

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

1. FINANCIAL STATEMENTS

The Corporations Act requires that the annual financial report, directors' report and auditor's report be considered at the Annual General Meeting. The Constitution of Australian Wool Services Limited under rule 11.1 requires that these reports are to be received and considered at the Annual General Meeting. There is no requirement either in the Constitution or the Corporations Act for Shareholders to approve the financial report, directors' report or the auditor's report. However Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on these reports and on the business, operations and management of Australian Wool Services Limited.

2. ELECTION OF DIRECTORS

Under rule 13.3 of the Company's Constitution, the following Directors are required to retire from office at the 2007 Annual General Meeting. The Directors are: Barry Walker and John Patten. Barry Walker and John Patten have offered themselves for re-election and are eligible under paragraph 13.4(a) of the Company's Constitution. Due to the decision by Robbie Sefton not to stand for election there is a vacancy as a Director. However Ian Hilton has offered himself for election and is eligible as – (i) there is a vacancy (paragraph 13.3(b)(i) of the Company's Constitution); (ii) his nomination has been accepted by the Board (paragraph 15.3(b)(ii)(B) of the Company's Constitution); (iii) he has consented to the nomination (paragraph 15.3(b)(iii) of the Company's Constitution); and (iv) documentation has been received within the required time-frame (paragraph 15.3(b)(iv) of the Company's Constitution).

Furthermore the Board has recommended him. As reported to the General Meeting held on 28 August 2007 the Company has reached agreement with the IWS Pension Fund Trustees for the future management of the fund which crystallises the Company's ongoing exposure to the fund. As part of the agreement the Company agreed to recommend to Shareholders that they approve the Trustees' nominee as a director.

Ian Hilton is the Trustees' nominee and he is recommended by the Company's Board for election as a Director of the Company. The requirement under paragraph 13.3(a) of the Company's Constitution of not less than one-third of Directors retiring from office is satisfied by the retirements of John Patten and Barry Walker.

Details of the qualifications and experience of Barry Walker, John Patten and Ian Hilton are set out below:

Mr Barry Walker

Mr Barry Walker was elected Chairman of Australian Wool Services Limited on 8 March 2006. He was also Chairman of The Woolmark Company Pty Ltd and is Chairman of TWC Holdings Pty Ltd. Mr Walker is a Director of Australian Wool Network Pty Ltd, a wool broker. He is a partner in a family grazier business running 20,000 merinos. He was a Director of Australian Wool Testing Authority until 2001. Before that he was a Board Member of AWRAP and a Director of The Woolmark Company until 1998. He was also a former Wool Council of

Australia Member Representative (1996), NSW Farmers Wool Committee and General Councillor in the same year. Including Past President of ASWGA and Executive Committee Member he has held numerous other agricultural, community and local Government positions.

Mr John Patten

John Patten is a Director of a number of privately owned trading companies. He has also been a Director of several public companies and government commercial entities.

Mr Patten is a former Partner of Price Waterhouse and Managing Director of Independent Holdings Limited. John has a BEc (Com) and is a FCA.

Dr Ian Hilton

Dr Ian Hilton was educated at the London School of Economics and the University of Birmingham. He is an independent business consultant and private investor after working for 15 years in the international wool industry. He joined the International Wool Secretariat in 1989 as a Strategic Planning Manager and has since held a variety of senior management positions with The Woolmark Company. He has been a Trustee of the IWS Retirement Benefits Plan for 8 years. Prior to joining the wool industry, Ian worked as a senior management consultant with Deloitte and as a business economist with Unilever in London. He was awarded a Doctorate and Masters degree in Economics at the London School of Economics and has a Bachelor of Commerce degree from the University of Birmingham in the UK.

To be successfully re-elected or elected as a Director, a candidate must receive more votes “For” than “Against”.

3. CHANGE THE NAME OF THE COMPANY

As reported to the General Meeting on 28 August 2007 the Company and its wholly owned subsidiary TWC Holdings Pty Ltd entered into a Share Sale and Purchase Agreement with Australian Wool Innovation Limited and its wholly-owned subsidiary Woolmark Holdings Pty Ltd on 31 July 2007. As part of that agreement the Company agreed to change its name to a name that does not include the words “AWS”, “wool”, “merino” or any derivation of them. Your Directors have considered various names and considering its activities going forward recommend to Shareholders that they approve the change of name of Australian Wool Services Limited to Graziers’ Investment Company Limited with effect from 30 November 2007.

VOTING REQUIREMENTS FOR SPECIAL RESOLUTION

The proposed amendments to the Constitution are required by section 157(1)(a) of the Corporations Act 2001 (Cth) to be passed by a special resolution. A special resolution must be passed by at least 75% of the votes by the Shareholders who are present (whether in person, duly appointed representative, proxy or attorney) and entitled to vote at the Meeting.