



FINEST IN THE FIELD

Established 1877

2009 ANNUAL REPORT



FINEST IN THE FIELD

John Shearer (Holdings) Limited

(A.B.N. 38 007 643 085)

A member of the Arrowcrest Group of Companies.

Directors

Allen Elliot Bolaffi, ACA
Andrew William Gwinnett, FAMI, MSAE, (Chairman)
Cheng Huah Hong, B. Eng. (MU)
Gary Dudley Reuter

Secretary

Allen Elliot Bolaffi, ACA

Bankers

National Australia Bank Limited
22-28 King William Street
Adelaide South Australia 5000

Auditors

Ernst & Young
121 King William Street
Adelaide South Australia 5000

Registered Office & Principal Place of Business

Share Street
Kilkenny South Australia 5009
Telephone (08) 8268 9555
International 61 8 8268 9555
Facsimile (08) 8268 4099
Website Address www.johnshearer.com.au

Share Register Office

Computershare Investor Services Pty. Ltd.
Level 5, 115 Grenfell Street
Adelaide South Australia 5000

Stock Exchange Listing

John Shearer (Holdings) Limited
Shares are listed on the
Australian Stock Exchange

Notice of Annual General Meeting

The Annual General Meeting of John Shearer
(Holdings) Limited

Will be held at Share Street Kilkenny

Time 12:30 pm

Date Thursday 29 October 2009

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CHAIRMAN'S FOREWORD

Dear Shareholder,

Despite difficult trading conditions John Shearer (Holdings) Limited reports a pre-tax profit for the year ended 30 June 2009 of \$4,320,000 compared with \$3,751,000 in the prior year.

This result was achieved despite reduced turnover of \$37.95m compared with \$40.695m in the prior year.

Second half result was a pre-tax profit of \$2.13m compared with \$2.146m in the corresponding period in the prior year.

Despite drought conditions for the majority of the year under review, sales of agricultural equipment maintained prior year's levels.

The global financial crisis and a reduction in demand for commodities have affected the demand for transport related equipment.

Although sales of Brownbuilt storage equipment were slightly lower than the prior year, the business performed very well over the year. The storage division's China manufacturing business commenced operations in June 2009.

The Directors have adopted carrying values for Land and Buildings which were stated in the accounts at 30 June 2008 in line with their experience and view after considering current economic conditions.

Directors remain cautious about the current year's trading in light of uncertain economic conditions. The group maintains a strong cash position and remains debt free. It is strongly positioned for growth when suitable opportunities are identified.

Shareholders will receive a fully franked final dividend of 9 cents per share to be paid on 15 October 2009, with a record date of 15 September 2009.

The Shearer Board values the ongoing support of customers, dealers and staff.

Andrew W. Gwinnett
CHAIRMAN



JOHN SHEARER (HOLDINGS) LIMITED ***DIRECTORS' REPORT***

Your Directors present their report on the consolidated entity consisting of John Shearer (Holdings) Limited and the entities it controlled at the end of, or during, the year ended 30 June 2009.

Information on Directors

The following persons were directors of John Shearer (Holdings) Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Director	Experience	Special Responsibilities
A.E. Bolaffi ACA	Non-executive Director for 14 years. Company Secretary of Shearer Group for 2 years. Partner in own accounting practice. Director of several other private companies. Deputy Chairman of Shearer Group for 1 year.	Chairman of Audit Committee
A.W. Gwinnett FAMI, MSAE	Director and Chairman of the Shearer Group of Companies for 21 years, and Chairman of Arrowcrest Group for the past 16 years and Director for 37 years.	
C.H. Hong B.Eng. (MU)	Non Executive Director for 1 year. Previously Managing Director of the Shearer Group of Companies for 18 years, and also Managing Director of Arrowcrest Group for 15 years.	
G.D. Reuter	Non Executive Director for 5 years. Previously John Shearer Director for 14 years and Director of Arrowcrest for 22 years.	Member of Audit Committee

Principal Activities

During the year the principal continuing activities of the consolidated entity constituted by John Shearer (Holdings) Limited and the entities it controlled from time to time during the year consisted of the distribution of agricultural machinery, mobile bulk handling equipment and industrial steel shelving and storage systems.

There have been no significant changes in the nature of these activities during the year.



Dividends - John Shearer (Holdings) Limited

The 2008 final dividend of 9.0 cents fully franked per paid share was approved by shareholders and an amount of \$1,110,561 was paid in cash on 16 October 2008.

A final dividend of 9.0 cents fully franked per paid share is declared by the Directors in respect of the year ended 30 June 2009. An interim dividend of 6.0 cents fully franked per paid share was paid in cash on 25 March 2009, for a total amount of \$740,374.

Review of Operations

A summary of consolidated revenues and results by significant industry segments is set out below:

	Segment Revenues		Segment Results	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Agricultural Machinery and Transport Equipment	6,302	7,250	338	301
Steel Shelving and Storage Systems	31,655	33,445	3,982	3,450
	<u>37,957</u>	<u>40,695</u>	<u>4,320</u>	<u>3,751</u>
Profit Before Income Tax Expense			4,320	3,751
Income Tax Expense			<u>(1,296)</u>	<u>(1,035)</u>
Profit After Income Tax Expense			<u>3,024</u>	<u>2,716</u>

A discussion of the overall results for the period ended 30 June 2009 is provided in the Chairman's Foreword.

Earnings per Share

	2009	2008
	cents	cents
Basic earnings per share	24.50	22.00
Diluted earnings per share	24.50	22.00
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share.	12,339,571	12,339,571

Significant Changes in the State of Affairs

Other than matters reported in this Directors' Report, there were no changes in the state of affairs of the consolidated entity during the financial year.

Matters Subsequent to the End of the Financial Year

There is at the date of this report no matter or circumstance arisen since 30 June 2009 that has significantly affected or may significantly affect -

- (i) the operations, in financial years subsequent to 30 June 2009, of the consolidated entity constituted by John Shearer (Holdings) Limited and the entities it controls from time to time; or
- (ii) the results of those operations; or
- (iii) the state of affairs, in financial years subsequent to 30 June 2009, of that consolidated entity.

Likely Developments and Expected Results of Operations

In the opinion of the directors, further information on likely developments in the operations of the consolidated entity 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 company.

Environmental Regulation

The consolidated entity is subject to environmental regulation in respect of its manufacturing activities as set out below.

Manufacturing

The consolidated entity holds necessary environmental licences for its manufacturing sites in all Australian States.



Directors' Interests

The interests of each director in the share capital of the entity or in a related entity, and contained in the register of directors' shareholdings of the entity as at the date of this report, are set out on pages 41 and 42 of the Annual Report. The numbers of shares in the company held during the financial year by each director of John Shearer (Holdings) Limited and each of the three executives of the consolidated entity, including their personally-related entities, are set out in Note 24: 'Related Parties'.

