



Australian Value Funds Management Ltd

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The Australian Stock Exchange Limited
Company Announcement Office

Sale of Small Shareholdings

Australian Value Funds Management Ltd (AVFM) has in excess of 900 shareholders who hold less than a marketable parcel of ordinary shares (\$500) representing approximately 400,000 ordinary shares and 0.8% of AVFM's issued capital. Any such shareholders wishing to sell their shares on ASX would ordinarily be liable to brokerage costs representing a high proportion of their value.

As a service to small shareholders and in order to reduce the expense to AVFM associated with their administration, AVFM is encouraging small shareholders to allow their ordinary shares to be sold on ASX through a facility established by AVFM in accordance with the ASX Listing Rules and AVFM's constitution. AVFM will pay for all brokerage costs relating to the sale, which is anticipated to be a small proportion of the likely annual cost saving.

All small shareholders are today being sent documentation. If no reply is received by AVFM's share registry by Friday 13th May 2005 requesting that the shares be retained, the shares will be sold and the sale proceeds will be remitted to those shareholders.

Yours faithfully,

Campbell Kennedy
Company Secretary