

NOTICE OF 2010 ANNUAL GENERAL MEETING

Notice is hereby given that Graziers' Investment Company Limited (Graziers') will hold its Annual General Meeting on **Friday, 22 October 2010** at the **Vibe Hotel Carlton, 441 Royal Parade, Parkville 3052 Victoria** commencing at 10.00 am for the purpose of transacting the business set out in this notice.

ITEMS OF BUSINESS

1. Graziers' Annual Financial Report

To consider the Annual Financial Report, Directors' Report and Auditor's Report for Graziers' and of the consolidated entity for the year ended 30 June 2010.

Note: There is no requirement for shareholders to approve these reports but there will be an opportunity for members to ask questions on the reports.

2. Re-Election and Election of Directors

In accordance with the company's Constitution:

- (a) Mr Barry Walker OAM retires by rotation and, being eligible, offers himself for re-election;
- (b) Mr Philip Attard retires by rotation and, being eligible, offers himself for re-election; and
- (c) Ms Robbie Sefton who was appointed since the last AGM, and being eligible, offers herself for election.

Note: As Barry Walker OAM is standing for re-election, John Patten will chair the meeting for this item.

The Chairman of the meeting intends to vote undirected proxies in favour of the re-election of Barry Walker and Philip Attard and the election of Robbie Sefton.

Refer to the Explanatory Notes for information regarding voting on the re-election and election of directors.

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, 20 October 2010.

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 (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 Market 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 10.00 am (AEST) on Wednesday 20 October 2010, 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 10.00 am AEST on Wednesday 20 October 2010 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 15 October 2010 to the registered office or by:

Facsimile: +61 3 9340 1610

Email: elaine_beever@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 9.30 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

Voting Exclusions

There are no voting exclusions.

By Order of the Board



Peter J J McKeown
Company Secretary
24 September 2010

EXPLANATORY NOTES

Item 1. Graziers' Annual Financial Report

The Annual Financial Report, Directors' Report and Auditor's Report for Graziers' for the year ended 30 June 2010 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 and 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 Barry Walker OAM and Mr Philip Attard. A director who retires in accordance with these requirements is eligible for re-election. Accordingly, Mr Barry Walker OAM and Mr Philip Attard are due to retire at the end of the meeting and offer themselves for re-election to the Board.

As Ms Robbie Sefton was appointed to replace Dr Ian Hilton who resigned on 1 July 2010, under the Constitution she is required to stand for election as she wishes to continue in office beyond the AGM and offers herself for election to the Board.

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

2(a): Barry Walker OAM

Mr Walker was elected to the Board of Graziers' Investment Company Limited in November 2004 and elected as Chairman in 2006. He is Chairman of GIC Holdings Pty Ltd and Andar Holdings Limited. Mr Walker was also Chairman of The Woolmark Company Pty Ltd until its sale on 5 October 2007.

Mr Walker is a director of the wool broking business Australian Wool Network Pty Ltd. He is a partner in a family grazier business running 15,000 merinos. He was a director of the Australian Wool Testing Authority until 2001, a board member of the Australian Wool Research and Promotion Organisation and a director of The Woolmark Company Pty Ltd from 1995 to 1998. Mr Walker is a former Wool Council of Australia member representative and has held positions on the NSW Farmers Wool Committee and as a General Councillor. He has held numerous agricultural, community and local government positions including Past President of the Australian Superfine Wool Growers' Association and Executive Committee member.

On 8 June 2009 Mr Walker was awarded a Medal of the Order of Australia for his service to the wool industry as a producer, and to the community of the Yass district.

EXPLANATORY NOTES (Continued)

2(b): Mr Philip Attard

Mr Attard is a Sydney-based businessman who also owns and operates a superfine and ultrafine merino enterprise, Gostwyck, in the New England tablelands. Mr Attard has spent 35 years building successful and profitable businesses in the Information Technology world holding senior executive roles in sales, marketing, strategic planning and general management. He has worked with European, American and Australian companies in Australia and Asia.

Mr Attard is now focusing his attention on the family businesses and has spent much of the past 6 years successfully developing grazing systems, pastures and merino quality. Chairman of Andar Tool & Press Limited. Non-executive director of GIC Holdings Pty Ltd and Andar Holdings Limited. Director of Gostwyck Group Pty Ltd, Goslan Pty Ltd, Huglipulken Pty Ltd and UNE Partnerships Pty Ltd. He is also Chairman of the Sheep Genetics Advisory Council and was formerly a director of The Woolmark Company Pty Ltd.