Meetings of Directors

The following table sets out the numbers of meetings of the company's directors (including meetings of committees of directors) held during the year ended 30 June 2009, and the numbers of meetings attended by each director.

	Full Meetings of Directors	Audit Committee
Number of meetings held	11	2
Number of meetings attended by:		
A. E. Bolaffi	11	2
A. W. Gwinnett	11	*
C. H. Hong	10	*
G. D. Reuter	11	2
* Not a member of the relevant committee		

Directors

Mr. G. D. Reuter, director retiring by rotation who, being eligible, offers himself for re-election.

Remuneration Report (audited)

The remuneration of the Executive Directors and Non-Executive Directors is set by the Chairman of Directors and ratified by the Board of Directors, having regard to the maximum aggregate remuneration as considered as part of a non-binding vote by the Shareholders at the Annual General Meeting.

Directors

The following persons were directors of John Shearer (Holdings) Limited during the financial year:

Chairman

A. W. Gwinnett

Directors

- A. E. Bolaffi – Non-Executive Director
- C. H. Hong – Non-Executive Director
- G. D. Reuter – Non-Executive Director

Executives (other than directors) with the greatest authority for strategic direction and management

The following persons were the three executives with the greatest authority for the strategic direction and management of the consolidated entity ("specified executives") during the financial year;

Name	Position	Employer
R. Smith	Operations Manager – Eastern Division	Brownbuilt Pty Ltd
P. Rayias	Financial Controller	Brownbuilt Pty Ltd
C. M. Hobby	Operations Director	John Shearer Ltd

All the above persons were also specified executives during the year ended 30 June 2008 with the exception of C. M. Hobby. These executives are also considered the Key Management Personnel of the consolidated entity.

Remuneration of directors and executives

Principles used to determine the nature and amount of remuneration

The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.



Remuneration Report (audited)

Executive and non-executive directors

Fees and payments to executives and non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Executive and non-executive directors' fees and payments are reviewed annually by the Board. Non-executive directors do not receive share options.

Directors' Fees

The current base remuneration was last reviewed with effect from 1 July 2007.

Executive and non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$200,000pa in total.

Executive pay

The executive pay and reward framework has two components:

- Base pay benefits such as directors' fees
- Other remuneration such as fringe benefits and superannuation

The combination of these comprises the executive's total remuneration.

Base Pay

Structured as a total employment cost package which is delivered in cash.

Executives are offered a competitive base pay that comprises the fixed component of pay. Base pay for senior executives is reviewed annually. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Benefits

Executives receive benefits such as car fringe benefits.

Retirement benefits

Retirement benefits are delivered under a range of different funds. These funds provide defined lump sum benefits based on years of service and final average salary, and also accumulated benefits.

Details of remuneration

Details of the remuneration of each director of John Shearer (Holdings) Limited and each of the three specified executives of the consolidated entity, including their personally-related entities, are set out in the following tables.

Directors of John Shearer (Holdings) Limited

2009 Name	Short Term Benefits			Post-employment	Total \$
	Cash Salary \$	Directors' fees \$	Non-monetary benefits \$	Super-annuation \$	
A. E. Bolaffi	—	30,000	—	—	30,000
A. W. Gwinnett	—	60,000	—	5,400	65,400
C. H. Hong	—	58,750	—	5,288	64,038
G. D. Reuter	—	22,500	—	2,025	24,525
Total	—	171,250	—	12,713	183,963



Remuneration Report (audited)

Total remuneration of directors of John Shearer (Holdings) Limited for the year ended 30 June 2008 is set out below:

2008 Name	Short Term Benefits			Post-employment	Total
	Cash Salary \$	Directors' fees \$	Non-monetary benefits \$	Super-annuation \$	
A. E. Bolaffi	—	30,000	—	—	30,000
A. W. Gwinnett	—	40,000	—	3,600	43,600
C. H. Hong	—	70,000	—	6,300	76,300
G. D. Reuter	—	10,750	—	968	11,718
Total	—	150,750	—	10,868	161,618

Specified executives of the consolidated entity

2009 Name	Short Term Benefits		Post-employment	Total
	Cash Salary and fees \$	Non-monetary benefits \$	Super-annuation \$	
R. Smith	161,986	11,656	17,209	190,851
P. Rayias	130,000	7,525	24,004	161,529
C. M. Hobby	95,506	12,654	8,596	116,756
Total	387,492	31,835	49,809	469,136

Total remuneration of specified executives for the year ended 30 June 2008 is set out below.

2008 Name	Short Term Benefits		Post-employment	Total
	Cash Salary and fees \$	Non-monetary benefits \$	Super-annuation \$	
R. Smith	141,296	11,537	17,125	169,958
P. Rayias	131,328	4,973	18,296	154,597
R. W. Briggs	102,756	17,219	9,248	129,223
Total	375,380	33,729	44,669	453,778

The board believes that its remuneration policy is appropriate when the consideration is given to shareholder wealth for the current year and the previous four years.

The financial summary on page 49 shows the gross revenue, profits and dividends for the last five years for the entity.



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.

Directors' Benefits

Since the date of the last Directors' Report, no Director has any interest in any contract or proposed contract with the Company.

Since 30 June 2008, the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a remuneration benefit included in the Remuneration Report in the Directors' Report) by reason of a contract made or proposed by the Company or a related corporation with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest, except as noted below and elsewhere in this report.

Insurance of Officers

During the financial year the Parent Company entered into insurance contracts which indemnify Directors and Officers of the Company and its controlled entities against liabilities. Disclosure of both the amount of the premium and nature of the liability is confidential under the terms of the policy.

Non-audit Services

There are no non-audit services.



Auditor's Independence Declaration

The auditor's independence declaration under section 307C is set out on page 9 of the Annual Report.

Rounding of Amounts

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Auditor

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

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

A.E. BOLAFFI
Director
Adelaide, South Australia

24 September 2009



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Auditor's Independence Declaration to the Directors of John Shearer (Holdings) Ltd

In relation to our audit of the financial report of John Shearer (Holdings) Ltd for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Colin Dunsford
Partner
Adelaide
24 September 2009



CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Board of Directors and its Committees

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Board Process

To assist in the execution of its responsibilities, the Board has established an Audit Committee. Given the size of the organisation, the role of Nomination and Remuneration Committee is undertaken by the Board itself. There are written mandates and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored. The Board has also established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds scheduled meetings during the year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific matters that may arise.

The agenda for meetings is prepared by the Company Secretary. Standing items include the Reports on each segment's operations from the operational manager responsible for the segments performance, financial reports, future strategy and other compliance matters as required.

Executives are regularly involved in board discussions and Directors have other opportunities, including visits to operations, for contact with a wider group of employees.

