ANNUAL REPORT 2011

Graziers' Investment Company Limited

ABN 29 095 401 200

Owner of GIC Holdings Pty Limited

www.graziersinvestco.com.au

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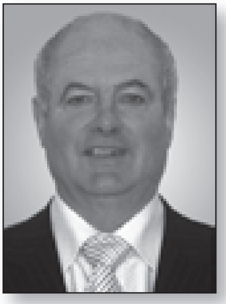
Dear Shareholders

Overview



2011 continued the trend of mixed results for Graziers' Investment Company Limited ('GIC') as we move closer to achieving the mandate set by you in August 2007, which essentially entailed resolving outstanding legacy issues and selling any remaining assets.

Despite not actively marketing ANDAR for sale, late last calendar year we received an unsolicited offer to purchase the NZ Business Assets of ANDAR. Following negotiations, I am pleased to announce that at the end of May 2011 the principal assets and operations of GIC (NZ) Limited (formerly ANDAR Holdings Limited) ('ANDAR') in New Zealand were sold. However, the settlement process, including any associated taxes, is still in the process of being finalised. This means that the sole remaining asset of GIC to be sold is Andar Tool & Press Limited, a modest but profitable engineering company in Laverton. In keeping with the mandate set by shareholders the Board is reviewing the options available in relation to the sale of this business.

As reported last year the Mumbai Property was sold on 3 May 2010 however, the sale process was incomplete. During the year, with the exception of repatriating the proceeds from India and concluding the legal claim that arose as part of the sale process, all other settlement matters have been concluded.

The sale proceeds have been held by AWI in trust on our behalf and despite repeated demands they have failed to repatriate and pay us our funds. This has occurred in spite of GIC indemnifying AWI against all possible losses and costs arising from the sale of the Mumbai Property, including repatriation of the funds. The delay in repatriating the funds has cost the company and you as shareholders, $932k in foreign exchange losses and further losses are expected as the AUD continues to strengthen against the INR.

Financial Highlights

Both operationally and with the gain on sale of ANDAR the company achieved an overall profit of $1.815m, after tax. Nevertheless most of this profit has been depleted with the $932k exchange loss incurred in relation to the withholding of our funds in India by AWI.

The profit from the continuing operations reflects the ongoing operations of the remaining group being Andar Tool & Press Limited and GIC's secretarial costs.

Upon the sale of ANDAR its results, including any gain on sale, is reflected in the financial results as a discontinued operation, including the prior year results which have been re-presented in this year's financial statements.

Also, last year when we reported to you, an amount of $391k was estimated as payable to the Trustees from the sale of the Mumbai Property. Following negotiations a payment of $586k in settlement of this issue was paid to the Trustees this year.

Other legacy issues reported below includes the additional payment to Trustees, over and above that estimated last year, and costs associated with concluding the legacy outstanding issues. These principally relate to outstanding tax issues in Canada and Paris, and closing the respective overseas dormant entities which includes the International Wool Secretariat.

The results for GIC are summarised below:

	2011 $'000	2010 $'000
Revenue	**3,862**	**3,351**
Operating expenses	(3,677)	(405)
Profit before income tax	**185**	**2,946**
Tax	(71)	(2,760)
Profit from Continuing Operations	**114**	**186**
Discontinued operations		
ANDAR (including gain on sale)	1,701	(769)
Legacy Issues		
- Exchange loss *(Cash (net) held in trust by AWI ex Mumbai Property)*	(932)	-
- Other legacy issues	(461)	103
Profit/(loss) for the year	**422**	**(480)**
Exchange differences – ANDAR	(335)	89
Total comprehensive income for the year	**87**	**(391)**

Shareholders' Equity

The financial statements disclose cash reserves of $22.188m however, this does not represent the total shareholder's funds as it does not take into account any remaining contingent net liabilities to be paid which have been provided for in the accounts. On this basis the Equity of $18.881m reflects shareholders value as at 30 June 2011.

In August 2007 it was estimated that the Net Assets / Shareholders Funds available to shareholders once all remaining assets of the company had been sold would be $22.74m. Since then the reduction in shareholders' funds can in the main be attributed to the following:-

	$'000
Paris Tax *	$1,626
Exchange loss	$ 932
Woolmark Settlement adjustment	$1,402

*This matter is currently being contested by GIC, based on legal advice sought, and if successful this amount will be reversed, thereby increasing shareholders equity accordingly.

Outlook

We confirm our position as reported last year in that 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 GIC 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.

Following the sale of the Woolmark business in 2007 your board of directors expected that time spent on GIC's activities would reduce and on that basis reduced directors fees. However, with the complexity associated with finalizing the legacy issues and the sale of assets considerably more time has been spent by your Board in addressing and managing that process. Rather than increasing directors fees your Board has considered that at the appropriate time when shareholders consider the future of this company that a separate decision would be sought from shareholders to approve a formula for payment of retirement benefits to directors.

I would like to thank John Patten as Deputy Chairman, Philip Attard and Robbie Sefton for their contribution to the Board. Finally, I would like to thank management of GIC and ANDAR for their guidance.

Your Board and management will continue to resolve the outstanding legacy issues and to protect your investment in GIC.

Yours truly,

Barry Walker OAM Chairman
Graziers' Investment Company Limited

Board of Directors

Barry Walker

Barry Walker OAM, Chairman

Mr Barry Walker OAM was elected to the board of Graziers' Investment Company Limited in November 2004 and elected as Chairman in March 2006. He is Chairman of GIC Holdings Pty Ltd and GIC (NZ) Limited (formerly 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.

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.

John Patten

John Patten BEc (Com), FCA, Deputy Chairman

Mr John Patten is a director of GIC Holdings Pty Ltd, 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 Ltd.

Philip Attard

Philip Attard

Mr Philip 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 36 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 7 years successfully developing grazing systems, pastures and merino quality. Chairman of Andar Tool & Press Limited, non-executive director of GIC Holdings Pty Ltd and GIC (NZ) Limited (formerly 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.

Robbie Sefton

Robbie Sefton

Ms Robbie Sefton is a New South Wales woolgrower and communications expert. Ms Sefton and her husband, Alistair Yencken, own and operate wool, meat and grains properties. She is also the founder, director 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. Robbie's past board and advisory council appointments include 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 Composition and Responsibilities

The Graziers' Investment Company Limited board is comprised of four non-executive directors who bring a broad range of industry, commercial, marketing, retail and financial experience. Non-executive directors are subject to re-election at Annual General Meetings when one-third retires by rotation in accordance with the company's Constitution. The specific responsibilities of the board include, but are not limited to, appraisal of corporate strategy and performance objectives, monitoring management's performance and implementation of strategy, and approving and monitoring financial and other reporting.

Risk Management

The Graziers' Investment Company Limited board identifies and manages risks through the audit process, management reporting, strategic planning and board deliberations.

Insurance policies are in place in relation to the assets and activities of the company and its subsidiaries.

Audit and Risk Committee

The Audit and Risk Committee is comprised of two directors, Mr John Patten (Chairman) and Mr Barry Walker OAM, and assists the board in relation to the company's accounts, risk management, funds management and statutory compliance.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of two directors, Mr Philip Attard (Chairman) and Mr Barry Walker OAM who assist the Board in relation to the nomination of candidates for positions as directors and also considers remuneration issues associated with management and staff.

Directors Interests

During the reporting period there were no transactions between any of the company's directors or director-related entities and the company and its associated entities other than on normal commercial arms length terms.

The following directors have direct or indirect share-holding interests in shares in the company: Mr Barry Walker OAM, 690 'B' class shares, Mr Philip Attard, 614 'B' class shares and Ms Robbie Sefton 121 'B' class shares.

Shareholder Enquiries

The Graziers' Investment Company Limited share register is maintained by Link Market Services Limited.

All shareholder enquiries about their share holdings should be directed to:

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Locked Bag A14
Sydney South NSW 1235

Email registrars@linkmarketservices.com.au

Website www.linkmarketservices.com.au

Within Australia
Telephone Toll free 1300 554 474
Facsimile (02) 9287 0309

Outside Australia
Telephone +61 2 8280 7111

Change of Address

Shareholders should notify the share registry immediately in writing and include their shareholder reference number if there is any change in their registered address.

Company Information

The financial report and auditor's report is available to any shareholder upon request. Alternatively the financial report can be accessed on our website at **www.graziersinvestco.com.au** in the Shareholder section.

Details of shareholdings as at 30 June 2011

The number of holders of shares in Graziers' Investment Company Limited was 36,583. The company had on issue 2,093,586 shares.

Shareholder Information continued...

