

NOTICE OF 2013 ANNUAL GENERAL MEETING

Notice is hereby given that Graziers' Investment Company Limited ('GIC') will hold its Annual General Meeting on **Thursday, 31 October 2013** in the **Kirralaa Room, at The Grace Hotel, 77 York Street, Sydney NSW 2000**, commencing at 1.00 pm (AEDT) for the purpose of transacting the business set out in this notice.

ITEMS OF BUSINESS

1. Graziers' Investment Company Limited Annual Financial Report

To consider the Annual Financial Report, Directors' Report and Auditor's Report for GIC and of the Group for the year ended 30 June 2013.

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 of Directors

In accordance with the Company's Constitution:

- (a) Mr John M Patten retires by rotation and, being eligible, offers himself for re-election; and
- (b) Ms Robbie L Sefton retires by rotation and, being eligible, offers herself for re-election.

The Chairman of the meeting intends to vote undirected proxies in favour of the re-election of John Patten and Robbie Sefton.

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

Eligibility to Vote

You will be eligible to vote at the meeting if you are registered as a holder of GIC's shares at 7.00 pm (AEDT) on Tuesday, 29 October 2013.

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 GIC 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** [only available during business hours (Monday to Friday, 8.30am to 5.30pm)] 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 1.00 pm (AEDT) on Tuesday 29 October 2013, 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 1.00 pm (AEDT) on Tuesday 29 October 2013 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 Chairman of the Meeting will Vote

Undirected Proxies

The Chairman of the meeting will vote undirected proxies in favour of all of the motions. GIC 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 GIC or GIC's auditor about the content of the Auditor's Report and the conduct of the audit may be submitted no later than Monday 21 October 2013 to:

Mail: Graziers' Investment Company Limited
369 Royal Parade, Parkville, Vic 3052
Australia

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 12.30 pm (AEDT) 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 GIC. 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
19 September 2013

Item 1. GIC Annual Financial Report

The Annual Financial Report, Directors' Report and Auditor's Report of GIC for the year ended 30 June 2013 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 GIC. 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 of Directors

The GIC 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 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 Ms Robbie Sefton. A director who retires in accordance with these requirements is eligible for re-election. Accordingly, Mr John Patten and Ms Robbie Sefton 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): Mr John Patten

Mr Patten is a director of GIC Holdings Pty Limited, GIC (NZ) Limited (formerly Andar Holdings Limited) 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): 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, a board member of Observant Pty Ltd, an Advisory Member at USQ (University of Southern Queensland – Public Relations Discipline) and a member of the Small Business Advisory Group of the Reserve Bank of Australia.

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 National Australia Day Council. Ms Sefton's past board and advisory council appointments include being a board member of the NSW Australia Day Council and 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) recommends the re-election of Mr John Patten and Ms Robbie Sefton.

REGISTERED OFFICE

Graziers' Investment Company Limited
(ABN 29 095 401 200)
369 Royal Parade
Parkville 3052 Victoria Australia
Ph: +61 3 9340 1600
Fax: +61 3 9340 1610
www.graziersinvestco.com.au

Overview

In a year which has been clouded in economic uncertainty around the world Graziers' Investment Company Limited ('GIC') remained focused, and successfully achieved, preserving shareholder wealth.

I believe that GIC is now well placed to completing the mandate set by you back in August 2007, which essentially entails resolving the outstanding inherited legacies and selling any remaining assets, in the not too distant future. The key impediment preventing the company from taking the next step forward is the repatriation of the Mumbai Property proceeds, which regrettably still remain in India.

Last year we reported that repatriation of the funds from India is controlled by the Reserve Bank of India ('RBI') and as such, were advised that repatriation of the Mumbai Property proceeds required approval of the RBI before the funds could be released. Accordingly, an application to repatriate the funds was submitted to the RBI for its approval. During the year the RBI rejected the application however, based on independent legal advice there is scope to have the RBI's decision reviewed and an approval obtained, which is actively being pursued. Every effort has and continues to be made to expedite this matter.