The Board reviews its processes to ensure that it is able to carry out its functions in the most effective manner.

Composition of the Board

The names of the Directors of the company in office at the date of this Statement are set out in the Directors' Report on page 2 of this financial report.

The composition of the Board is determined using the following principles -

- A minimum of three Directors, with a broad range of expertise both nationally and internationally.
- Enough Directors to serve on various committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities.
- At each Annual General Meeting one-third of the Directors or, if their number is not a multiple of three, then the number nearest but not exceeding one-third shall retire from office by rotation. The Directors to retire each year will be those Directors who have served the longest since their last election.

An independent Director is a Director who is not a member of management and who:

- Is not a substantial shareholder of the company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the company,
- Has not within the last three years been employed in an executive capacity by the company or another group member, or been a Director after ceasing to hold any such employment,
- Within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the company or another group member,
- Is not a significant supplier or customer of the company or another group member, or an officer of or otherwise associated, directly or indirectly with a significant supplier or customer,
- Has no material contractual relationship with the company or another group member, other than as a Director of the company, and
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the company.

A majority of the board members are non-executive but not independent. The Chairman and another director of the company are not independent directors. The board believes that these directors are able and do bring quality and independent judgement to all relevant issues falling within the scope of their respective roles.



Conflict of Interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company. Where the Board believes that significant conflict exists, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. The Board has developed procedures to assist Directors to disclose potential conflicts of interest. Details of Director related entity transactions with the Company and consolidated entity are set out in the Remuneration Report in the Directors' Report or in the notes to the financial statements.

Nomination Committee

The Board of Directors acts as the Nomination Committee and oversees the appointment and induction process for Directors. The Chairman proposes a short list of candidates with the appropriate skills and experience, which is then presented to the full Board. Where appropriate, external consultants can be engaged to assist in the process. The full Board will approve, by a unanimous vote, the most suitable candidate. The Board must sanction appointees to the Advisory Committees to management. The newly appointed member of the Board must then stand for election at the next Annual General Meeting of the Company. The performance of all Directors is reviewed by the Chairman each year.

Director Education

New Directors are educated about the nature of the business, current issues, the corporate strategy and the expectations of the consolidated entity concerning performance of Directors. Directors also have the opportunity to visit consolidated entity facilities and meet with management to gain a better understanding of business operations.

Director Dealings in Company Shares

Directors and senior management may acquire shares in the Company, but are prohibited from dealing in Company shares:

- For a period from 31 December and 30 June to the release of the Company's half-year and annual results to the Australian Stock Exchange ("ASX"), and
- Whilst in possession of price sensitive information.

Directors must obtain the approval of the Chairman of the Board and notify the Company Secretary before they sell or buy shares in the Company, and it is subject to Board veto. Directors must advise the ASX of any transactions conducted by them in shares in the Company.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the consolidated entity's expense. A copy of any advice received by the Director is made available to all other members of the Board.

Remuneration Committee

The Chairman acts as the Remuneration Committee and reviews remuneration packages and policies applicable to the Managing Director, senior executives and Directors themselves. The Chairman evaluates the performance of the Managing Director and monitors management succession planning. The Board is also responsible for policies and professional indemnity and liability insurance policies applicable. Remuneration levels are competitively set to attract and retain the most qualified and experienced Directors and senior executives. The Board obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally.

Details of Directors' remuneration, superannuation and retirement payments are set out in the Remuneration Report in the Directors' Report.

Audit Committee

The Audit Committee has a documented Charter, approved by the Board. The majority of members must be non-executive Directors with a majority being independent. The Chairman may not be the Chairman of the Board. The Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

The members of the Audit Committee during the year were:

Mr. Allen Bolaffi Chairman

Mr. Gary Reuter



Both members are independent, non-executive directors. The audit committee comprises all of the independent, non-executive directors of the board and consequently there are no other members of the committee. Given the small number of directors the committee of two is considered adequate and capable of carrying out all the functions required of this committee.

The external auditors and the Managing Director are invited to Audit Committee meetings at the discretion of the Committee. The Committee met two times during the year. The external auditor met with the Audit Committee two times during the year.

The Audit Committee also conducts an annual review of its processes and current performance against its Charter to ensure that it has carried out its functions in an effective manner. The Charter is available to members on request.

The responsibilities of the Audit Committee include:

- Reviewing the annual and half-year financial reports and other financial information distributed externally, including new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles,
- Monitoring corporate risk assessment processes,
- Considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor provides an annual declaration of independence,
- Reviewing the nomination and performance of the external auditor,
- Monitoring the establishment of an appropriate internal control framework and appropriate ethical standards,
- Monitoring the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements, and
- Addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year as follows:

- To discuss the external audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed.
- Prior to announcement of results:
 - ~ To review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings
 - ~ To recommend Board approval of these documents
- To finalise half-year and annual reporting:
 - ~ Review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made
 - ~ Review the draft financial report and recommend Board approval of the financial report
- As required, to organise, review and report on any special reviews or investigations deemed necessary by the Board.

Internal Control Framework

The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board has instigated the following internal control framework:

- Financial reporting – Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly,
- Continuous disclosure – The Board of Directors and the Chief Financial Officer/Company Secretary or delegate are responsible for all communications with the ASX,
- Quality and integrity of personnel – Appraisals are conducted annually for all management employees,
- Operating units control – The Operational managers responsible for the division performance are responsible for the control of performance and risk. These personnel and processes are reviewed as required by the Board,
- Functional speciality reporting – Key areas subject to regular reporting to the Board include - Insurance and Superannuation, and
- Investment appraisal – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.



Internal Audit

The Company does not have a formal and separate internal audit function. During the year ongoing review of operations of the business is undertaken by senior management.

Business Risk Management

The Board considers the status of business risks. Major business risks arise from such matters as actions by competitors, government policy changes, the impact of exchange rate movements, difficulties in sourcing supplies and the purchase, development and use of information systems.

Practices are established such that:

- Capital expenditure and revenue commitments above a certain size require prior Board approval,
- Occupational health and safety standards and management systems are monitored and reviewed to achieve acceptable standards of performance and compliance with regulations, and
- Business transactions are properly authorised and executed.

Management Report

- The Company requires that the senior management state in writing to the Board that the financial reports of the Company are, in all material respects, in accordance with relevant accounting standards founded on a sound system of internal compliance and control which implements the policies adopted by the board and that the companies risk management and internal control system is operating efficiently and effectively in all material respects.

Ethical Standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

Recognise the legitimate interests of stakeholders

The Company has established a code of conduct to guide the non-executive directors, the managing director and all key executives as to compliance with legal and other obligations to legitimate stakeholders in the Company;

- The practices necessary to maintain confidence in the integrity of the company; and
- The right of employees to alert management and the board in good faith to potential misconduct without fear of retribution and recording and investigating such alerts.

