and thus causes a distortion when compared with other periods.

The past six months has been the nearest to an average season for grass production that producers have seen for quite some years, further supported by very good returns for livestock. This has reflected in the stability and flow rate of cattle onto the market.

With the return of more normal seasonal patterns, the greater flow of cattle to the market will occur in the latter six months of the financial year and so create most of VLE annual profit in that same six months.

December saw a fire at O'Connor's nearby meat processing plant and consequent closure for several weeks; the closure caused a dramatic slump in yardings of cattle in Tuesdays export sales.

When this first six months are reviewed on a seasonally adjusted basis, and other factors considered, the results are satisfactory.

The balance sheet item of "Property, plant and equipment" can be expected to alter in the next six months when a statutory revaluation will occur.

The stability of throughput enables smoother running of the facility and makes life much more pleasant for all who work there on sale days.

The truck wash upgrade is progressing with initial trial runs completed. The new plant should be operating in February.

The new security system, gates and cameras have passed all operational trials. The digital camera system is now operating and the gates are scheduled to commence on the 21st of February 2005.

The group has provided advisory services to Meat and Livestock Australia (MLA) and to the Department of Primary Industries in both Queensland and New South Wales. There is an expectation that the demand for such service provision will continue.

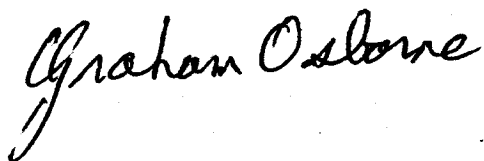
As in previous report the functionality of the facility continues to be top class and well exploited by VLE management and staff and by the Agency staff who operate there.

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**DIRECTORS' REPORT**

The company continues to enjoy strong support from its employees, Agencies, vendors and members of the beef buying and processing sector.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, reading "Graham Osborne". The signature is written in a cursive, flowing style with a large initial 'G'.

**Graham Osborne**  
**Managing Director**

**Dated this 11th day of March 2005**

**VICTORIAN LIVESTOCK EXCHANGE LIMITED**  
**ABN 72 078 839 031**  
**AND CONTROLLED ENTITY**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**HALF-YEAR ENDED 31 DECEMBER 2004**

	<b>31 December 2004</b>	<b>31 December 2003</b>
	<b>\$</b>	<b>\$</b>
Revenues from ordinary activities	<b>808,850</b>	2,391,373
Depreciation and amortisation expenses	<b>(158,131)</b>	(154,688)
Borrowing costs expense	<b>(75,669)</b>	(118,500)
Salaries and employee benefits expense	<b>(273,794)</b>	(205,327)
Other expenses from ordinary activities	<b>(287,222)</b>	(1,135,656)
<b>PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE</b>	<b>14,034</b>	777,202
<b>INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES</b>	<b>(6,109)</b>	(236,995)
<b>NET PROFIT/(LOSS)</b>	<b>7,925</b>	540,207
Basic earnings per share (cents per share)	<b>0.2</b>	16.9

**VICTORIAN LIVESTOCK EXCHANGE LIMITED**  
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**STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2004**

	<b>31 December 2004</b>	<b>30 June 2004</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash assets	68,046	108,227
Receivables	121,698	138,771
Inventories	114,071	97,448
Other	21,130	26,843
<b>TOTAL CURRENT ASSETS</b>	<b>324,945</b>	<b>371,289</b>
<b>NON-CURRENT ASSETS</b>		
Other financial assets	-	-
Property, plant and equipment	5,886,045	5,925,698
Deferred tax assets	12,006	11,435
Intangible assets	135,000	139,500
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,033,051</b>	<b>6,076,633</b>
<b>TOTAL ASSETS</b>	<b>6,357,996</b>	<b>6,447,922</b>
<b>CURRENT LIABILITIES</b>		
Payables	128,449	86,037
Current tax liabilities	144,406	140,788
Provisions	15,691	15,825
Other	2,382	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>290,928</b>	<b>242,650</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing liabilities	2,000,000	2,150,000
Deferred tax liabilities	279,597	276,392
Provisions	4,407	4,073
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,284,004</b>	<b>2,430,465</b>
<b>TOTAL LIABILITIES</b>	<b>2,574,932</b>	<b>2,673,115</b>
<b>NET ASSETS</b>	<b>3,783,064</b>	<b>3,774,807</b>
<b>EQUITY</b>		
Contributed equity	3,148,123	3,148,123
Retained profits	634,941	626,684
<b>TOTAL EQUITY</b>	<b>3,783,064</b>	<b>3,774,807</b>

The accompanying notes form part of these financial statements.