Distribution of shareholdings as at 30 June 2011 was as follows:

Number of Shares	Number of Shareholders	Shares Held
1-100	30,862	984,679
101 - 500	5,552	958,715
501 - 1,000	133	86,135
1,001 - Over	36	64,057
Total	36,583	2,093,586

Geographical Distribution	Percentage of Shares Held
AUSTRALIA	
ACT - Australian Capital Territory	0.38%
NSW – New South Wales	36.22%
NT – Northern Territory	0.02%
QLD - Queensland	4.49%
SA – South Australia	16.04%
TAS - Tasmania	2.68%
VIC - Victoria	22.88%
WA – Western Australia	17.28%
OVERSEAS	
New Zealand	0.01%

20 largest shareholders as at 30 June 2011

Name of Shareholder	Number of 'B' Class Shares Held
Twynam Pastoral Co Pty Ltd	4,463
Clyde Agriculture Limited	4,215
Lynoch Pty Ltd	3,890
N M Rural Enterprises Pty Ltd	3,225
Emanuel Exports Pty Ltd	3,213
AJ & PA McBride Pty Ltd	3,113
F S Falkiner & Sons Pty Ltd	2,980
Romani Pastoral Company Pty Ltd	2,526
Mr Thomas Kenneth Brinkworth & Mrs Patricia Ann Brinkworth	2,270
Wellard Estates Pty Ltd	2,128
YYH Holdings Pty Ltd	2,125
Mrs Hilary Maude Russell & Mr Charles Wilfred A Russell & Mr David Graham Russell	1,910
The Mutooroo Pastoral Co Pty Ltd	1,641
Consolidated Pastoral Company Pty Ltd	1,446
Four Arrows Investment Pty Ltd	1,327
Commonwealth Hill Pty Ltd	1,287
Rawlinna Pty Ltd	1,281
G T Reid Pty Ltd & T T Reid Pty Ltd	1,278
South West Wool Pty Ltd	1,265
Arthur Earle Pty Ltd	1,246

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Graziers' Investment Company Limited (referred to hereafter as the company or parent entity) and the entities it controlled at the end of, or during, the year ended 30 June 2011.

Directors

The following persons were directors of Graziers' Investment Company Limited during the whole of the financial year and up to the date of this report:

Mr B.C. Walker OAM (Chairman)
Mr J.M. Patten (Deputy Chairman)
Mr P.M. Attard
Ms R.L. Sefton

Principal activities

During the year the principal continuing activities of the group changed with the sale of the Business Assets of ANDAR in New Zealand. Today the principal business activities are the operation of Andar Tool and Press Limited and the conclusion of International Wool Secretariat ('IWS') legacy issues.

On 27 May 2011 the Business Assets of GIC (NZ) Limited (formerly Andar Holdings Limited) were sold with effect from 29 May 2011. The sale was effected by transferring the ongoing New Zealand Business operations and certain Assets comprising:-

◊ The New Zealand engineering, manufacturing and Front Store retailing Businesses; and

◊ The entity's Goodwill, Land, Property, Plant & Equipment and Inventory.

Review of operations

Information on the financial performance and operations of the group is set out on pages 1 - 3 of the Annual Report.

Significant changes in the state of affairs

Apart from the matters disclosed in principal activities above, no other significant changes in the state of affairs of the group occurred during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

(a) the group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the group's state of affairs in future financial years.

Likely developments and expected results of operations

Graziers' Investment Company Limited will continue to conduct the principal activities related to the operation of the Andar Tool & Press Limited business and concluding the IWS legacy issues. Further information on likely developments in the operations of the group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the group.

Environmental regulation
The group is not subject to any particular or significant environmental regulations under either Commonwealth, State or other local legislation. The board is not aware of any environmental breaches during the reporting period.

Information on directors

B.C. Walker OAM, *Chairman, Non-executive director*
Experience and expertise
Mr Barry Walker OAM was elected to the board of Graziers' Investment Company Limited in November 2004 and elected as Chairman on 8 March 2006.

Extensive experience in the wool industry holding numerous agricultural, community and local government positions including, Past President of the Australian Superfine Wool Growers' Association and Executive Committee member. He was a director of the Australian Wool Testing Authority until 2001, a board member of the Australian Wool Research and Promotion Organisation and, non-executive director for three years and Chair of The Woolmark Company Pty Ltd from September 2006 until its sale on 5 October 2007. 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.

In 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.

Other current directorships
Chairman of GIC Holdings Pty Ltd and GIC (NZ) Limited (formerly Andar Holdings Limited). Mr Walker is also 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.

Special responsibilities
Member of Audit and Risk Committee
Member of Nomination and Remuneration Committee

Interests in shares and options
690 'B' class shares in Graziers' Investment Company Limited.

J.M. Patten BEc (Com), FCA *Non-executive director*
Experience and expertise
Director of several public companies and government commercial entities. Non-executive director of The Woolmark Company Pty Ltd from March 2006 to 5 October 2007. Formerly a Partner of Price Waterhouse and Managing Director of Independent Holdings Limited.

Other current directorships
Non-executive director of GIC Holdings Pty Ltd, GIC (NZ) Limited (formerly Andar Holdings Limited) and a number of privately owned trading companies.

Special responsibilities
Chairman of Audit and Risk Committee

Information on directors (continued)

P.A. Attard *Non-executive director*
Experience and expertise
Mr Philip 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 36 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 business and has spent much of the past 7 years successfully developing grazing systems, pastures and merino quality. Mr Attard was also a non-executive director of The Woolmark Company Pty Ltd from January 2007 to 5 October 2007.

Other current directorships
Chairman of Andar Tool & Press Limited. Non-executive director of GIC Holdings Pty Ltd and GIC (NZ) Limited (formerly Andar Holdings Limited). Director of Gostwyck Group Pty Ltd, Goslan Pty Ltd, Huglipulken Pty Ltd and UNE Partnerships Pty Ltd. Chairman of the Sheep Genetics Advisory Council.

Special responsibilities
Chairman of Nomination and Remuneration Committee

Interests in shares and options
614 'B' class shares in Graziers' Investment Company Limited.

R.L. Sefton *Non-executive director*
Experience and expertise
Ms Robbie Sefton, a New South Wales woolgrower and communications expert, together with her husband, Alistair Yencken, own and operate wool, meat and grains properties. She is also the founder, director 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 Instititute of Company Directors. She currently sits on the NSW Australia Day Council and is a board member of the National Australia Day Council. Robbie's past board and advisory council appointments include 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.

Other current directorships
Non-executive director of GIC Holdings Pty Ltd. Director of NSW Australia Day Council, National Australia Council and Sefton & Associates.

Interests in shares and options
121 'B' class shares in Graziers' Investment Company Limited

Company Secretary
The Company Secretary is Mr Peter J J McKeown BEc, LLB, Grad Dip Law and registered Legal Practitioner. Mr McKeown was appointed to the position of Company Secretary and General Counsel with Graziers' Investment Company Limited in July 2002. Mr McKeown left the company on 1 May 2009 however he continues to hold the position of Company Secretary. Before joining the company he was a Legal Practitioner in private, government and corporate practice including 12 years as the General Counsel and Company Secretary of The Australian Wheat Board and AWB Limited.

Meetings of directors
The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2011 and the number of meetings attended by each director were:

			Meetings of committees			
	Full meetings of directors		Audit & Risk		Nomination & Remuneration	
	A	B	A	B	A	B
Mr B C Walker OAM, Chairman	9	9	3	3	2	2
Mr J M Patten, Deputy Chairman	9	9	3	3	*	*
Mr P M Attard	9	9	2	*	2	2
Ms R L Sefton	9	9	1	*	*	*

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
* = Not a member of the relevant committee

Retirement, election and continuation in office of directors
Mr J.M. Patten and Ms R.L. Sefton are directors retiring by rotation who, being eligible, offer themselves for re-election.

Insurance of officers
During the financial year, Graziers' Investment Company Limited and its controlled entities have maintained a group policy to insure all directors and officers within the group. The nature of the insurance and amount of the premium payable are prohibited from disclosure by virtue of the terms of the insurance contract. The constitution of the company provides an indemnity for officers of the company against liability incurred by the officer in or arising out of the conduct of the business of the company or the discharge of the duties of the officer.

In addition, during October 2007, director's Deed of Indemnity Insurance and Access were entered into between Graziers' Investment Company Limited and the directors in office at that date. Also officer's Deed of Indemnity and Insurance were entered into between the company and key management personnel of The Woolmark Company Pty Ltd.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor
PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001.*

This report is made in accordance with a resolution of directors.

Barry Walker OAM, Chairman
Director

John Patten, Deputy Chairman
Director

Melbourne, 11 October 2011

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Graziers' Investment Company Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Graziers' Investment Company Limited and the entities it controlled during the period.