A copy of that code is available to members on request.

ASX listing Rule Compliance

The company has established policies and procedures designed to ensure compliance with ASX Listing Rule requirements such that:

- All investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance; and
- Company announcements are factual and presented in a clear and balanced way.

The board authorises all disclosures necessary to ensure compliance with ASX Listing Rule disclosure requirements.

The Company has a communications strategy to promote effective communication with shareholders (subject to privacy laws and the need to act in the best interests of the Company by protecting confidential commercial information) and encourage participation at general meetings.

All relevant disclosures made in accordance with ASX listing Rules are placed on the website of the Company after release to and acknowledgment of the ASX.

The company requests the auditor to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.



John Shearer (Holdings) Limited
Income Statement
for the year ended 30 June 2009

	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Continuing Operations					
Revenue	3a	37,877	40,654	30	33
Other Income	3b	80	41	—	—
Changes in inventories of finished goods and work in progress		(463)	(504)	—	—
Raw materials and consumables used		(15,241)	(16,751)	—	—
Employee benefits expense		(11,105)	(12,655)	—	—
Depreciation expense	4	(843)	(951)	—	—
Borrowing costs expense	4	(26)	(82)	—	—
Contractor, subcontractor & commission expenses		(184)	(204)	—	—
Repairs and maintenance expense		(595)	(660)	—	—
Energy costs		(606)	(691)	—	—
Freight costs		(1,597)	(1,470)	—	—
Other expenses		(2,903)	(2,976)	(28)	(32)
Share of profit/(loss) of an associate		(74)	—	—	—
Profit from continuing operations before income tax expense		4,320	3,751	2	1
Income tax expense	5	(1,296)	(1,035)	(1)	—
Profit from continuing operations after income tax expense		3,024	2,716	1	1
Net profit attributable to members of John Shearer (Holdings) Pty Ltd		3,024	2,716	1	1
		Cents	Cents		
Basic Earnings per share	26	24.5	22.0	—	—
Diluted Earnings per share	26	24.5	22.0	—	—

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



John Shearer (Holdings) Limited
Balance Sheet
as at 30 June 2009

	Notes	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current Assets					
Cash and cash equivalents	6	17,811	14,991	—	—
Trade and other receivables	7	4,039	5,334	60	60
Inventories	8	5,577	6,107	—	—
Other current assets	9	325	347	—	—
Total Current Assets		27,752	26,779	60	60
Non-Current Assets					
Investment in subsidiaries	10	—	—	17,110	17,110
Investment in associate	11	1,169	1,243	—	—
Property, plant and equipment	12	23,034	23,598	—	—
Deferred tax assets	5	1,403	1,367	—	—
Total Non-Current Assets		25,606	26,208	17,110	17,110
Total Assets		53,358	52,987	17,170	17,170
Current Liabilities					
Trade and other payables	13	4,474	5,444	8,528	8,530
Current tax liabilities	14	438	176	1	—
Provisions	15	1,067	1,182	—	—
Total Current Liabilities		5,979	6,802	8,529	8,530
Non-Current Liabilities					
Deferred tax liabilities	5	815	943	—	—
Provisions	16	2,415	2,266	—	—
Total Non-Current Liabilities		3,230	3,209	—	—
Total Liabilities		9,209	10,011	8,529	8,530
Net Assets		44,149	42,976	8,641	8,640
Equity					
Contributed equity	17	8,633	8,633	8,633	8,633
Reserves		1,373	1,373	—	—
Retained earnings		34,143	32,970	8	7
Total Equity		44,149	42,976	8,641	8,640

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



John Shearer (Holdings) Limited
Statement of Changes in Equity
for the financial year ended 30 June 2009

Consolidated Entity	Asset Revaluation Reserve \$'000	Contributed Equity \$'000	Retained Earnings \$'000	TOTAL \$'000
Balance at 1 July 2007	1,373	8,633	32,105	42,111
Profit for year	—	—	2,716	2,716
Total income and expense for the period	—	—	2,716	2,716
Dividends provided for or paid	—	—	(1,851)	(1,851)
Balance at 30 June 2008	1,373	8,633	32,970	42,976
Balance at 1 July 2008	1,373	8,633	32,970	42,976
Profit for year	—	—	3,024	3,024
Total income and expense for the period	—	—	3,024	3,024
Dividends provided for or paid	—	—	(1,851)	(1,851)
Balance at 30 June 2009	1,373	8,633	34,143	44,149
Parent Entity				
Balance at 1 July 2007	—	8,633	6	8,639
Total income and expense for the period	—	—	1	1
Balance at 30 June 2008	—	8,633	7	8,640
Balance at 1 July 2008	—	8,633	7	8,640
Total income and expense for the period	—	—	1	1
Balance at 30 June 2009	—	8,633	8	8,641

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



John Shearer (Holdings) Limited
Cash Flow Statement
for the year ended 30 June 2009

	Notes	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		43,331	43,825	—	—
Payments to suppliers and employees (inclusive of goods and services tax)		(38,151)	(39,429)	—	—
Income taxes paid		(1,198)	(1,573)	—	—
		<u>3,982</u>	<u>2,823</u>	<u>—</u>	<u>—</u>
Interest received	3(a)	981	1,020	—	—
Borrowing costs	4	(26)	(82)	—	—
Net cash inflow from operating activities	25	<u>4,937</u>	<u>3,761</u>	<u>—</u>	<u>—</u>
Cash flows from investing activities					
Purchase for property, plant and equipment		(366)	(234)	—	—
Payments for investments		—	(617)	—	—
Proceeds from sale of other assets, property, plant and equipment		100	109	—	—
Net cash inflow/(outflow) from investing activities		<u>(266)</u>	<u>(742)</u>	<u>—</u>	<u>—</u>
Cash flows from financing activities					
Dividends paid	18	(1,851)	(1,851)	—	—
Net cash (outflow) from financing activities		<u>(1,851)</u>	<u>(1,851)</u>	<u>—</u>	<u>—</u>
Net increase/(decrease) in cash and cash equivalents					
		2,820	1,168	—	—
Cash and cash equivalents at beginning of period		14,991	13,823	—	—
Cash and cash equivalents at the end of the financial year	6	<u>17,811</u>	<u>14,991</u>	<u>—</u>	<u>—</u>

The above cash flow statement should be read in conjunction with the accompanying notes.



John Shearer (Holdings) Limited
Notes to the Financial Statements

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1. **Summary of Significant Accounting Policies**

The financial report of John Shearer (Holdings) Limited (the Company) for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 24 September 2009.