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**STATEMENT OF CASH FLOWS**  
**HALF-YEAR ENDED 31 DECEMBER 2004**

	31 December 2004	31 December 2003
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	827,373	734,261
Payments to suppliers and employees	(529,292)	(726,304)
Interest received	1,798	3,636
Borrowing costs	(75,690)	(119,271)
NET CASH FLOWS FROM OPERATING ACTIVITIES	224,189	(107,678)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(116,342)	(29,758)
Proceeds from sale of property, plant and equipment	1,500	2,307
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(114,842)	(27,451)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of borrowings – other	(150,000)	(100,000)
Drawdown of borrowings – other	-	150,000
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(150,000)	50,000
NET INCREASE/(DECREASE) IN CASH HELD	(40,653)	(85,129)
Add opening cash brought forward	108,227	323,859
Increment in cash caused by inclusion of VLE Advisory Services Pty Ltd in the economic entity at 1 July 2004	472	-
<b>CLOSING CASH CARRIED FORWARD</b>	68,046	238,730

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**NOTES TO THE FINANCIAL STATEMENTS**  
**HALF-YEAR ENDED 31 DECEMBER 2004**

**1. BASIS OF PREPARATION**

The half-year consolidated financial statements are a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 and any public announcements made by Victorian Livestock Exchange Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The application of Accounting Standard AASB 1024: Consolidated Accounts and the Corporations Act 2001 have changed the economic entity's accounting policy in respect of the entity included as a controlled entity and incorporated into the half-year consolidated financial statements. As a result of the change in policy VLE Advisory Services Pty Ltd is from 1 July 2004 included as a controlled entity in the economic entity. In accordance with the Standard, a retrospective adjustment of \$332 for post-acquisition profits has been made against the balance of retained earnings at 1 July 2004. The change also resulted in an increase in consolidated operating profit after income tax attributable to members of the parent entity of \$8,109 from the inclusion of the economic entity's share of the results of VLE Advisory Services Pty Ltd for the half-year ended 31 December 2004.

Aggregate increments in assets, liabilities and equities of the economic entity caused by the inclusion of VLE Advisory Services Pty Ltd in the economic entity at 1 July 2004 are as follows:

Share of post-acquisition retained profits	<u>332</u>
Increase in:	
Current Assets	
- Cash	472
- Receivables	<u>2</u>
	474
Current Liabilities	
- Current Tax liabilities	<u>(142)</u>
	<u>332</u>

All other accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2004 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

**2. DIVIDENDS**

	<b>31 December 2004</b>	<b>31 December 2003</b>
	<b>\$</b>	<b>\$</b>
2004 Proposed final fully franked ordinary dividend of 5.0 cents per share payable on 24 February 2005	<b>163,591</b>	-
2003 Proposed final unfranked ordinary dividend of 5.0 cents per share paid on 30 January 2004	-	159,640

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**NOTES TO THE FINANCIAL STATEMENTS**  
**HALF-YEAR ENDED 31 DECEMBER 2004**

**3. CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date

**4. EVENTS SUBSEQUENT TO REPORTING DATE**

On 24 February 2005, 79,391 new shares were issued under the Dividend Re-Investment Plan.

**5. SEGMENT INFORMATION**

**Primary reporting – Business segments**

	<b>Livestock Operations</b>		<b>Land Subdivision</b>		<b>Consolidated</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>						
Sales to customers outside the the company	<u>808,850</u>	<u>767,846</u>	<u>-</u>	<u>1,623,527</u>	<u>808,850</u>	<u>2,391,373</u>
<b>Results</b>						
Segment result before income Tax	<u>23,367</u>	<u>27,495</u>	<u>(9,333)</u>	<u>749,707</u>	<u>14,034</u>	<u>777,202</u>
Income tax expense					<u>(6,109)</u>	<u>(236,995)</u>
Net profit (loss)					<u>7,925</u>	<u>540,207</u>



## DIRECTORS' DECLARATION

1. The financial statements as set out on the attached Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and notes:
  - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
  - (b) give a true and fair view of the economic entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date.
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.

**Graham Osborne**  
**Managing Director**

**Dated this            day of            2005**



**SINCLAIR WILSON**  
Audit Services

**VICTORIAN LIVESTOCK EXCHANGE LIMITED**  
ACN 078 839 031  
**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF**  
**VICTORIAN LIVESTOCK EXCHANGE LIMITED**

**Scope**

We have reviewed the financial report, being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash flows, notes to the financial statements and Directors' Declaration of Victorian Livestock Exchange Limited for the half-year ended 31 December 2004. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirement 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 result of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities & Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical review procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**Statement**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that that half-year financial report of Victorian Livestock Exchange Limited is not in accordance with:

- a. The Corporations Law, including:
  - i. giving a true and fair view of the company's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
  - ii. complying with Accounting Standards AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
- b. other mandatory professional reporting requirements..

Date: 10 March 2005

  
Felicity Melican

Partner  
Sinclair Wilson  
Accountants & Business Advisors  
177 Koroit Street, Warrnambool, Vic, 3280

**PARTNERS**

W.R. Philpott 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  
D.J. O'Donnell CPA

**ASSOCIATES**

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K.A. McLeod CPA  
L.M. Morris CPA  
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W.L. Promnitz Dip. SM  
M.J. Kiem CA  
D. Patterson CPA  
S.F. Delaney CA  
K.A. Smith CPA  
T.J. Killeen CA

**CHIEF EXECUTIVE**

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**CONSULTANTS**

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**BRANCHES**

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