

# NOTICE OF ANNUAL GENERAL MEETING - 13 November 2009

Notice is hereby given that Graziers' Investment Company Limited (Graziers') will hold its Annual General Meeting at 9.30 am on **Friday 13 November 2009** at the Treacy Conference Centre, 126 The Avenue, Parkville 3052, Victoria, for the purpose of transacting the business set out in this Notice.

## **BUSINESS**

### **Graziers' Financial Report**

1. To receive the Financial Report, Directors' Report and Auditor's Report for Graziers' and of the Group for the year ended 30 June 2009.

*Note: There is no requirement for shareholders to approve these reports.*

### **Re-Election and Election of Directors**

2. To re-elect Directors:
  - (a) John Patten, who retires by rotation, offers himself for re-election as a director of Graziers'.
  - (b) Ian Hilton, who retires by rotation, offers himself for re-election as a director of Graziers'.

*Note: The Chairman of the meeting intends to vote undirected proxies in favour of Messrs Patten and Hilton.*

Refer to page 2 of the Explanatory Notes for information regarding voting on the election of directors.

By Order of the Board

Peter J J McKeown  
Company Secretary  
16 October 2009

# EXPLANATORY NOTES

## PROXIES AND VOTING

### Eligibility to Vote

You will be eligible to vote at the meeting if you are registered as a holder of Graziers' shares at 7 pm (AEST) on Wednesday, 11 November 2009.

### Appointing a Proxy

If you are entitled to attend and vote at the meeting, you can appoint a proxy to attend and vote on your behalf. A proxy need not be a shareholder of Graziers' and may be an individual or a body corporate. A personalised Proxy Form is included with this Notice of Meeting. If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes. If you require a second proxy form, please contact Link Market Services on 1300 554 474.

### Lodging your Proxy Form

You can lodge your completed proxy form by:

- Mailing it to Link Market Services Limited using the reply paid envelope;
- Posting it to Locked Bag A14, Sydney South, Sydney NSW 1235
- Lodging it online at the Link Market Services website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) (you will be taken to have signed your proxy form if you lodge it in accordance with the instructions on the website);
- Faxing it to +61 (2) 9287 0309; or
- Hand delivering it to Link Mark Services, Level 12, 680 George Street, Sydney NSW 2000

Your completed Proxy Form (and any necessary supporting documentation) must be received by Link Market Services no later than 9.30 am (AEST) on Wednesday 11 November 2009, being 48 hours before the commencement of the meeting. If the proxy form is signed by an attorney, the original power of attorney under which the proxy form was signed (or a certified copy) must also be received by Link Market Services by 9.30 am AEST on Wednesday 11 November 2009 unless it has been previously provided to Link Market Services. If you appoint a proxy, you may still attend the meeting. However, your proxy's rights to speak and vote are suspended while you are present.

Accordingly, you will be asked to revoke your proxy if you register at the meeting.

### How the Chair of the Meeting will vote undirected Proxies

The Chairman of the meeting will vote undirected proxies in favour of all of the motions. Graziers' encourages all shareholders who submit proxies to direct their proxy how to vote on each item of business.

### Questions from Shareholders

In addition to asking questions at the meeting, written questions to the Chairman about the management of Graziers' or Graziers' auditor about the content of the Auditor's Report and the conduct of the audit, may be submitted no later than Friday 6 November 2009 to:

*Graziers' Chairman*  
*C/- Company Secretary*  
*Graziers' Investment Company Limited*  
*369 Royal Parade*  
*Parkville VIC 3052*  
*Australia*

Facsimile: +61 3 9340 1610

Email: [glenda\\_bainbridge@graziersinvestco.com.au](mailto:glenda_bainbridge@graziersinvestco.com.au)

### Attending the Meeting

If you attend the meeting, please bring your personalised Proxy Form with you. The bar code at the top of the form will help you to register. If you do not bring your form with you, you will still be able to attend the meeting but representatives from Link Market Services will need to verify your identity. You will be able to register from 9.00 am (AEST) on the day of the meeting.

### Corporate Shareholders

Corporate shareholders who wish to appoint a representative to attend the meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the company's representative. The authorisation may be effective either for this meeting only or for all meetings of Graziers'. Shareholders can download and fill out the 'Appointment of Corporate Representation' form from the Link website: [www.linkmarketservices.com.au/public/forms/general.html](http://www.linkmarketservices.com.au/public/forms/general.html)

### Voting Exclusions

There are no voting exclusions.

## EXPLANATORY NOTES

### Item 1: Graziers' Financial Report

The Financial Report, Directors' Report and Auditor's Report for Graziers' for the year ended 30 June 2009 will be laid before the meeting. There is no requirement for shareholders to approve these reports. However the Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about or make comments on the management of Graziers'. Shareholders will be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the Auditor's Report.