John Shearer (Holdings) Limited is a company limited by shares incorporated in Australia whose shares are publically traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for land and buildings, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise noted.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(a) **Basis of Consolidation**

The consolidated accounts incorporate the assets and liabilities of all entities controlled by John Shearer (Holdings) Limited (parent entity) as at 30 June 2009 and the results of all controlled entities for the year then ended. John Shearer (Holdings) Limited and its controlled entities together are referred to in this financial report as the group. The effects of all transactions between entities in the group are eliminated in full. Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(b) **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 national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of the operating cash flows.

(c) **Business Combinations**

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of business combination over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the business combination is less than the Group's share of the net fair value of the net assets of the subsidiary, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Business Combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(d) **Receivables and Revenue Recognition**

Sale of goods is recorded when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risk and reward of ownership is considered to pass to the buyer at the time the goods have been dispatched to a customer pursuant to a sales order.

Interest revenue is recognised as interest accrues using the effective interest method.

Rental income from properties is accounted for on a straight-line basis over the lease term.

All trade receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the end of the month to which the invoice relates to.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for doubtful debts is raised where there is objective evidence that the group will not be able to collect the debt. Interest received on investments is recognised as revenue from operating activities.

(e) **Inventories**

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 are assigned to individual items of stock mainly on the basis of weighted average costs.

(f) **Revaluations of Non-Current Assets**

Subsequent to initial recognition as assets, land and buildings are measured at fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of each piece of land and each building does not differ materially from its fair value at the reporting date. Annual assessments will be made by the directors, supplemented by independent assessments at most every five years. Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that asset previously recognised as an expense in net profit or loss, the increment is recognised immediately as revenue in net profit or loss.

Revaluation decrements are recognised immediately as expenses in net profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same assets, they are debited directly to the asset revaluation reserve.

(g) **Investment in Associate**

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in the associates are carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate.

(h) **Depreciation of Property, Plant and Equipment**

Depreciation is calculated on both a straight line and diminishing basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Buildings	13 - 100 Years
Plant and Equipment	3 - 38 Years
Computer and Electronic Equipment	3 - 23 Years
Tooling	1 - 6 Years

Major spares purchased specifically for particular plant are included in the cost of plant and depreciated.

(i) **Leased Non-Current Assets**

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

(j) **Non-Current Assets Constructed by the Group**

The cost of non-current assets constructed by the Group includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

(k) **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid and are measured at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) **Maintenance and Repairs**

Maintenance, repair costs and minor renewals are charged as expenses as incurred.

- (m) **Dividends**
Provision is made for the amount of any dividend declared, on or before the end of the financial year but not distributed at balance date.
- (n) **Borrowing Costs**
Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include: interest on bank overdrafts, and finance lease charges.
- (o) **Employee Benefits**
- (i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave are recognised in respect of employees' service up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.
 - (ii) Long service leave
The liability for long service leave 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 date. 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 date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.
- (p) **Employee Benefit On-Costs**
Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.
- (q) **Service Warranties**
Provision is made for the estimated liability on specific claims at balance date.
- (r) **Cash and Cash Equivalents**
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
For purposes of the cash flow statement, cash includes deposits at call which are readily convertible to cash on hand which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.
- (s) **Earnings per Share**
- (i) Basic Earnings per Share
Basic earnings per share is determined by dividing net profit after income tax attributable to members of John Shearer (Holdings) Limited, excluding any cost of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.
- (t) **Rounding of Amounts**
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.
- (u) **Impairment of Assets**
At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.
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 reviewed 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 assets 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 they are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.
- (v) **Contributed Equity**
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) **Significant Accounting Judgements, Estimates and Assumptions**

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

- Long Service Leave provision
The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.
- Warranty provision
In determining the level of provision required for warranty the group has made judgements in respect of the expected performance of the product and number of customers likely to use the warranty. Historical experience and current knowledge of the performance of products has been used in determining the provision.

(x) **Australian Accounting Standards Issued But Not Yet Effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2009. These are outlined in the table below.

Reference	Title	Summary	Impact on Company financial report	Application date of standard*	Application date for Group*
AASB Int. 17 and AASB 2008-13	Distributions of Non-cash Assets to Owners and consequential amendments to Australian Accounting Standards AASB 5 and AASB 110	The Interpretation outlines how an entity should measure distributions of assets, other than cash, as a dividend to its owners acting in their capacity as owners. This applies to transactions commonly referred to as spin-offs, split offs or demergers and in-specie distributions.	The amendments will have no impact.	1 July 2009	1 July 2009
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New Standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management reporting approach to segment reporting.	The impact if any, has not been assessed as yet.	1 January 2009	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	The amendment is not currently applicable as the Group has no borrowing costs associated with qualifying assets.	1 January 2009	1 July 2009



FINEST IN THE FIELD

Reference	Title	Summary	Impact on Company financial report	Application date of standard*	Application date for Group*
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	With application for the Group for reporting periods from 1 July 2009, these amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 January 2009	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. The changes apply prospectively.	The Group may enter into some business combinations in future financial years that may be impacted by these amendments.	1 July 2009	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) – such a transaction will be accounted for as an equity transaction.	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction.	1 July 2009	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	Refer to above AASB 3 (Revised) and AASB 127 (Revised) for the impact on the Group financial report.	1 July 2009	1 July 2009



FINEST IN THE FIELD

Reference	Title	Summary	Impact on Company financial report	Application date of standard*	Application date for Group*
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	<p>The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.</p> <p>This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards.</p> <p>The AASB issued these amendments in two separate amending standards; one dealing with the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009 [refer below AASB 2008-6].</p>	The Group has not yet determined the extent of their impact, if any.	1 January 2009	1 July 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	<p>This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project.</p> <p>Refer to AASB 2008-5 above for more details.</p>	The Group has not yet determined the extent of their impact, if any.	1 July 2009	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	<p>The main amendments of relevance to Australian entities are those made to AASB 127 deleting the “cost method” and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.</p> <p>AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.</p>	The impact if any, has not been assessed as yet.	1 January 2009	1 July 2009



FINEST IN THE FIELD

Reference	Title	Summary	Impact on Company financial report	Application date of standard*	Application date for Group*
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	<p>The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy:</p> <ul style="list-style-type: none"> ▶ quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); ▶ inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and ▶ inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). <p>These amendments arise from the issuance of <i>Improving Disclosures about Financial Instruments (Amendments to IFRS 7)</i> by the IASB in March 2009.</p> <p>The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7.</p>	The impact if any, has not been assessed as yet.	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	1 July 2009
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.</p> <p>The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment.</p> <p>These amendments arise from the issuance of the IASB's <i>Improvements to IFRS</i>. The amendments pertaining to IFRS 5, 8, IAS 1, 7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 (refer below).</p>	Changes are expected to have no or minimal effect on accounting.	1 July 2009	1 July 2009



FINEST IN THE FIELD

Reference	Title	Summary	Impact on Company financial report	Application date of standard*	Application date for Group*
AASB 2009-5	<p>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</p> <p>[AASB 5, 8, 101, 107, 117, 118, 136 & 139]</p>	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.</p> <p>The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined.</p> <p>These amendments arise from the issuance of the IASB's <i>Improvements to IFRSs</i>. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).</p>	Changes are expected to have no or minimal effect on accounting.	1 January 2010	1 July 2010
AASB 2009-7	<p>Amendments to Australian Accounting Standards</p> <p>[AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]</p>	These comprise editorial amendments and are expected to have no major impact on the requirements of the amended pronouncements.	These amendments are expected to have no major impact on the requirements of the amended pronouncements.	1 July 2009	1 July 2009



2. Segment Information

Business Segments

The consolidated entity is involved in the same principal activities and is organised on a national basis into the following divisions by product and service type.