Alison Tait
Partner
PricewaterhouseCoopers

Melbourne
11 October 2011

Graziers' Investment Company Limited

ABN 29 095 401 200

Annual financial report - 30 June 2011

These financial statements cover the consolidated financial statements for the consolidated entity consisting of Graziers' Investment Company Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Graziers' Investment Company Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

369 Royal Parade
Parkville VIC 3052

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 9, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 11 October 2011. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Shareholders’ centre on our website: www.graziersinvestco.com.au

	Notes	Consolidated **2011** **$'000**	Consolidated 2010 $'000
Revenue from continuing operations	4	**3,862**	3,351
Other income	5	**-**	3,050
Changes in inventories of finished goods and work in progress		**(726)**	(491)
Employee benefits expense		**(1,989)**	(2,102)
Depreciation and amortisation expense	7	**(88)**	(83)
Exchange losses		**(46)**	-
Consultants		**(33)**	(42)
Marketing/sponsorships		**(5)**	(2)
Travel		**(24)**	(40)
Legal/professional fees		**(127)**	(106)
Communications		**(132)**	(128)
Rent & utilities		**(177)**	(234)
Other expenses from operating activities		**(330)**	(227)
Profit before income tax		**185**	2,946
Income tax expense	8	**(71)**	(2,760)
Profit from continuing operations		**114**	186
Profit/(loss) from discontinued operations	9(b)	**308**	(666)
Profit/(loss) for the year		**422**	(480)
Other comprehensive income			
Exchange differences on translation of foreign operations		**(335)**	89
Other comprehensive income for the year, net of tax		**(335)**	89
Total comprehensive income for the year		**87**	(391)
Profit/(loss) is attributable to:			
Owners of Graziers' Investment Company Limited		**383**	(516)
Non-controlling interests		**39**	36
		422	(480)
Total comprehensive income for the year is attributable to:			
Owners of Graziers' Investment Company Limited		**48**	(427)
Non-controlling interests		**39**	36
		87	(391)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2011 $'000	2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	10	**22,188**	18,581
Trade and other receivables	11	**1,707**	2,137
Inventories	12	**69**	3,698
Current tax receivables	13	**13**	18
Other current assets	14	**-**	86
Total current assets		**23,977**	24,520
Non-current assets			
Receivables	15	**36**	53
Property, plant and equipment	16	**319**	2,693
Deferred tax assets	17	**24**	411
Intangible assets	18	**11**	1,272
Total non-current assets		**390**	4,429
Total assets		**24,367**	28,949
LIABILITIES			
Current liabilities			
Trade and other payables	19	**1,866**	2,813
Borrowings	20	**4**	3
Current tax liabilities	22	**794**	2,804
Provisions	21	**2,395**	2,611
Other liabilities	23	**-**	1,401
Total current liabilities		**5,059**	9,632
Non-current liabilities			
Borrowings	24	**8**	12
Provisions	25	**419**	511
Total non-current liabilities		**427**	523
Total liabilities		**5,486**	10,155
Net assets		**18,881**	18,794
EQUITY			
Contributed equity	26	**57,334**	57,334
Reserves	27(a)	**(623)**	(288)
Accumulated losses	27(b)	**(38,137)**	(38,520)
Capital and reserves attributable to owners of Graziers' Investment Company Limited		**18,574**	18,526
Non-controlling interests	28	**307**	268
Total equity		**18,881**	18,794

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

		Attributable to owners of Graziers' Investment Company Limited					
	Notes	Contributed equity $'000	Reserves $'000	Accumulated Losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2009		**57,334**	**(377)**	**(38,000)**	**18,957**	**327**	**19,284**
Adjustment on correction of error (net of tax)	6(a)	-	-	(4)	(4)	-	(4)
Restated total equity at the beginning of the financial year		**57,334**	**(377)**	**(38,004)**	**18,953**	**327**	**19,280**
Total comprehensive income for the year		-	89	(516)	(427)	36	(391)
Transactions with owners in their capacity as owners:							
Dividends paid		-	-	-	-	(95)	(95)
Balance at 30 June 2010		**57,334**	**(288)**	**(38,520)**	**18,526**	**268**	**18,794**
Total comprehensive income for the year		-	(335)	383	48	39	87
Balance at 30 June 2011		**57,334**	**(623)**	**(38,137)**	**18,574**	**307**	**18,881**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Consolidated **2011** **$'000**	2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**2,206**	14,422
Payments to suppliers and employees (inclusive of goods and services tax)		**(3,685)**	(14,963)
		(1,479)	(541)
Interest received		**875**	674
Other revenue		**2**	321
Income taxes paid		**(72)**	(74)
IWS Pension Plan		**(586)**	(2,000)
Net cash inflow (outflow) from operating activities	36	**(1,260)**	(1,620)
Cash flows from investing activities			
Payments for property, plant and equipment	16	**(297)**	(528)
Proceeds (net) from sale of ANDAR's Business Assets	9(b)(1)(ii)	**8,133**	-
Proceeds from sale of property, plant and equipment		**20**	16
Proceeds (net) from sale of asset held for sale - Mumbai Property		**-**	7,679
Income taxes paid		**(1,558)**	(182)
Net cash inflow (outflow) from investing activities		**6,298**	6,985
Cash flows from financing activities			
Finance lease payments		**(3)**	(4)
Dividends paid to non-controlling interests in subsidiaries		**-**	(95)
Net cash inflow (outflow) from financing activities		**(3)**	(99)
Net increase (decrease) in cash and cash equivalents		**5,035**	5,266
Cash and cash equivalents at the beginning of the financial year		**18,581**	13,354
Effects of exchange rate changes on cash and cash equivalents		**(1,428)**	(39)
Cash and cash equivalents at end of year	10	**22,188**	18,581
Financing arrangements	24		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Graziers' Investment Company Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

(i) Compliance with IFRS
The consolidated financial statements of the Graziers' Investment Company Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(iii) Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Graziers' Investment Company Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Graziers' Investment Company Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(g)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

1 Summary of significant accounting policies (continued)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Changes in ownership interests
The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Graziers' Investment Company Limited.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the group's operations are measured using the currency of the primary economic environment in which it operates (‘the functional currency'). The financial statements are presented in Australian dollars, which is Graziers' Investment Company Limited's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group Companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

1 Summary of significant accounting policies (continued)

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit and loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.
The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of goods
A sale is recorded when goods have been delivered to the customer, the customer has accepted the goods and collectibility of the related receivables is probable.

(ii) Interest
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1 Summary of significant accounting policies (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Graziers' Investment Company Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation. As a consequence these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 16). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 32). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight-line basis over the period of the lease.

1 Summary of significant accounting policies (continued)

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree’s net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

1 Summary of significant accounting policies (continued)

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit of loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(k) Inventories

(i) Raw materials and stores, work in progress and finished goods
Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Construction work in progress
Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

(l) Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

1 Summary of significant accounting policies (continued)

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held-for-sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

(m) Investments and other financial assets

Classification
The group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be if they are expected to be settled within 12 months, otherwise they are classified as non-current.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 11) and receivables (note 15) in the balance sheet.

Impairment
The group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

1 Summary of significant accounting policies (continued)

(iii) Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and that amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Impairment testing of trade receivables is described in note 1(j).

(n) Property, plant and equipment

Land is not depreciated. Depreciation on other assets is calculated using the either the diminishing value ('DV') or straight line ('SL') method to allocate their cost or revalued amounts, net of their residual values. The diminishing value rates and building rates are the maximum rates permitted by the New Zealand Income Tax Act 2004. Depreciation on the other assets is over their estimated useful lives.

- Buildings	3% SL - 25% DV
- Plant and equipment	10% SL, 7.5% - 50% DV
- Leasehold improvements	40% SL

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(o) Intangible assets

(i) Goodwill
Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

1 Summary of significant accounting policies (continued)

(ii) Research and development
Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 5 years.

(iii) IT development and software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1 Summary of significant accounting policies (continued)

(r) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(s) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee entitlements. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
The group's legal or constructive obligation is limited to fixed contributions to defined superannuation plans of the employee's choice, which are recognised as an expense as they become payable.

(iv) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

1 Summary of significant accounting policies (continued)

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(u) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(v) Parent entity financial information

The financial information for the parent entity, Graziers' Investment Company Limited, disclosed in note 37 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Graziers' Investment Company Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation
Graziers' Investment Company Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Graziers' Investment Company Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

2 Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and aging analysis for credit risk.

2 Financial risk management (continued)

Risk management is carried out by management under policies approved by the board of directors. Management evaluates financial risks in co-operation with the group's operating units and considers actions required to mitigate any identified risks. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk
The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the NZ Dollar, Canadian Dollar, Euro and Indian Rupees.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management proactively manage this risk by creating natural hedges of currencies for expected cash usage by foreign operations and repatriates, where possible, surplus cash not required in the cash management activities of those operations into Australian dollars.