The following director is standing for election at the meeting.

2(c): Ms Robbie Sefton

Ms Sefton is a New South Wales woolgrower and communications expert. Ms Sefton and her husband own and operate wool, meat and grains properties. She is also the founder and principal of a national public relations and marketing consultancy, Sefton & Associates, based in Tamworth, an Advisory Group Member of Observant Pty Ltd and an Advisory Member at USQ (University of Southern Queensland – Public Relations Discipline).

Ms Sefton was the 2002 Rural Industries Research Development Corporation NSW Rural Woman of the Year, is a graduate of the prestigious Australian Rural Leadership program and the Australian Institute of Company Directors. She currently sits on the NSW Australia Day Council and is a board member of the National Australia Day Council.

Ms Sefton's past board and advisory council appointments have included being a member of the Regional Women's Advisory Council (which reported directly to the Deputy Prime Minister).

Ms Sefton was a director of the Australian Rural Leadership Foundation Board. She was also a former board member of Australian Wool Services Limited (now known as Graziers' Investment Company Limited) and The Woolmark Company Pty Ltd until she retired at the company's Annual General Meeting in November 2007.

Board Recommendation

The Board (other than the relevant director in relation to his/her own re-election/election) recommends the re-election of Barry Walker OAM and Philip Attard and the election of Robbie Sefton.

REGISTERED OFFICE

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SUMMARY OF ACTIVITIES & RESULTS FOR 2009/2010

Overview

2010 was undoubtedly a mixed year of achievements, as Graziers' Investment Company Limited ('Graziers') continued to settle legacy issues inherited from our predecessor organisations, and hardship as the company feels the financial effects from the downturn in the international markets.

We are pleased to announce that during the year, two key legacy matters were resolved, with the final of three instalments being paid to the Trustees of the IWS Retirement Benefits Plan of \$2 million and sale of the Mumbai Property in India on 3 May 2010. Although the sale of the Mumbai Property is a significant step forward, we still have a way to go before the sale process is complete as we continue to finalise the settlement formalities including associated taxes, repatriation of funds from India and resolution of a taxation claim that has arisen as a result of the sale process.

You have heard a great deal from Graziers' over the last few years about its focus to increase shareholders' wealth through its continued investment in Andar Holdings Limited's ('ANDAR's') high tech engineering and Front Store retail sectors. During the year the company expanded ANDAR's presence in New Zealand's South Island with the opening of two new Front Stores and strengthened ANDAR's Executive team with the appointment of a new CEO, giving ANDAR the ability to remain competitive and enhance its service and commitment to its customers going forward.

We believe this will put the company in a good steadfast position for the year ahead.

Financial Highlights

The past year has seen Graziers' deliver another strong operating performance, before tax, of \$2.252 million. However taxes, principally associated with the sale of the Mumbai Property and repatriation of the sale proceeds from India, have exceeded the operating profit resulting in an overall net loss for the year of \$391,000.

As legacy issues continue to be resolved we tend to encounter further complexities which impact our results and this year is no exception, with the instigation of legal proceedings which has arisen from the sale of the Mumbai Property. Whilst seeking approval for the sale of the property from the Indian authorities they have issued a demand for payment of \$511,000, in relation to associated transfer fees. After taking appropriate legal advice the directors have decided to appeal the claim and believe that a favourable outcome is probable. No payment has been made by the company to the claimant however, a provision has been recognised for the outstanding amount and an equivalent amount is being held in an escrow account with an Indian bank pending the outcome of the appeal.

Pursuant to the agreement reached with the Trustees, of the IWS Retirement Benefits Plan back in October 2007, the Trustees are entitled to receive further payment equal to 50% of any net proceeds above book value from the valuation of ANDAR and the sale of Mumbai Property. The valuation of ANDAR was undertaken in accordance with the agreement and resulted in a nil payment to the Trustees however, an amount of \$391,000 is estimated to be payable to the Trustees from the sale of the Mumbai Property on 3 May 2010.