Holding Company

The principal continuing activities of the Group are consolidated by John Shearer (Holdings) Limited.

Agricultural Machinery and Transport Equipment

Manufacture and distribution of high quality agricultural machinery including cultivation and seeding equipment and ground engaging tools, transport equipment (including bulk tankers).

Steel Shelving and Storage Systems

Manufacture and distribution of industrial and office steel shelving and storage systems.

Geographical segments

The consolidated entity's divisions operate in two main geographical areas:

2009	Primary reporting - business segments				Consolidated
	Holding Company	Agricultural Machinery and Transport Equipment	Steel Shelving and Storage Systems	Inter-segment eliminations/unallocated	
	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	—	5,748	30,519	—	36,267
Total sales revenue	—	5,748	30,519	—	36,267
Other revenue and other income	30	734	1,136	(210)	1,690
Total segment revenue	30	6,482	31,655	(210)	37,957
Share of profit/(loss) of associate	—	—	(74)	—	(74)
Segment result	2	336	3,982	—	4,320
Profit before income tax expense					4,320
Income tax expense					(1,296)
Net Profit					3,024
Total segment assets	17,169	30,156	35,215	(29,182)	53,358
Total segment liabilities	8,529	5,520	6,936	(11,776)	9,209
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	—	66	300	—	366
Depreciation expense	—	391	452	—	843
Net cash inflow from operating activities	—	1,823	3,114	—	4,937



Segment information (continued)

2008	Primary reporting - business segments				Consolidated \$'000
	Holding Company \$'000	Agricultural Machinery and Transport Equipment \$'000	Steel Shelving and Storage Systems \$'000	Inter- segment eliminations/ unallocated \$'000	
Sales to external customers	—	6,847	32,244	—	39,091
Total sales revenue	—	6,847	32,244	—	39,091
Other revenue and other income	33	588	1,201	(218)	1,604
Total segment revenue	33	7,435	33,445	(218)	40,695
Segment result	1	300	3,450	—	3,751
Profit before income tax expense					3,751
Income tax expense					(1,035)
Net Profit					2,716
Total segment assets	17,169	29,593	34,913	(28,688)	52,987
Total segment liabilities	8,530	5,324	7,439	(11,282)	10,011
Acquisitions of property, plant and equipment, intangibles and other non- current segment assets	—	9	842	—	851
Depreciation expense	—	425	526	—	951
Net cash inflow from operating activities	—	627	3,134	—	3,761

Secondary reporting - geographical segments

	Segment revenues from sales to external customers				Segment assets		Acquisitions of property, plant and equipment, intangibles and other non- current segment assets	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	36,267	39,091	52,189	51,744	366	—	851	—
China	—	—	1,169	1,243	—	—	—	—
	36,267	39,091	53,358	52,987	366	—	851	—

Notes to and forming part of the segment information

(a) Accounting policies

Segment information is prepared in conformity with the accounting policies as disclosed in note 1 and the segment reporting accounting standard, AASB 114 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets, net of related provisions. Segment liabilities consist primarily of trade and other creditors, employee entitlements and provision for service warranties. Segment assets and liabilities do not include income taxes.

(b) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.



3. Revenue

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
(a) Revenue				
Sale of goods	36,267	39,091	—	—
Discount received	53	42	—	—
Interest – Other corporations	981	1,020	—	—
Rent received	460	498	—	—
Royalty	18	—	—	—
Sale of Scrap	97	—	—	—
Sundries	1	3	30	33
	<u>37,877</u>	<u>40,654</u>	<u>30</u>	<u>33</u>
(b) Other Income				
Government Grants	7	—	—	—
Profit on sale of non-current assets	73	41	—	—
	<u>80</u>	<u>41</u>	<u>—</u>	<u>—</u>

4. Items Included in Profit

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Gains and expenses				
Profit before income tax expense includes the following specific net gains and expenses:				
Gains				
Gain on disposal of property, plant and equipment	73	41	—	—
Expenses				
Cost of sales of goods	25,125	26,860	—	—
Depreciation				
Buildings	205	206	—	—
Plant and equipment	638	745	—	—
Total depreciation	<u>843</u>	<u>951</u>	<u>—</u>	<u>—</u>
Borrowing costs				
Interest and finance charges paid/payable	26	82	—	—
Loss on disposal or write-off of property, plant and equipment	60	232	—	—
Service warranties	44	156	—	—
Superannuation	1,243	1,066	—	—



5. Income Tax

Income Tax Expense	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current income tax expense	1,485	1,303	1	—
Deferred tax	(164)	(174)	—	—
Under (over) provided in prior years	(25)	(94)	—	—
Income tax expense	<u>1,296</u>	<u>1,035</u>	<u>1</u>	<u>—</u>

Reconciliation between income tax expenses and prima facie tax payable

Profit from continuing operations before income tax expense	<u>4,320</u>	<u>3,751</u>	<u>2</u>	<u>—</u>
Tax at 30% (2008: 30%)	1,296	1,125	1	—
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Share of profit/(loss) of an associate	22	—	—	—
Other	3	4	—	—
Under (over) provided in prior years	(25)	(94)	—	—
Income tax expense	<u>1,296</u>	<u>1,035</u>	<u>1</u>	<u>—</u>

Consolidated

Analysis of deferred tax assets

	Balance Sheet		Income Statement	
Provision for inventory losses	219	251	32	(81)
Prepayments	48	44	(4)	(23)
Employee entitlements	963	903	(60)	56
Other	173	169	(4)	(20)
Deferred tax assets	<u>1,403</u>	<u>1,367</u>		

Analysis of deferred tax liabilities

Land and Buildings	732	770	(38)	96
Plant and Equipment	83	173	(90)	(201)
Deferred tax liabilities	<u>815</u>	<u>943</u>		
Deferred tax income/(expense)			<u>(164)</u>	<u>(173)</u>

Footnote to note 5:

There are no Parent Entity movements in deferred tax assets and liabilities.