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30 June 2011				30 June 2010			
	INR $'000	**NZD $'000**	**CAD $'000**	**EUR $'000**	INR $'000	NZD $'000	CAD $'000	EUR $'000
Cash	**5,413**	**5,404**	**697**	**580**	8,181	1,242	810	623
Trade & other receivables	**388**	**-**	**-**	**52**	-	-	-	85
Other payables	**(144)**	**-**	**-**	**(351)**	(176)	-	-	(375)
Net exposure	**5,657**	**5,404**	**697**	**281**	8,005	1,242	810	333

Group sensitivity
Based on the financial instruments held at 30 June 2011, had the Australian Dollar weakened/strengthened by 10% against the Indian Rupee and New Zealand Dollar (2010 - Indian Rupee) with all other variables held constant, the group's post-tax profit for the year would have been $1,229,000 higher/$1,006,000 lower (2010 - $889,000 higher/$728,000 lower), mainly as a result of foreign exchange gains/losses on translation of Indian Rupee and New Zealand Dollar (2010 - Indian Rupee) denominated financial instruments as detailed in the above table. Profit is more sensitive to movements in the Australian Dollar / New Zealand Dollar exchange rates in 2011 than 2010 because of the increased amount of New Zealand Dollars denominated cash held by the group. The group's exposure to other foreign exchange movements is not material.

(ii) Price risk
The group does not have any significant price risks, nor is it exposed to commodity price risk.

2 Financial risk management (continued)

(iii) Cash flow and fair value interest rate risk
The group's main interest rate risk arises from cash and cash equivalents. The group policy is to hold cash on deposit over short term periods to ensure available cash resources when required.

As at the end of the reporting period, the group had the following variable interest rates:

	30 June 2011		30 June 2010	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Cash and cash equivalents	**5.0 %**	22,188	5.0 %	18,581
Net exposure to cash flow interest rate risk		22,188		18,581

Group sensitivity
At 30 June 2011, if interest rates had changed by -/+ 100 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been $222,000 lower/higher (2010 - change of 100 bps: $186,000 lower/higher), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions. The group's exposures to credit risks at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the consolidated balance sheet. The consolidated entity has no significant exposure to any concentrations of credit risk. Counterparties for financial instruments must have a minimum rating of AA- (long term) or A1+ (short term) by S&P Australian ratings. The credit quality of customers is considered, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external factors in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by management. Details of credit risk are included in notes 10 and 11.

Credit risk further arises in relation to financial guarantees given to certain parties (see note 24 for details). Such guarantees are only provided in exceptional circumstances and are subject to specific board approval.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

2 Financial risk management (continued)

Financing arrangements
The group has standby credit facilities of $Nil (2010 - $300,000) as disclosed in note 24(a).

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes
The group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group estimates its tax liabilities based on the group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Were the actual final outcome (on the judgement areas) to differ by 10% from management's estimates, the group would need to:
- increase the income tax liability by $12,000 if unfavourable, or
- decrease the income tax liability by $12,000 if favourable.

For the year ended 2010, had the final outcome differed by 10%, the increase/decrease was estimated to be $27,000 respectively.

4 Revenue

	Consolidated	
	2011	2010
	$'000	$'000
From continuing operations		
Sale of goods	**2,987**	2,680
Other revenue		
Interest	**875**	671
	3,862	3,351
From discontinued operations (note 9)		
Sales of goods (note 9(b)(1)(ii))	**13,907**	10,079
Exchange gains (note 9(b)(2)(ii)	**-**	151
	13,907	10,230

5 Other income

	Consolidated	
	2011	2010
	$'000	$'000
Net gain on sale of asset held for sale (note 9(a)(ii))	**-**	2,949
Foreign exchange gains (net)	**-**	101
	-	3,050

6 Correction of error, revision of estimates and variation from preliminary report

(a) Correction of error in accounting for leasing contract

A subsidiary undertook a detailed review of its leasing contracts and discovered that the terms and conditions of a contract for the lease of equipment had been misinterpretted. As a consequence, the equipment had been incorrectly accounted for as an operating lease rather than a finance lease.

The error has been corrected by restating each of the affected line items for the prior year, as described above.

	30 June 2010 $'000	**Increase/ (Decrease)** $'000	**30 June 2010 (Restated)** $'000	**30 June 2009** $'000	**Increase/ (Decrease)** $'000	**1 July 2009 (Restated)** $'000
Balance sheet (extract)						
Property, plant and equipment	2,682	11	2,693	2,471	15	2,486
Current borrowings	-	(3)	(3)	-	(4)	(4)
Non-current borrowings	-	(12)	(12)	-	(15)	(15)
Net assets	**18,798**	**(4)**	**18,794**	**19,284**	**(4)**	**19,280**
Accumulated losses	(38,516)	(4)	(38,520)	(38,000)	(4)	(38,004)
Total equity	**18,798**	**(4)**	**18,794**	**19,284**	**(4)**	**19,280**

7 Expenses

	Consolidated 2011 $'000	Consolidated 2010 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**72**	66
Leasehold improvements	**2**	3
Plant and equipment under finance leases	**3**	3
Total depreciation	**77**	72
Amortisation		
Software	**11**	11
Total amortisation	**11**	11
Total depreciation and amortisation	**88**	83
Rental expense relating to operating leases		
Minimum lease payments	**140**	146
Total rental expense relating to operating leases	**140**	146
Defined contribution superannuation expense	**154**	110
Provisions for legal claim (included in other income - net gain on sale of asset held for sale) - see note 25	**-**	511
Impairment losses - financial assets		
Trade receivables	**72**	5
Inventories	**125**	46

8 Income tax expense

	Consolidated 2011 $'000	Consolidated 2010 $'000
(a) Income tax expense		
Current tax	**90**	2,662
Deferred tax	**387**	(66)
Adjustments for current tax of prior years	**29**	88
	506	2,684

8 Income tax expense (continued)

	Consolidated 2011 $'000	2010 $'000
Income tax expense is attributable to:		
Profit from continuing operations	**71**	2,760
Profit/(loss) from discontinued operations	**435**	(76)
Aggregate income tax expense	**506**	2,684
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 17)	**387**	(66)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated 2011 $'000	2010 $'000
Profit from continuing operations before income tax expense	**185**	2,946
Profit/(loss) from discontinuing operations before income tax expense	**743**	(742)
	928	2,204
Tax at the Australian tax rate of 30% (2010 - 30%)	**278**	661
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Legal fees	**-**	2
Foreign attributable income - Mumbai property	**374**	1,375
IWS Pension Plan	**59**	-
Sundry items	**15**	12
	726	2,050
Withholding tax on foreign income - Mumbai property	**-**	890
Differences in overseas tax rates	**-**	(554)
Adjustments for current tax of prior periods	**27**	80
Deferred tax	**-**	271
Previously unrecognised tax losses now recouped	**(247)**	(53)
	(220)	634
Total income tax expense	**506**	2,684

(c) Tax losses

	Consolidated 2011 $'000	2010 $'000
Unused tax losses for which no deferred tax asset has been recognised	**23,093**	23,340
Potential tax benefit @ 30%	**6,928**	7,002

8 Income tax expense (continued)

(d) Tax consolidation legislation

Graziers' Investment Company Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(e).

9 Non-current assets classified as held for sale and discontinued operations

(a) Assets classified as held for sale

On 3 May 2010 the Mumbai Property was sold and a Deed of Transfer, effecting transfer of ownership in the property, was executed. However, the repatriation of funds from India (refer note 9(b)(2)) and resolution of the legal claim outlined in note 25 are yet to be finalised.

The Mumbai Property was held in trust by Woolmark Services India Private Limited, a subsidiary of Australian Wool Innovation Limited ('AWI'), on behalf of Graziers' Investment Company Limited ('GIC'), pursuant to a Share Sale and Purchase Agreement and Completion Deed, entered into by AWI and GIC as part of the sale of the key assets in October 2007. Upon the sale of the Mumbai Property the net proceeds received from the sale are now held in trust by Woolmark Services India Private Limited and as yet have not been released by AWI to GIC (Refer note 9(b)(2)).

All rental income and obligations incurred in connection with the operation and subsequent sale of the Mumbai Property, including rates, taxes and other outgoings are GIC's responsibility which have been met. GIC has indemnified AWI against all possible losses and costs arising from the sale of the Mumbai Property.

50% of any net proceeds above book value received by the company from the sale/valuation of this property is payable to the Trustees of the IWS Retirement Benefits Plan - refer note 23(a).

Financial information relating to the sale of the property as at the date of sale is set out below.