This past year saw the closure of GIC (Europe) Limited (former employer of the IWS Pension Fund) and the commencement of IWS dissolution with the closure of a dutch entity - Textile Development Holdings followed by the closure of its owner, Kleinwort Benson Trust in the UK. The ANDAR settlement formalities, which have been pending since selling the NZ Business Assets in May 2011, have now been completed clearing the path for the company to be dissolved.

Financial Highlights

Overall GIC performed strongly for the year generating a profit, after tax, legacy impacts and minority interests, of \$819,000.

Continued operations

While our operating performance from continued operations for the year was strong, the turmoil in the global and local investment markets resulted in a reduction in our investment income by \$70,000. Notwithstanding, our operating income continued to be robust, with revenue for the year increasing by more than 17% to \$4,773,000. The result reflects a strong growth in the Andar Tool & Press engineering business which continues to go from strength to strength, delivering its highest turnover yet.

Discontinued operations

The settlement of the NZ Business Assets sale resulted in a reduction in the gain on sale of the business of \$1,413,000 in May 2011 by \$260,000. This was due to an unfavourable settlement adjustment for stock obsolescence, as determined by an independent expert, which we contest as being fair and reasonable, but whose decision is final and binding and unable to be challenged.

The weakening of the Australian Dollar ('AUD') against the US Dollar at year end had a favourable short term impact against the Indian Rupee ('INR') generating an unrealised foreign exchange gain of \$188,000 for the year, compared to a \$735,000 unrealised exchange loss last year, on the Mumbai Property proceeds held in trust by Australian Wool Innovation Limited on behalf of GIC. However, since June the AUD has strengthened which will reverse the positive trend should the INR continue to remain strong against the AUD.

The other key legacy issue relates to a French Tax claim. In accordance with accounting standards an amount was previously recognised to cover a claim by the French Tax authorities for capital gains tax payable, including penalty interest, on a Paris property sold in 1997. We have been disputing this claim since the property was sold as our lawyers, who are on a success fee payment only, believe we have a strong case. The Administrative Court in Paris originally ruled in our favour but the decision was overturned by the Administrative Court of Appeal of Paris in 2009. The case is currently being appealed at the Supreme Court in Paris but a hearing date is yet to be set by the court. This is the last source of appeal so the decision reached by the Supreme Court Judge will be binding.

Unfortunately, there is no further progress to report other than being advised that the limit of liability is restricted to the amount received from the Tax Authorities, exclusive of any penalty interest. Therefore an amount of \$297,000, previously provided to cover the estimated penalty interest, has been derecognised.

SUMMARY OF ACTIVITIES & RESULTS FOR 2012/2013 continued...

The results for GIC are summarised below:

	2013 \$'000	2012 \$'000
Revenue	4,773	4,073
<u>Operating expenses</u>	<u>(3,977)</u>	<u>(3,725)</u>
Profit before income tax	796	348
<u>Tax</u>	<u>(128)</u>	<u>(106)</u>
Profit from Continuing Operations	668	242
Discontinued operations		
ANDAR (settlement adjustment)	(260)	-
Legacy Issues		
- Service tax	-	(427)
- French tax claim	297	-
- Exchange gain/(loss) <i>(Cash (net) held in trust by AWI ex Mumbai Property)</i>	188	(735)
- Other legacy issues	33	(37)
Profit/(loss) for the year	926	(957)
<u>Less Minority Interest</u>	<u>(107)</u>	<u>(27)</u>
<u>Profit/(loss) attributable to owners of GIC</u>	<u>819</u>	<u>(984)</u>

Outlook

Our commitment to resolving the inherited legacy issues, whilst preserving shareholders wealth, remains our focus.

Although past experience has demonstrated a web of complexities and legislative bureaucracy which has prevented a speedy resolution of the multiple inherited legacy issues, we hope to be in a position next year to report on options for the way forward beyond legacies.