Tax Consolidation

John Shearer (Holdings) Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group. John Shearer (Holdings) Limited is the head entity of the tax consolidated group. The head entity will be liable for the current income tax liabilities of the group. Each entity in the group will be jointly and severally liable for the current income tax liability of the group where the head entity defaults.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts under the stand-alone entity allocation basis.



6. Current Assets - Cash and Cash Equivalents

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and on hand	1,757	1,503	—	—
Short term deposits	16,054	13,488	—	—
	<u>17,811</u>	<u>14,991</u>	<u>—</u>	<u>—</u>
Reconciliation to Cash Flow Statement				
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:				
Balances as above:	<u>17,811</u>	<u>14,991</u>	<u>—</u>	<u>—</u>
Balances per statement of cash flows	<u>17,811</u>	<u>14,991</u>	<u>—</u>	<u>—</u>

Short Term Deposits

The deposits are bearing interest rates between 2.2% and 4.0% (2008 – 6.5% and 7.9%). All deposits are secured under the Government Guarantee.

7. Current Assets - Trade and other receivables

Trade receivables	3,955	5,215	—	—
Less allowance for impairment loss	(7)	(5)	—	—
	<u>3,948</u>	<u>5,210</u>	<u>—</u>	<u>—</u>
Owing by related parties	39	—	60	60
Other receivables	52	124	—	—
	<u>4,039</u>	<u>5,334</u>	<u>60</u>	<u>60</u>

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

Movements in the provision for impairment loss were as follows:

At 1 July	5	10	—	—
Charge for the year	2	(5)	—	—
Amounts written off	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 30 June	<u>7</u>	<u>5</u>	<u>—</u>	<u>—</u>

At 30 June, the ageing analysis of trade receivables is as follow:

	Total \$'000	0-30	31-60	61-90	+91
		days \$'000	days \$'000	days \$'000	days \$'000
				PDNI*	PDNI*
2009 Consolidated	3,955	2,388	1,461	99	7
Parent	—	—	—	—	—
2008 Consolidated	5,215	3,002	2,020	193	—
Parent	—	—	—	—	—

* Past due not impaired ('PDNI')

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Footnote to note 7:

Trade and other receivables are non-interest bearing and are generally on 30-60 day terms.



8. Current Assets - Inventories

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Raw materials and stores – at cost	2,089	2,155	—	—
Work in progress – at cost	1,817	1,679	—	—
Finished goods – at realisable value	1,671	2,273	—	—
Total inventories at the lower of cost and net realisable value	<u>5,577</u>	<u>6,107</u>	<u>—</u>	<u>—</u>

9. Current Assets - Other

Prepayments	<u>325</u>	<u>347</u>	<u>—</u>	<u>—</u>
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10. Non-Current Assets - Investment in Subsidiaries

(a) Investment in controlled entities				
At cost	<u>—</u>	<u>—</u>	<u>17,110</u>	<u>17,110</u>
Total shares in related corporations	<u>—</u>	<u>—</u>	<u>17,110</u>	<u>17,110</u>

(b) The Parent Entity's investments in related corporations are unquoted and comprise the following controlled entities:

Name of Entity	Place of Incorporation	Class of Shares	Equity Holding		Relationship to Other Corporations in the Group - Owned by	Value of Investment
			2009 %	2008 %		
John Shearer Limited	South Australia	Ordinary	100	100	John Shearer (Holdings) Ltd.	3,125
Kockums Industries (Aust.) Pty. Ltd.	New South Wales	Ordinary	100	100	John Shearer (Holdings) Ltd.	3,885
Kockums Engineering Pty. Ltd.	Victoria	Ordinary	100	100	Kockums Industries (Aust.) Pty. Ltd.	—
Brownbuilt Pty. Ltd.	New South Wales	Ordinary	100	100	John Shearer (Holdings) Ltd.	10,100
						<u>17,110</u>

Footnote to note 10:

These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with class order 98/1418 issued by the Australian Securities & Investments Commission, subject to certain conditions explained in note 21.

11. Non-Current Assets - Investment in Associate

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
(a) The investment included in the accounts comprise:				
Interest in Associate	<u>1,169</u>	<u>1,243</u>	<u>—</u>	<u>—</u>
Total Investment	<u>1,169</u>	<u>1,243</u>	<u>—</u>	<u>—</u>

(b) The Consolidated Entity's investments in related corporations are unquoted and comprise the following entity:

Name of Entity	Place of Incorporation	Equity Holding		Relationship to Other Corporations in the Group - Owned by	Value of Investment
		2009 %	2008 %		
Ningbo Tristar Forging Co. Ltd	China	40	40	Brownbuilt Pty Ltd	<u>1,169</u>
					<u>1,169</u>



Non-Current Assets - Investment in Associate (continued)

Summarised financial information of entities which are equity accounted:

	2009 \$'000	2008 \$'000
Current assets	650	599
Non-current assets	<u>4,765</u>	<u>4,050</u>
Total Assets	5,415	4,649
Current liabilities	2,492	1,541

Details of equity accounted associates:

Name of Associate	Principle activity of associate	Ownership interest		Contribution to net profit or (loss)	
		2009 %	2008 %	2009 \$'000	2008 \$'000
Ningbo Tristar Forging Co. Ltd	Manufacturing	40	40	(74)	—

12. Non-Current Assets - Property, Plant and Equipment

Consolidated		Parent Entity	
2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

(a) Reconciliation of carrying amounts at beginning and end of the period.

Land

At directors' valuation which represents fair value

15,440	15,440	—	—
<u>15,440</u>	<u>15,440</u>	<u>—</u>	<u>—</u>

Buildings

At directors' valuation which represents fair value

6,501	6,501	—	—
<u>6,501</u>	<u>6,501</u>	<u>—</u>	<u>—</u>
Less accumulated depreciation	(870)	—	—
<u>5,631</u>	<u>5,836</u>	<u>—</u>	<u>—</u>

Plant and Equipment

At cost

26,045	26,602	—	—
<u>26,045</u>	<u>26,602</u>	<u>—</u>	<u>—</u>
Less accumulated depreciation	(24,082)	—	—
<u>1,963</u>	<u>2,322</u>	<u>—</u>	<u>—</u>

Total

<u>23,034</u>	<u>23,598</u>	<u>—</u>	<u>—</u>
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Non-Current Assets - Property, Plant and Equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Freehold land \$'000	Buildings \$'000	Consolidated		Total \$'000
			Plant & Equipment \$'000	In course of construction \$'000	
Year ended 30 June 2009					
At 1 July 2008, net of accumulated depreciation	15,440	5,836	2,322	—	23,598
Additions	—	—	349	17	366
Disposals	—	—	(87)	—	(87)
Depreciation expense	—	(205)	(638)	—	(843)
At 30 June 2009, net of accumulated depreciation	<u>15,440</u>	<u>5,631</u>	<u>1,946</u>	<u>17</u>	<u>23,034</u>