	3 May 2010
	\$'000
Mumbai Property Sale proceeds	7,797
Book value	(3,598)
Associated sale costs	<u>(859)</u>
Sale proceeds before tax	3,340
Capital gains tax	<u>(1,668)</u>
Sale proceeds after capital gains tax	1,672
Withholding tax	<u>(890)</u>
Estimated net sale proceeds available for distribution to Trustees	<u>782</u>
50% payable to Trustees of IWS Retirement Benefits Plan	391
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The consolidated results for Graziers' are summarised below:

	Consolidated	
	2010	2009
	\$'000	\$'000
Revenue & other income	17,010	21,739
Operating expenses	(14,758)	(19,014)
Profit before income tax	2,252	2,725
Tax	(2,684)	(208)
(Loss)/profit – Continuing operations	(432)	2,517
Loss from discontinued operations	(48)	(2,015)
(Loss)/profit for the year	(480)	502
Exchange differences on translation of foreign entities	89	184
Total comprehensive income for the year	(391)	686

The consolidated financial position of Graziers' is summarised below:

	Consolidated	
	2010	2009
	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	18,581	13,354
Trade and other receivables	2,137	2,826
Inventories	3,698	2,971
Current tax receivables	18	130
Other current assets	86	<u>12</u>
	24,520	19,293
Non-current assets classified as held for sale	<u>-</u>	<u>3,598</u>
Total current assets	<u>24,520</u>	<u>22,891</u>
Non-current assets		
Receivables	53	81
Property, plant and equipment	2,682	2,471
Deferred tax assets	411	345
Intangible assets	1,272	<u>1,277</u>
Total non-current assets	<u>4,418</u>	<u>4,174</u>
Total assets	<u>28,938</u>	<u>27,065</u>
LIABILITIES		
Current liabilities		
Trade and other payables	2,754	2,122
Current tax liabilities	2,804	299
Provisions	2,670	3,162
Other liabilities	1,401	<u>2,198</u>
Total current liabilities	<u>9,629</u>	<u>7,781</u>
Non-current liabilities		
Provisions	<u>511</u>	-
Total non-current liabilities	<u>511</u>	-
Total liabilities	<u>10,140</u>	<u>7,781</u>
Net assets	<u>18,798</u>	<u>19,284</u>
EQUITY		
Contributed equity	57,334	57,334
Reserves	(288)	(377)
Accumulated losses	(38,516)	<u>(38,000)</u>
Capital and reserves attributable to equity holders of Graziers' Investment Company Limited	18,530	18,957
Non-controlling interests	<u>268</u>	<u>327</u>
Total equity	<u>18,798</u>	<u>19,284</u>

Operations Report – ANDAR

During 2009-10 total ANDAR sales were \$13 million however, it returned an overall trading loss of \$936,000.

The New Zealand operation has struggled throughout the year across all areas of the business, ANDAR is currently experiencing the effects of a highly competitive economic environment in the retail and technologies business divisions with a drop off in sales, which although is concerning, has been a common theme amongst all New Zealand industry sectors.

ANDAR does have a well respected growing, local and national presence with engineering solutions outside the wool industry which will provide solid opportunities going forward.

Textile contracts were down considerably this year however, the good news is that ANDAR is currently manufacturing the first new Scourline to be exported to China for fourteen years.

Whilst it is acknowledged that the wool industry remains under immense pressure it is still thought significant sales opportunities will arise over the coming years as research and development becomes the key in the rejuvenation of the demand for wool products through reducing costs in the supply chain.

Signs are also obvious that the investment made by the company in Environmental and Water Treatment technologies over the past few years is starting to pay off. Enquiries are now turning into orders in Water treatments and we are confident of positive activities in Rotary Composters.

Retail

Front Stores specialise in the mechanical and chemical process solution products. To demonstrate its importance, this division accounted for 48% of the total sales for ANDAR during the year across its six outlets.

Australia

The Australian operation, Andar Tool & Press Limited, generated sales of \$2.7 million. The local economic and business climates have steadily been improving throughout the year, which has resulted in a total profit of \$94,000. Andar Tool & Press Limited has positioned itself in a way where its specialised engineering skills can be utilised across a range of different and diverse industries, which is a key competitive advantage.

Outlook

The future direction of the company remains unchanged to that advised to shareholders at the Annual General Meeting on 28 August 2007 when your approval, as shareholders of the company, was obtained for the sale of selected assets of the company to Australian Wool Innovation Limited.

Unless there is a compelling reason otherwise, once a clean break with the IWS Pension Fund has been achieved, which will not occur until at least 2012, all remaining assets sold, the residual Graziers' group will be wound up and its surplus assets distributed to shareholders, once all the costs of winding up the company have been paid, including redundancy payments to management and Directors whose resilience, commitment and dedication, has put the company in the strong position it is in today. However, any such decision to wind up the company will be subject to approval by the shareholders at the relevant time.

Conditions in the market remain challenging, but with the continued investment made by Graziers' in the last few years, we are committed to resolving the remaining inherited legacy issues whilst delivering further growth for distribution to shareholders.