(i) Net gain on sale of asset held for sale

	3 May 2010 $'000
Mumbai Property	
Sales proceeds	7,797
Book value	(3,598)
Associated sale costs	(859)
Net gain before tax	3,340
Capital Gains Tax	(1,668)
Estimated net gain available for distribution to Trustees	1,672
Withholding tax	(890)
Estimated net sale proceeds available for distribution to Trustees	782
50% payable to Trustees of the IWS Retirement Benefits Plan (note 23)	391

9 Non-current assets classified as held for sale and discontinued operations (continued)

(ii) Reconciliation to other income

The above figures are reconciled to net gain on sale of asset held for sale, as shown in other income at note 5, as follows:-

		Consolidated	
		2011	2010
	Notes	**$'000**	$'000
Net gain before tax	9(a)(i)	**-**	3,340
50% payable to Trustees of the IWS Retirement Benefits Plan	9(a)(i)	**-**	(391)
Net gain on sale of asset held for sale	5	**-**	2,949

(b) Discontinued operations

		Consolidated	
		2011	2010
	Notes	**$'000**	$'000
GIC (NZ) Limited	9(b)(1)(ii)	**1,701**	(769)
Legacy Issues	9(b)(2)(ii)	**(1,393)**	103
Profit / (loss) from discontinued operations		**308**	(666)
Profit/(loss) attributable to owners of the parenty entity relates to:			
Profit from continuing operation		**75**	150
Profit/(loss) from discontinued operations		**308**	(666)
		383	(516)

(1) GIC (NZ) Limited (formerly Andar Holdings Limited)

(i) Description

On 27 May 2011 the Business Assets of GIC (NZ) Limited (formerly Andar Holdings Limited) ('ANDAR's Business Assets') were sold with effect from 29 May 2011 and is reported in these financial accounts as a discontinued operation. The sale was effected by transferring the ongoing New Zealand Business operations and certain Assets comprising:-

◊ The New Zealand engineering, manufacturing and Front Store retailing Businesses; and

◊ The entity's Goodwill, Land, Property, Plant & Equipment and Inventory.

The settlement process, including any associated taxes, is yet to be finalised.

Financial information relating to the discontinued operation for the reporting period is set out below.

9 Non-current assets classified as held for sale and discontinued operations (continued)

(ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the eleven months ended 28 May 2011 (2011 column) and 30 June 2010.

	Consolidated	
	2011	2010
	$'000	$'000
Revenue (note 4)	**13,907**	10,079
Expenses	**(13,619)**	(10,924)
Profit/(loss) before income tax	**288**	(845)
Income tax expense	**-**	76
Profit/(loss) after income tax of discontinued operation	**288**	(769)
Gain on sale of the division before income tax	**1,819**	-
Income tax expense	**(406)**	-
Gain on sale of the division after income tax	**1,413**	-
Profit/(loss) from discontinued operations - GIC (NZ) Limited	**1,701**	(769)
Net cash inflow from operating activities	**544**	161
Net cash inflow (outflow) from investing activities (2011 includes a net inflow of $8,133,000 from the sale of ANDAR's Business Assets)	**4,912**	(425)
Net increase (decrease) in cash generated by the division	**5,456**	(264)

(iii) Details of the sale of the division

	Consolidated	
	2011	2010
	$'000	$'000
Consideration received or receivable:		
Cash	**8,218**	-
Settlement adjustment	**(274)**	-
Total disposal consideration	**7,944**	-
Carrying amount of net assets sold	**(5,558)**	-
Associated costs of disposal	**(567)**	-
Gain on sale before income tax	**1,819**	-
Income tax expense	**(406)**	-
Gain on sale after income tax	**1,413**	-

9 Non-current assets classified as held for sale and discontinued operations (continued)

The carrying amounts of assets and liabilities as at the date of sale (28 May 2011) were:

	28 May 2011 $'000
Property, plant and equipment	2,195
Inventories	2,524
Goodwill	1,225
Total assets	**5,944**
Other payables	(55)
Provision for employee benefits	(331)
Total liabilities	**(386)**
Net assets	**5,558**

(2) Legacy issues

(i) Description

As approved by the majority of the shareholders' votes at a General Meeting held on 28 August 2007, Graziers' Investment Company Limited ('GIC') sold the key assets of The Woolmark Company Pty Ltd, a controlled entity, to Australian Wool Innovation Limited ('AWI') on 5 October 2007. The group remained responsible for legacies, inherited from entities which have ceased trading and from the disposal of assets, including the Mumbai Property. GIC has indemnified AWI against all possible losses and costs arising from the sale of the Mumbai Property.

The legacies principally relate to the conclusion of the IWS Retirement Benefits Plan (refer note 23(a)), the repatriation of cash held in trust by AWI in India (refer notes 9(a) and 10(c)) and tax issues in Canada and Paris. Once the tax matters are concluded any cash held in these countries will be repatriated and the entities will be dissolved. Any associated costs and exchange movements in connection with these legacy matters are reported in these financial statements as discontinued operations.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the years ended 30 June 2011 and 30 June 2010.

9 Non-current assets classified as held for sale and discontinued operations (continued)

	Consolidated	
	2011	2010
	$'000	$'000
Revenue (note 4)	**-**	151
Exchange loss - Mumbai Property cash held in trust (net) (Refer notes 9(a) and 10(c))	**(932)**	-
Expenses, including exchange losses - other legacy matters	**(432)**	(48)
(Loss)/profit before income tax	**(1,364)**	103
Income tax expense	**(29)**	-
(Loss)/profit after income tax of discontinued operation	**(1,393)**	103
(Loss)/profit from discontinued operations - Legacy Issues	**(1,393)**	103
Net cash (outflow) from operating activities	**(123)**	(48)
Net exchange loss - Mumbai Property cash held in trust at year end	**(1,192)**	-
Net cash (outflow) from investing activities	**(1,558)**	-
Net decrease in cash generated by the division	**(2,873)**	(48)

10 Current assets - Cash and cash equivalents

	Consolidated	
	2011	2010
	$'000	$'000
Cash at bank and in hand	**7,133**	11,478
Deposits at call	**12,621**	4,577
Other cash and cash equivalents	**2,434**	2,526
	22,188	18,581

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the consolidated statement of cash flows as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Balances as above	**22,188**	18,581

10 Current assets - Cash and cash equivalents (continued)

(b) Risk exposure

The group's and the parent entity's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(c) Cash held in trust

Pursuant to a Share Sale and Purchase Agreement and Completion Deed dated 31 July 2007 and 5 October 2007 respectively the following cash is held by a subsidiary of Australian Wool Innovation Limited in trust for the benefit of Graziers' Investment Company Limited ('GIC') until GIC is able to repatriate or utilise the funds (note 9(a)).

		2011		2010	
	Currency	**Amount**	**AUD $'000**	Amount	AUD $'000
Cash held in trust by					
Woolmark Services India Private Limited	**Rs**	**259,066,967**	**5,413**	320,945,335	8,181

(d) Other cash and cash equivalents

Other cash represents deposits held by banks as security to cover the Letter of Credit guaranteeing the company's IWS Retirement Benefits Plan obligations as outlined in note 23(a) and the legal claim being disputed as outlined in note 25.

(e) Fair value

In some foreign jurisdictions between 10% - 20% withholding tax may be withheld on cash repatriated to Australia. A tax liability of $794,000 (2010 - $1,246,000) has been recognised in relation to the expected withholding tax payable upon the repatriation of this cash to Australia - refer note 22.

11 Current assets - Trade and other receivables

	Consolidated	
	2011 $'000	2010 $'000
Trade receivables	**1,739**	2,067
Provision for impairment of receivables (note (a))	**(135)**	(122)
	1,604	1,945
Other receivables * (note (c))	**13**	32
Prepayments	**90**	160
	1,707	2,137

* Refer to note 15 for the non-current portions of these receivables.

11 Current assets - Trade and other receivables (continued)

(a) Impaired trade receivables

As at 30 June 2011 current trade receivables of the group with a nominal value of $135,000 (2010 - $122,000) were impaired. The amount of the provision was $135,000 (2010 - $122,000). The individually impaired receivables mainly relate to wholesalers, which are in unexpectedly difficult economic situations.

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2011	2010
	$'000	$'000
At 1 July	**(122)**	(74)
Provision for impairment recognised during the year	**(72)**	(51)
Receivables written off during the year as uncollectible	**59**	3
	(135)	(122)

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As at 30 June 2011, trade receivables of $622,000 (2010 - $523,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The other classes within trade and other receivables do not contain impaired assets. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Collateral is not normally obtained.

(d) Foreign exchange and interest rate risk

Information about the group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(e) Fair value and credit risk

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the group and the credit quality of the entity's trade receivables.

12 Current assets - Inventories

	Consolidated	
	2011	2010
	$'000	$'000
Raw materials - at cost	**9**	2,642
Finished goods - at cost	**-**	285
Work in progress - at cost (note (a))	**60**	771
	69	3,698

(a) Construction contracts

Amounts totalling $Nil (2010 - $1,010,000) received as advances on construction contracts in progress are disclosed as customer advance payments in note 23.

