



Australian Value Funds Management Ltd

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The Australian Stock Exchange Limited
Company Announcement Office

Sale of Small Shareholdings

As announced to ASX on 31st March 2005, Australian Value Funds Management Limited (AVFM) initiated a program to facilitate its small shareholders to allow their ordinary shares to be sold through a facility established by AVFM in accordance with the ASX Listing Rules and AVFM's Constitution.

AVFM advises that a total of 821 shareholders holding less than a marketable parcel of ordinary shares (\$500) participated in the sale of small shareholdings facility. As a result, a total of 339,311 shares (representing approximately 0.5% of AVFM's issued capital) have now been sold on market.

The sale proceeds will be sent to shareholders participating in the sale of small shareholdings by the end of June 2005.

The sale of small shareholdings has resulted in AVFM's number of shareholders reducing to approximately 1,300 shareholders. AVFM anticipates the company will derive a significant reduction in shareholder administration expenses as a result of the program.

Yours faithfully,

Campbell Kennedy
Company Secretary