### Item 2: Re-Election and Election of Directors

The Graziers' Board ('Board') considers that individually and collectively the directors need to bring a level of skill, knowledge and experience that enables the Board to discharge its responsibilities effectively. All current serving directors (including those seeking re-election) have an understanding of financial markets. The extensive financial markets experience among the Board members spans involvement in a diverse range of trading, asset management, financing, corporate advisory, public policy and regulatory activities.

The Board's policy on Board composition is to ensure that at all times, and through succession planning, there will be an appropriate mix of skills and experience so as to provide, on an ongoing basis, the necessary breadth and depth of knowledge which is required to meet the company's responsibilities and objectives.

Under clause 13.3(a) of the company's Constitution not less than one-third of directors retiring from office is satisfied by the retirements of Mr John Patten and Dr Ian Hilton. A director who retires in accordance with these requirements is eligible for re-election. Accordingly Mr John Patten and Dr Ian Hilton are due to retire at the end of the meeting and offer themselves for re-election to the Board.

The following directors are standing for re-election at the meeting.

#### 2(A): John Patten, BEc(Com), FCA

Mr Patten is a director of GIC Holdings Pty Limited, Andar Holdings Ltd and a number of privately owned trading companies. He was 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.

Mr Patten was formerly a director of The Woolmark Company Pty Limited.

#### 2(B): Dr Ian Hilton PhD, MSc (Econ), B.Com

Dr Ian Hilton 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 Pty Limited.

Prior to joining the wool industry, Dr Hilton 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.

He has been a Trustee of the IWS Retirement Benefits Plan for 10 years. As part of the terms of the Deed of Compromise agreed with the Trustees of the IWS Retirement Benefits Plan, the company agreed to recommend to shareholders that they provide the Trustees with a nominee as a director. Dr Ian Hilton was nominated by the Trustees and recommended by the company's Board of directors for election as a director of the company at the Annual General Meeting held in November 2007. At the 2007 Annual General Meeting Dr Hilton was elected and under the terms of the company's Constitution as detailed above, Dr Hilton is required to rotate. Dr Hilton remains the Trustee's nominee as a director and the company's current board of directors recommends his re-election to shareholders.

#### Board Recommendation

The non-standing directors unanimously support the re-election of Mr John Patten and Dr Ian Hilton.

## GLOSSARY

**Explanatory Notes** means the Explanatory Notes included in the Notice which convened this meeting.

## REGISTERED OFFICE

Graziers' Investment Company Limited  
(ABN: 29 095 401 200)  
369 Royal Parade  
Parkville VIC 3052  
Ph: +61 3 9340 1600

[www.graziersinvestco.com.au](http://www.graziersinvestco.com.au)

# SUMMARY OF ACTIVITIES & RESULTS FOR 2008/2009

## Overview

The year 2008-09 was characterised by settlement and consolidation of Graziers' Investment Company Limited's key activities.

Despite a challenging economic environment, we are pleased to report that Graziers' performed well over the past year. Although we still faced legacy issues from our predecessor organisations, we delivered our second consecutive profit since our restructure in October 2007. We made an operating profit of \$2.5M, impacted by a Paris Tax legacy item of \$2M, which reduced the net profit to \$0.5M.

Business has been demanding. However, we have enjoyed a pleasing outcome due to a significant contribution by ANDAR Holdings Limited (ANDAR) – our New Zealand-based manufacturing business - and return on our Group cash investments, which translates to an increase in the shareholders equity of \$686,000.

Legacy issues continue to be managed and resolved professionally and prudently. Most particularly, this means that the second of three instalments has been paid to the Trustees of the IWS Retirement Benefits Plan with the final instalment due in March 2010.

Significant progress has also been made regarding the sale of the Mumbai property. Graziers' entered into a Memorandum of Understanding with a prospective buyer during the year under review. We expect that at the Annual General meeting we will be in a position to provide an update on progress of the sale.

Operationally, the 2008-09 year has been a very busy one for ANDAR as we continue to build on an increasingly diversified portfolio. Total ANDAR sales were NZ\$23.4M and sale of a wool scour to Raymond Limited of India contributed to a trading profit, before tax, totalling NZ\$1.1M.

While our focus remains steadfast on maintaining and maximising shareholder returns, progress during 2008-09 has provided a stable platform for future consolidation and growth.

## Financial Report

Graziers' Investment Company Limited's aim is to maximise profits for shareholders. The company receives no direct levy funding, yet in 2008-09, achieved a consolidated profit of \$0.5M.

Operationally, Graziers' performed strongly. In the year under review we achieved revenue of \$21.7M, up 42% on last year, resulting in a \$2.7M profit, before tax, from our continuing operations. The increase in revenue is contributed in the main to the sale of the wool scour and an exchange gain of \$1M.