13 Current assets - Current tax receivables

	Consolidated	
	2011	2010
	$'000	$'000
Excess of tax paid for current period over amount due	**13**	18

14 Current assets - Other current assets

	Consolidated	
	2011	2010
	$'000	$'000
Deferred expenditures	**-**	86

15 Non-current assets - Receivables

	Consolidated	
	2011	2010
	$'000	$'000
Other receivables	**36**	53

* Refer to note 11 for the current portions of these receivables.

16 Non-current assets - Property, plant and equipment

	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Leasehold improve-ments $'000	Leased plant & equipment (note (a)) $'000	Total $'000
At 1 July 2009						
Cost or fair value	157	1,973	4,180	86	23	6,419
Accumulated depreciation	-	(875)	(3,012)	(38)	(8)	(3,933)
Net book amount	157	1,098	1,168	48	15	2,486
Year ended 30 June 2009						
Opening net book amount	157	1,098	1,168	48	15	2,486
Exchange differences	2	16	10	-	-	28
Additions	-	72	321	135	-	528
Disposals	-	-	(16)	-	-	(16)
Depreciation charge					-	
- Continuing operations	-	-	(66)	(3)	(3)	(72)
- Discontinuing operations	-	(56)	(197)	(8)	-	(261)
Closing net book amount	159	1,130	1,220	172	12	2,693
At 30 June 2010						
Cost or fair value	159	2,076	4,475	221	23	6,954
Accumulated depreciation	-	(946)	(3,255)	(49)	(11)	(4,261)
Net book amount	159	1,130	1,220	172	12	2,693
Year ended 30 June 2010						
Opening net book amount	159	1,130	1,220	172	12	2,693
Exchange differences	(9)	(70)	(54)	(9)	-	(142)
Additions	-	20	275	2	-	297
Disposals	(150)	(1,026)	(900)	(137)	-	(2,213)
Depreciation charge					-	
- Continuing operations	-	-	(72)	(2)	(3)	(77)
- Discontinuing operations	-	(54)	(168)	(17)	-	(239)
Closing net book amount	-	-	301	9	9	319
At 30 June 2011						
Cost or fair value	-	-	857	41	23	921
Accumulated depreciation	-	-	(556)	(32)	(14)	(602)
Net book amount	-	-	301	9	9	319

(a) Correction of error

Refer to note 6(a) for explanations of an error made in accounting for a leasing contract in previous financial years and retrospective adjustments recognised on 1 July 2009 and 30 June 2010. The amounts disclosed in this note are after these adjustments.

17 Non-current assets - Deferred tax assets

	Consolidated	
	2011	2010
	$'000	$'000
The balance comprises temporary differences attributable to:		
Tax losses	**-**	421
Employee benefits	**24**	203
	24	624
Other		
Doubtful debts	**-**	20
Inventory provision	**-**	36
Provision for warranties	**-**	2
Sub-total other	**-**	58
Total deferred tax assets	**24**	682
Set-off of deferred tax liabilities of group pursuant to set-off provisions	**-**	(271)
Net deferred tax assets	**24**	411
Deferred tax assets to be recovered within 12 months	**-**	240
Deferred tax assets to be recovered after more than 12 months	**24**	171
	24	411

18 Non-current assets - Intangible assets

	Goodwill $'000	Computer software $'000	Total $'000
At 1 July 2009			
Cost	1,395	33	1,428
Accumulated amortisation and impairment	(151)	-	(151)
Net book amount	1,244	33	1,277
Year ended 30 June 2009			
Opening net book amount	1,244	33	1,277
Amortisation charge *	-	(11)	(11)
Exchange differences	6	-	6
Closing net book amount	1,250	22	1,272
At 30 June 2010			
Cost	1,401	33	1,434
Accumulated amortisation and impairment	(151)	(11)	(162)
Net book amount	1,250	22	1,272

18 Non-current assets - Intangible assets (continued)

	Goodwill $'000	Computer software $'000	Total $'000
Year 30 June 2011			
Opening net book amount	1,250	22	1,272
Business sold	(1,225)	-	(1,225)
Amortisation charge *	-	(11)	(11)
Exchange differences	(25)	-	(25)
Closing net book amount	-	11	11
At 30 June 2011			
Cost	-	33	33
Accumulated amortisation and impairment	-	(22)	(22)
Net book amount	-	11	11

* Amortisation of $11,000 (2010: $11,000) is included in depreciation and amortisation expense in the income statement.

19 Current liabilities - Trade and other payables

	Consolidated 2011 $'000	Consolidated 2010 $'000
Trade payables	**1,521**	2,637
Other payables	**345**	176
	1,866	2,813

20 Current liabilities - Borrowings

	Consolidated 2011 $'000	Consolidated 2010 $'000
Lease liabilities (note 32)	**4**	3

(a) Risk exposures

Details of the group's exposure to risks arising from current and non-current borrowings are set out in note 2.

(b) Security

Information about the security relating to each of the secured liabilities are set out in note 24.

20 Current liabilities - Borrowings (continued)

(c) Correction of error

Refer to note 6(a) for explanations of an error made in accounting for a leasing contract in previous financial years and retrospective adjustments recognised on 1 July 2009 and 30 June 2010. The amounts disclosed in this note are after these adjustments.

21 Current liabilities - Provisions

	Consolidated	
	2011	2010
	$'000	$'000
Employee benefits (note (c))	**500**	781
Service warranties (note (a))	**154**	5
Tax claims (note 31(b)(i))	**1,656**	1,740
Other provisions	**85**	85
	2,395	2,611

(a) Service warranties

Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(b) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Service warranties $'000	Tax claims $'000	Other provisions $'000	Total $'000
2011				
Current				
Carrying amount at start of year	5	1,740	85	1,830
Charged/(credited) to profit or loss				
- additional provisions recognised	149	-	-	149
- exchange differences	-	(84)	-	(84)
Carrying amount at end of year	154	1,656	85	1,895

21 Current liabilities - Provisions (continued)

	Service warranties $'000	Tax claims $'000	Other provisions $'000	Total $'000
2010				
Current				
Carrying amount at start of year	180	2,080	-	2,260
Charged/(credited) to profit or loss				
- additional provisions recognised	9	-	85	94
- unused amounts reversed	(83)	-	-	(83)
- exchange differences	-	(340)	-	(340)
Amounts used during the period	(101)	-	-	(101)
Carrying amount at end of year	5	1,740	85	1,830

(c) Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave, long service leave and termination benefits. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	Consolidated	
	2011 $'000	2010 $'000
Leave obligations expected to be settled after 12 months	**371**	391

22 Current liabilities - Current tax liabilities

	Consolidated	
	2011 $'000	2010 $'000
Withholding tax	**794**	1,246
Other taxes	**-**	1,558
	794	2,804

23 Current liabilities - Other liabilities

	Consolidated	
	2011	2010
	$'000	$'000
Customer payments in advance	**-**	1,010
IWS Retirement Benefits Plan (note (a))	**-**	391
	-	1,401

(a) IWS Retirement Benefits Plan

On 5 October 2007 Graziers' Investment Company Limited reached an agreement with the IWS Retirement Benefits Plan ('Plan') Trustees for the future management of the Plan which crystallises the company's ongoing exposure to the Plan.

The agreement with the Trustees has been given clearance by the UK Pensions Regulator and a Determination by the Pension Protection Fund Board and results in a settlement of the Plan as at 5 October 2007.

Pursuant to that agreement, the company agreed to pay $13 million to the Plan in three instalments of $9 million, $2 million and $2 million each. The company has since paid all three instalments.

The agreement also provides that if GIC (NZ) Limited (formerly Andar Holdings Limited) ('ANDAR') and the Mumbai Property (disclosed in these accounts as an asset held for sale) is sold by 1 January 2010 or in the absence of a sale is valued at 1 January 2010 above book value that the Trustees will receive a further payment equal to 50% of any net excess above book value. As ANDAR was not sold by 1 January 2010 a valuation was undertaken in accordance with the agreement and resulted in a nil payment to the Trustees. However, an amount of $586,000 has been paid to the Trustees from the sale of the Mumbai Property.

As an additional condition of the agreement with the Trustees, an Irrevocable Letter of Credit has been arranged, in favour of the IWS Retirement Benefits Plan Trustees, to guarantee any payments due to the Trustees. The Letter of Credit must remain in place until at least 2 March 2012 and will only operate to the extent that Graziers' Investment Company Limited fails to comply with the terms of any payment due to the Trustees, as set out in the agreement. As all obligations by GIC to make payments under the agreement have been met it is unlikely that the irrevocable Letter of Credit will be drawn down.

