

NOTICE OF 2011 ANNUAL GENERAL MEETING

Notice is hereby given that Graziers' Investment Company Limited (Graziers') will hold its Annual General Meeting on **Monday, 14 November 2011 at the Conference Room, Ground Floor, Kaplan House, 369 Royal Parade, Parkville 3052 Victoria** commencing at 1.00 pm for the purpose of transacting the business set out in this notice.

ITEMS OF BUSINESS

1. Graziers' Annual Financial Report

To consider the Annual Financial Report, Directors' Report and Auditor's Report for Graziers' and of the Group for the year ended 30 June 2011.

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

2. Re-Election of Directors

In accordance with the Company's Constitution:

(a) Mr John Patten retires by rotation and, being eligible, offers himself for re-election;
and

(b) Ms Robbie Sefton retires by rotation and, being eligible, offers herself for re-election.

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

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

PROXIES AND VOTING

Eligibility to Vote

You will be eligible to vote at the meeting if you are registered as a holder of Graziers' shares at 7 pm (AEST) on Friday, 11 November 2011.

Appointing a Proxy

If you are entitled to attend and vote at the meeting, you can appoint a proxy to attend and vote on your behalf. A proxy need not be a shareholder of Graziers' and may be an individual or a body corporate.

A personalised Proxy Form is included with this Notice of Meeting. If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes. If you require a second Proxy Form, please contact Link Market Services on 1300 554 474.

Lodging your Proxy Form

You can lodge your completed Proxy Form by:

- Mailing it to Link Market Services Limited using the reply paid envelope;
- Posting it to Locked Bag A14, Sydney South, Sydney NSW 1235;
- Lodging it online at the Link Market Services website www.linkmarketservices.com.au (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions on the website);
- Faxing it to +61 (2) 9287 0309; or
- Hand delivering [only available during business hours (Monday to Friday, 8.30am to 5.30pm)] it to Link Market Services, Level 12, 680 George Street, Sydney NSW 2000.

Your completed Proxy Form (and any necessary supporting documentation) must be received by Link Market Services no later than 1.00 pm (AEST) on Saturday 12 November 2011, being 48 hours before the commencement of the meeting. If the Proxy Form is signed by an attorney, the original Power of Attorney under which the Proxy Form was signed (or a certified copy) must also be received by Link Market Services by 1.00 pm AEST on Saturday 12 November 2011 unless it has been previously provided to Link Market Services. If you appoint a proxy, you may still attend the meeting. However, your proxy's rights to speak and vote are suspended while you are present. Accordingly, you will be asked to revoke your proxy if you register at the meeting.

How the Chair of the Meeting will vote undirected Proxies

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

Questions from Shareholders

In addition to asking questions at the meeting, written questions to the Chairman about the management of Graziers' or Graziers' auditor about the content of the Auditor's Report and the conduct of the audit may be submitted no later than Monday 7 November 2011 to:

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

Facsimile: +61 3 9340 1610

Email: elaine_beever@graziersinvestco.com.au

Attending the Meeting

If you attend the meeting, please bring your personalised Proxy Form with you. The bar code at the top of the form will help you to register. If you do not bring your form with you, you will still be able to attend the meeting but representatives from Link Market Services will need to verify your identity. You will be able to register from 12.30 pm (AEST) on the day of the meeting.

Corporate Shareholders

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

Voting Exclusions

There are no voting exclusions.

By Order of the Board



Peter J J McKeown
Company Secretary, 12 October 2011

EXPLANATORY NOTES

Item 1: Graziers' Annual Financial Report

The Annual Financial Report, Directors' Report and Auditor's Report for Graziers' for the year ended 30 June 2011 will be laid before the meeting. There is no requirement for shareholders to approve these reports. However the Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about or make comments on the management of Graziers'. Shareholders will be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the Auditor's Report.

Item 2: Re-Election and Election of Directors

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

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

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

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

2(a): John Patten

Mr Patten is a director of GIC Holdings Pty Limited, GIC (NZ) Limited (formerly Andar Holdings Limited) and a number of privately owned trading companies. He was a director of several public companies and government commercial entities. Mr Patten is a former Partner of Price Waterhouse and Managing Director of Independent Holdings Limited. Mr Patten was formerly a director of The Woolmark Company Pty Limited.

2(b): Ms Robbie Sefton

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

Ms Sefton was the 2002 Rural Industries Research Development Corporation NSW Rural Woman of the Year, is a graduate of the prestigious Australian Rural Leadership program and the Australian Institute of Company Directors. She currently sits on the NSW Australia Day Council and is a board member of the National Australia Day Council. Ms Sefton's past board and advisory council appointments have included being a member of the Regional Women's Advisory Council (which reported directly to the Deputy Prime Minister).

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

Board Recommendation

The Board (other than the relevant director in relation to his/her own re-election) recommends the re-election of Mr John Patten and Ms Robbie Sefton.

REGISTERED OFFICE

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SUMMARY OF ACTIVITIES & RESULTS FOR 2010/2011

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, We are 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.

Financial Highlights continued...

The results for GIC are summarised below:

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

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.

The consolidated financial position of GIC, as at 30 June 2011, is summarised below:

Graziers' Investment Company Limited
Consolidated balance sheet
As at 30 June 2011

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

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

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.

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