More specifically, we achieved:

- Settlement of legacy issues, in other words the former AWRAP German disability pension and obligations, closure of overseas offices and company dissolutions;
- The second of three instalments to the IWS Pension Trustees of \$2M paid;
- A Memorandum of Understanding for the sale of the Mumbai property in India; and
- Resolution of the cash held in trust by Australian Wool Innovation Limited on behalf of Graziers'.

The results for Graziers' are summarised below:

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	<b>21,739</b>	<b>15,413</b>
<u>Operating expenses</u>	<u>(19,014)</u>	<u>(16,276)</u>
<b>Profit / (loss) before tax and legacy items</b>	<b>2,725</b>	<b>(863)</b>
<u>Tax</u>	<u>(208)</u>	<u>388</u>
<b>Profit / (loss) before legacy items</b>	<b>2,517</b>	<b>(475)</b>
IWS Pension Plan costs		
Actuarial gain	-	3,067
Other actuarially determined costs	-	(389)
<u>Exchange translation gain</u>	<u>-</u>	<u>649</u>
<b>Profit – Continuing operations</b>	<b>2,517</b>	<b>2,852</b>
<u>Profit/(loss) – discontinued operations</u>	<u>(2,015)</u>	<u>6,826</u>
<b>Profit for the year</b>	<b>502</b>	<b>9,678</b>

The financial position of Graziers' is summarised below

	<b>2009</b>	2008
	<b>\$'000</b>	\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	13,354	15,909
Trade and other receivables	2,907	3,587
Inventories	2,971	3,712
Current tax receivables	130	138
Other current assets	<u>12</u>	<u>31</u>
	<b>19,374</b>	<b>23,377</b>
Non-current assets classified as held for sale	<u>3,598</u>	<u>3,598</u>
Total current assets	<u><b>22,972</b></u>	<u><b>26,975</b></u>
<b>Non-current assets</b>		
Property, plant and equipment	2,471	2,561
Deferred tax assets	345	501
Intangible assets	<u>1,277</u>	<u>1,240</u>
Total non-current assets	<u><b>4,093</b></u>	<u><b>4,302</b></u>
<b>Total assets</b>	<u><b>27,065</b></u>	<u><b>31,277</b></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	2,122	5,695
Current tax liabilities	299	-
Provisions	2,954	638
Other current liabilities	198	1,282
Other liabilities	<u>2,000</u>	<u>2,000</u>
Total current liabilities	<u><b>7,573</b></u>	<u><b>9,615</b></u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	-	543
Provisions	208	521
Other liabilities	<u>-</u>	<u>2,000</u>
Total non-current liabilities	<u><b>208</b></u>	<u><b>3,064</b></u>
<b>Total liabilities</b>	<u><b>7,781</b></u>	<u><b>12,679</b></u>
<b>Net assets / Shareholders funds</b>	<u><b>19,284</b></u>	<u><b>18,598</b></u>

## **Operations Report – ANDAR**

The principal operating company of Graziers' is ANDAR - a manufacturing business based in New Zealand. ANDAR Holdings Limited is a world leader in the design, manufacture, installation, commission and maintenance of machinery and equipment for wool textile process systems – a reputation built over more than 60 years.

During 2008-09, total ANDAR sales were NZ\$23.4M returning a trading profit, before tax, totalling NZ\$1.1M. The New Zealand operation has continued to stabilise through a well respected local and national presence with engineering design outside the wool industry. The Australian operation, ANDAR Tool & Press Limited, is enjoying constant growth in the West Melbourne area, especially from the new fabrication side of the business.

Textile contracts were boosted this year with the sale of a 1.2m scour to Raymonds Limited in India. However, the wool industry remains under immense pressure with weak demand for wool fibres and excess capacity, combined with increased processing costs and further competition from other fibres.

The Front Store part of the business, ANDAR's retail division, continues to grow. It specialises in mechanical and chemical process solution products across three outlets. The Front Store with sales of just over NZ\$7M and a contribution of NZ\$625,000 added to ANDAR's performance during 2008-09. This positive result represents the increased market share gained as a result of continued investment and hard work that has taken place within the Front Store branches.

## **The Future**

The Board and management remain fully focused on the task of sustaining the profitability of the company in this challenging commercial world by building on the solid platform created in the last two years and delivering value to shareholders.

The 2009-2010 budget is based on strengthening the solid diversified platform we have worked hard to create.

As is the case for every business in the current uncertain environment, we face a number of unique challenges. However, we remain positive and are continuing to invest into our future, particularly in high tech engineering and the Front Store retail sector.

We look forward to reporting increased consolidation and more positive outcomes into 2009-10.