24 Non-current liabilities - Borrowings

	Consolidated	
	2011	2010
	$'000	$'000
Lease liabilities (note 32)	**8**	12

24 Non-current liabilities - Borrowings (continued)

(a) Financing arrangements

The group had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated	
	2011	2010
	$'000	$'000
Floating rate		
Interchangeable bank overdraft facility	**-**	300
Used at balance date	**-**	-
	-	300

The interchangeable bank overdraft facility was terminated upon the sale of the Business Assets of GIC (NZ) Limited (formerly ANDAR Holdings Limited).

The parent entity has provided financial guarantees in respect of the interchangeable bank overdraft of subsidiaries amounting to $Nil (2010 - $300,000), secured by first mortgages over the group's freehold land and buildings and a Master Agreement for Foreign Exchange and Option Transactions.

The debentures issued by the board of GIC (NZ) Limited (formerly ANDAR Holdings Limited) are secured by fixed and floating charges over the company's assets.

(b) Fair value

The fair value of the financial assets and liabilities is deemed to be the carrying amount.

(c) Risk exposures

Information about the entity's exposure to interest rate and foreign currency changes is provided in note 2.

(d) Correction of error

Refer to note 6(a) for explanations of an error made in accounting for a leasing contract in previous financial years and retrospective adjustments recognised on 1 July 2009 and 30 June 2010. The amounts disclosed in this note are after these adjustments.

25 Non-current liabilities - Provisions

	Consolidated	
	2011	2010
	$'000	$'000
Legal claims	**419**	511

25 Non-current liabilities - Provisions (continued)

The Mumbai Property held for sale (refer note 9(a)) was originally purchased by International Wool Secretariat ('IWS') and, pursuant to approval by the Reserve Bank of India, was gifted to Woolmark Services India Private Limited ('WSIPL') in 2002, in accordance with the terms of a Deed of Transfer.

The Collector, in India, has issued a demand to WSIPL for Rs.20,058,000 ($419,000, (2010 $511,000)) towards transfer fees, including penalties, for the transfer of the property by IWS to WSIPL in 2002.

WSIPL formed part of the company's key assets sold to Australian Wool Innovation Limited on 5 October 2007 (refer note 9(b)(2)(i)) however, pursuant to the Share Sale and Purchase Agreement and Completion Deed all obligations and benefits in relation to the Mumbai Property held for sale vest with the company.

A provision has been recognised for this amount. However, after taking appropriate legal advice, the directors have decided to appeal against the claim. No payment has been made to the claimant however, an equivalent amount is held in an Escrow Account with a bank, pending the outcome of the appeal.

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Legal claims $'000	**Total $'000**
2010		
Non-current		
Carrying amount at start of year	511	511
Charged/(credited) to the income statement		
- exchange differences	(92)	(92)
Carrying amount at end of year	419	419

26 Contributed equity

	Consolidated	
	2011 $'000	2010 $'000
(a) Share capital		
Ordinary shares		
Fully paid	**57,334**	57,334

26 Contributed equity (continued)

(b) Movements in ordinary share capital:

Date	Details	'B' Class Shares
1 July 2009	Opening balance	2,093,586
30 June 2011	Balance	2,093,586

There has been no movement in ordinary share capital.

(c) Ordinary shares

The net worth of Graziers' Investment Company Limited as at 1 January 2001 was treated as equivalent to its consolidated net asset value on that date. In accordance with section 17, of the Wool Services Privatisation Act 2000, this is deemed to be its share capital which was issued to woolgrowers at nil cost.

'B' class shares entitle the holder to:

(ii) on a poll, one vote for each fully paid 'B' class share held

(iii) vote at a general meeting

(iv) dividends declared

(v) the right to participate in the profits or assets of the company (whether surplus or otherwise)

27 Reserves and accumulated losses

	Consolidated 2011 $'000	Consolidated 2010 $'000
(a) Reserves		
Foreign currency translation	**(623)**	(288)
Movements:		
Foreign currency translation reserve		
Balance 1 July	**(288)**	(377)
Currency translation differences arising during the year	**(335)**	89
Balance 30 June	**(623)**	(288)

27 Reserves and accumulated losses (continued)

(b) Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Balance 1 July *	**(38,520)**	(38,004)
Net profit/(loss) for the year	**383**	(516)
Balance 30 June	**(38,137)**	(38,520)

* Refer to note 6(a) for explanations of an error made in the accounting for a leasing contract in prior years and retrospective adjustments recognised on 1 July 2009 and 30 June 2010. The amounts disclosed in this note are after these adjustments.

(c) Nature and purpose of reserves

(i) Foreign currency translation
Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

28 Non-controlling interests

	Consolidated	
	2011	2010
	$'000	$'000
Interest in:		
Share capital	**38**	38
Retained profits	**269**	230
	307	268

29 Key management personnel disclosures

(a) Directors

The following persons were directors of Graziers' Investment Company Limited during the financial year:

(i) Chairman - non-executive
B.C. Walker OAM

(ii) Non-executive directors
J.M Patten
P.M. Attard
R.L. Sefton

29 Key management personnel disclosures (continued)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, during the financial year:

E. Beever	Group General Manager	GIC Holdings Pty Ltd
M. Wiig	CEO - Andar Holdings Limited (until 30 June 2011)	Andar Holdings Limited
C. Wilson	Managing Director - Andar Tool & Press Limited	Andar Tool & Press Limited
G. Lillie	Director - Andar Tool & Press Limited	Andar Tool & Press Limited

All of the above persons were also key management persons during the year ended 30 June 2010.

J.L. Irvine was a key management person during the year ended 30 June 2010 until he resigned as Managing Director of Andar Holdings Limited on 31 May 2010.

(c) Key management personnel compensation

	Consolidated	
	2011	2010
	$'000	$'000
Short-term employee benefits	**866**	852
Post-employment benefits	**103**	92
Termination benefits	**232**	222
Share-based payments	**-**	95
	1,201	1,261

(d) Details of remuneration

Details of the remuneration of each director of Graziers' Investment Company Limited is set out in the following tables.

2011

Name	Total $
Non-executive directors	
B.C. Walker	71,390
J.M. Patten	59,950
P.M. Attard	50,000
R.L. Sefton	21,800
Total	203,140

2010

Name	Total $
Non-executive directors	
B.C. Walker	71,525
J.M. Patten	59,950
P.M. Attard	47,600
Dr I. Hilton (Resigned 1 July 2010)	20,000
R.L. Sefton (Appointed 1 July 2010)	-
Total	199,075

30 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	Consolidated 2011 $	2010 $
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports	**72,134**	72,960
Other assurance services		
Accounts assistance	**2,550**	2,050
Total remuneration for audit and other assurance services	**74,684**	75,010
Other services		
Employment advice	**1,500**	-
Total remuneration of PricewaterhouseCoopers Australia	**76,184**	75,010
(b) Related practices of PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial statements	**4,927**	17,421
Other assurance services		
Due diligence services	**-**	3,414
Total remuneration for audit and other assurance services	**4,927**	20,835
Taxation services		
Tax compliance services	**31,258**	99,827
International tax consulting and tax advice on disposal of assets held for sale	**-**	14,838
Total remuneration for taxation services	**31,258**	114,665
Other services		
Employment services	**-**	3,096
Liquidation services	**18,411**	-
Total remuneration of related practices of PricewaterhouseCoopers Australia	**54,596**	138,596
Total auditors' remuneration	**130,780**	213,606

It is the group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the group are important. These assignments are principally tax advice and other statutory services, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the group's policy to seek competitive tenders for all major consulting projects.

31 Contingencies

(a) Contingent liabilities

The group had contingent liabilities at 30 June 2011 in respect of:

(i) Guarantees

For information about guarantees given by entities within the group, including the parent entity, refer to notes 35 and 37.

(ii) Warranties

As approved by the majority of the shareholders' votes at a General Meeting held on 28 August 2007, Graziers' Investment Company Limited sold the key assets of the company's core business to Australian Wool Innovation Limited pursuant to a Share Sale and Purchase Agreement.

The Agreement provides an indemnity, subject to certain exceptions, from Graziers' Investment Company Limited ('GIC') or GIC Holdings Pty Ltd ('GICH') to Australian Wool Innovation Limited ('Buyer') against any amount of tax payable relating to activities by any group company prior to 5 October 2007. An Indian tax authority has raised a demand for tax payable of Rs.11,343,256 ($237,000), excluding interest and penalties, in respect of the Indian company's activities. GIC, GICH and the Buyer are disputing this demand. As at 11 October 2011 there has been no other demand from a tax authority triggering this indemnity.

No material losses are anticipated in respect of any of the above contingent liabilities.

(b) Contingent assets

(i) Tax Appeal

A subsidiary has lodged an appeal at the Supreme Court in France against the French Tax Authorities for capital gains tax paid on the sale of a property in France. Based on legal advice received the directors believe that a favourable outcome is probable. However, the contingent asset has not been recognised as a receivable at 30 June 2011 as receipt of the amount is dependent on the outcome of the appeal process.

The gross amount of capital gains tax receivable, subject to the legal appeal process against the taxation assessment being favourable, is approximately EUR1,200,000 ($1,656,000).

(ii) Legal claim

The legal claim outlined in note 25 has been referred to arbitration and, having received legal advice, the directors believe that a favourable outcome is probable. However, the contingent asset has not been recognised as a receivable at 30 June 2011 as the amount is dependent upon the outcome of the arbitration process.

32 Commitments

(a) Lease commitments : Group as lessee

(i) Non-cancellable operating leases
The group leases various offices and factories under non-cancellable operating leases expiring within less than one to three years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated	
	2011	2010
	$'000	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**157**	285
Later than one year but not later than five years	**327**	833
Later than five years	**-**	77
	484	1,195

(ii) Finance leases
The group leases a motor vehicle with a carrying amount of $23,000 under a finance lease expiring within two years. Under the terms of the lease, the group has the option to acquire the leased asset for 32% of its agreed fair value on expiry of the lease. This option lapses in the event the group fails to maintain its credit rating at the level prevailing at inception of the lease.

	Consolidated	
	2011	2010
	$'000	$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**5**	5
Later than one year but not later than five years	**9**	13
Minimum lease payments	**14**	18
Future finance charges	**(2)**	(3)
Recognised as a liability	**12**	15
Representing lease liabilities:		
Current (note 20)	**4**	3
Non-current (note 24)	**8**	12
	12	15

The interest rate implicit in the lease is 10.95%.

33 Related party transactions

(a) Parent entities

The parent entity within the group is Graziers' Investment Company Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 34.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 29(c).

34 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding 2011 %	Equity holding 2010 %
Subsidiaries controlled by Graziers' Investment Company Limited				
GIC Holdings Pty Ltd*	Australia	Ordinary	**100**	100
Subsidiaries controlled by GIC Holdings Pty Ltd				
International Wool Secretariat	Not resident in any country	N/A	**100**	100
GIC (NZ) Limited (formerly Andar Holdings Limited)	New Zealand	Ordinary	**100**	100
GIC (Europe) Limited	England	Ordinary	**100**	100
Woolmark (Americas) Limited	Canada	Ordinary	**100**	100
Subsidiaries controlled by International Wool Secretariat				
Textile Development Holdings BV	Netherlands	Ordinary	**100**	100
WDI (UK) Limited **	England	Ordinary	**-**	100
Subsidiaries controlled by Andar Holdings Limited				
Andar Tool & Press Limited	New Zealand	Ordinary	**62**	62

* This subsidiary has been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 35.

** This subsidiary was dissolved on 25 June 2011.

35 Deed of cross guarantee

Graziers' Investment Company Limited and GIC Holdings Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated accumulated losses

The above companies represent a 'Closed Group' for the purposes of the Class Order and, as there are no other parties to the Deed of Cross Guarantee that are controlled by Graziers' Investment Company Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated income statement and a summary of movements in consolidated accumulated losses for the year ended 30 June 2011 of the Closed Group consisting of Graziers' Investment Company Limited and GIC Holdings Pty Ltd.

	2011 **$'000**	2010 $'000
Income statement		
Revenue from continuing operations	**1,280**	896
Other income	**1,549**	3,048
Employee benefits expense	**(478)**	(531)
Depreciation and amortisation expense	**(20)**	(20)
Consultants	**(32)**	(42)
Travel	**(17)**	(33)
Legal/professional	**(122)**	(150)
Communications	**(80)**	(79)
Rent & utilities	**(36)**	(46)
Other expenses	**(59)**	(55)
Profit before income tax	**1,985**	2,988
Income tax expense	**-**	(2,557)
Profit from continuing operations	**1,985**	431
Loss from discontinued operation	**(1,274)**	(201)
Profit for the year	**711**	230
Summary of movements in consolidated accumulated losses		
Accumulated losses at the beginning of the financial year	**(41,513)**	(41,743)
Profit for the year	**711**	230
Accumulated losses at the end of the financial year	**(40,802)**	(41,513)

35 Deed of cross guarantee (continued)

(b) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2011 of the Closed Group consisting of Graziers' Investment Company Limited and GIC Holdings Pty Ltd.

	2011 $'000	2010 $'000
Current assets		
Cash and cash equivalents	**14,967**	16,587
Trade and other receivables	**2,952**	2,897
Inventories	**-**	185
Other	**90**	84
Total current assets	**18,009**	19,753
Non-current assets		
Other financial assets	**3,934**	3,934
Property, plant and equipment	**12**	20
Intangible assets	**11**	22
Total non-current assets	**3,957**	3,976
Total assets	**21,966**	23,729
Current liabilities		
Trade and other payables	**4,063**	4,129
Current tax liabilities	**522**	2,491
Other liabilities	**-**	391
Provisions	**430**	216
Total current liabilities	**5,015**	7,227
Non-current liabilities		
Provisions	**419**	681
Total non-current liabilities	**419**	681
Total liabilities	**5,434**	7,908
Net assets	**16,532**	15,821
Equity		
Contributed equity	**57,334**	57,334
Accumulated losses	**(40,802)**	(41,513)
Total equity	**16,532**	15,821

36 Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	Consolidated	
	2011	2010
	$'000	$'000
Profit/(loss) for the year	**422**	(480)
Depreciation and amortisation	**327**	344
Net (gain) loss on sale of non-current assets	**(1,413)**	(2,949)
Net exchange differences	**804**	124
Change in operating assets and liabilities, net of effects from sale of discontinued operation		
(Increase) decrease in trade debtors	**98**	724
(Increase) decrease in inventories	**1,182**	(727)
(Increase) decrease in deferred tax assets	**-**	(66)
(Increase) decrease in current tax asset	**-**	112
(Increase) decrease in other operating assets	**156**	(81)
Increase (decrease) in trade creditors	**(1,322)**	457
Increase (decrease) in other operating liabilities	**(955)**	812
Increase (decrease) in retirement benefit obligations	**(391)**	(2,000)
Increase (decrease) in other provisions	**(168)**	2,110
Net cash inflow (outflow) from operating activities	**(1,260)**	(1,620)

37 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent entity	
	2011	2010
	$'000	$'000
Balance sheet		
Non-current assets	**18,881**	18,794
Total assets	**18,881**	18,794
Shareholders' equity		
Contributed equity	**57,334**	57,334
Retained earnings	**(38,453)**	(38,540)
	18,881	18,794
Profit or (loss) for the year	**87**	(3,202)
Total comprehensive income	**87**	(3,202)

37 Parent entity financial information (continued)

(b) Guarantees entered into by the parent entity

The parent entity has provided financial guarantees in respect of interchangeable bank overdrafts of subsidiaries amounting to $Nil (2010 - $300,000), secured by registered mortgages over the freehold properties of the subsidiaries and a Master Agreement for Foreign Exchange and Option Transaction as outlined in note 24.

In addition, there are cross guarantees given by Graziers' Investment Company Limited and GIC Holdings Pty Ltd as described in note 35. No deficiencies of assets exist in any of these companies.

The parent entity has further arranged an Irrevocable Letter of Credit in favour of the Trustees to guarantee the remaining payment to the IWS Retirement Benefits Plan, as described in note 23(a).

No liability was recognised by the parent entity or the consolidated entity in relation to these guarantees, as at the date of this report no claims have been made in respect of the guarantees and no material claims are anticipated.

(c) Contingent liabilities of the parent entity

For contingent liabilities relating to the parent entity refer to note 31(a).

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2011 or 30 June 2010.

In the directors' opinion:

(a) the financial statements and notes set out on pages 15 to 64 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable,and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 35 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 35.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

Barry Walker OAM, Chairman
Director

John Patten, Deputy Chairman
Director

Melbourne
11 October 2011

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the members of Graziers' Investment Company Limited

Report on the financial report

We have audited the accompanying financial report of Graziers' Investment Company Limited (the company), which comprises the balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Graziers' Investment Company Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Independent auditor's report to the members of Graziers' Investment Company Limited (continued)

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's opinion

In our opinion:

(a) the financial report of Graziers' Investment Company Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Graziers' Investment Company Limited (the company) for the year ended 30 June 2011 included on Graziers' Investment Company Limited web site. The company's directors are responsible for the integrity of the Graziers' Investment Company Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Pricewaterhouse Coopers

PricewaterhouseCoopers

Alison Tait

Alison Tait
Partner

Melbourne
11 October 2011

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