	Freehold land \$'000	Buildings \$'000	Consolidated		Total \$'000
			Plant & Equipment \$'000	In course of construction \$'000	
Year ended 30 June 2008					
At 1 July 2007, net of accumulated depreciation	15,440	6,042	3,133	—	24,615
Additions	—	—	234	—	234
Disposals	—	—	(300)	—	(300)
Depreciation expense	—	(206)	(745)	—	(951)
At 30 June 2008, net of accumulated depreciation	<u>15,440</u>	<u>5,836</u>	<u>2,322</u>	<u>—</u>	<u>23,598</u>

(b) Valuation of Land and Buildings

The directors have adopted carrying values for Land and Buildings which were stated in the accounts at June 30 2009 as the current directors' valuation in line with their experience and view considering current economic conditions.

(c) Carrying amounts that would have been recognised if land and buildings were stated at cost less accumulated depreciation and impairment.

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Freehold land				
Cost	13,002	13,002	—	—
Accumulated depreciation	—	—	—	—
Net book amount	<u>13,002</u>	<u>13,002</u>	<u>—</u>	<u>—</u>
Freehold buildings				
Cost	6,466	6,466	—	—
Accumulated depreciation	(835)	(760)	—	—
Net book amount	<u>5,631</u>	<u>5,706</u>	<u>—</u>	<u>—</u>



13. <i>Current Liabilities - Trade and Other Payables</i>	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Trade payables (a)	2,586	3,771	—	—
Other payables (b)	1,268	1,262	—	—
Deposits on sales (c)	561	340	—	—
Owing to holding company	59	71	—	—
Owing to related party entities	—	—	8,528	8,530
	<u>4,474</u>	<u>5,444</u>	<u>8,528</u>	<u>8,530</u>

(a) **Trade payables**

Trade payables are non-interest bearing and are normally settled between 30-60 day terms.

(b) **Other payables**

Other payables are non trade payables, are non-interest bearing and have an average term of 30 days.

(c) **Deposits on sales**

Deposits on sales represent security deposits on certain orders placed by customers.

(d) **Fair value**

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

14. *Current Liabilities - Current Tax Liabilities*

Income tax	<u>438</u>	<u>176</u>	<u>1</u>	<u>—</u>
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15. *Current Liabilities - Provisions*

Employee Entitlements	793	742	—	—
Service Warranties (a)	118	156	—	—
Sundry Provisions (b)	156	284	—	—
	<u>1,067</u>	<u>1,182</u>	<u>—</u>	<u>—</u>

(a) **Movements in provisions**

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

	Service Warranties \$'000	Sundry Provisions \$'000	Total \$'000
Consolidated			
At 1 July 2008	156	284	440
Arising during the year	118	156	274
Utilised	(156)	(284)	(440)
At 30 June 2009	<u>118</u>	<u>156</u>	<u>274</u>

(b) **Service Warranties**

Provision is made for the estimated warranty liability at balance date. These claims are expected to be settled in the next financial year.

(c) **Sundry Provisions**

A provision was raised at 30 June 2009 in relation to voluntary retrenchment packages for employees. All payments were made by 31 July 2009.

16. *Non-Current Liabilities - Provisions*

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Employee Entitlements	<u>2,415</u>	<u>2,266</u>	<u>—</u>	<u>—</u>



17. Contributed Equity

	Parent Entity		Parent Entity	
	2009	2008	2009	2008
	Shares	Shares	\$'000	\$'000
	'000	'000		
(a) Ordinary shares - fully paid	<u>12,340</u>	<u>12,340</u>	<u>8,633</u>	<u>8,633</u>
(b) Movements in ordinary share capital of the company during the past two years were as follows:		Notes	Number of Shares	\$'000
30 June 2008 Closing Balance			<u>12,339,571</u>	<u>8,633</u>
30 June 2009 Closing Balance			<u>12,339,571</u>	<u>8,633</u>

(c) Ordinary Shares

In accordance with the abolishment of the concepts of authorised capital and par value shares within the Corporations Legislation, effective 1 July 1998, the Company does not have authorised capital nor par value in respect of its issued capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Capital management

The Company's objective is to retain adequate equity and cash reserves to:

- protect the company from seasonal conditions and longer term business fluctuations caused by weather conditions,
- provide flexibility for appropriate acquisitions to expand and/or diversify the Group's manufacturing base, and
- enable the payment of cash dividends.

For the purposes of capital management, capital is considered by the company to comprise total equity of \$44.149m (2008: \$42.976m).

18. Dividends

	Consolidated	
	2009	2008
	\$'000	\$'000
Ordinary shares		
Fully franked paid - current year: 15 cents (2008: 15 cents)	<u>1,851</u>	<u>1,851</u>
	<u>1,851</u>	<u>1,851</u>
Dividends not recognised at year end		
Since year end the directors have recommended the payment of a fully franked dividend of 9 cents per fully paid ordinary share (2008: 9 cents). The aggregate amount of the proposed dividend expected to be paid on 15 October 2009 out of retained profits at 30 June 2009, but not recognised as a liability at year end under the dividends (note 1(m)), is -	<u>1,111</u>	<u>1,111</u>



19. Financial Instruments

(a) Interest Rate Risk Exposure

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed assets and liabilities to maturity.

	Fixed interest maturing in:				Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	over 1 to 5 years \$'000	Non-interest bearing \$'000	
2009					
Financial assets					
Cash and cash equivalents	1,749	16,054	—	8	17,811
Trade and other receivables	—	—	—	4,039	4,039
	<u>1,749</u>	<u>16,054</u>	<u>—</u>	<u>4,047</u>	<u>21,850</u>
Weighted average interest rate	4.40	6.57	—	—	—
	Fixed interest maturing in:				Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	over 1 to 5 years \$'000	Non-interest bearing \$'000	
2009					
Financial liabilities					
Trade and other payables	—	—	—	4,474	4,474
	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,474</u>	<u>4,474</u>
Net financial assets (liabilities)	1,749	16,054	—	(427)	17,376
Financial Arrangements					
Total facility (Bank Overdraft)	3,000	—	—	—	3,000
Used at balance date	—	—	—	—	—
Unused at balance date	<u>3,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,000</u>
	Fixed interest maturing in:				Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	over 1 to 5 years \$'000	Non-interest bearing \$'000	
2008					
Financial assets					
Cash and cash equivalents	1,494	13,488	—	9	14,991
Trade and other receivables	—	—	—	5,334	5,334
	<u>1,494</u>	<u>13,488</u>	<u>—</u>	<u>5,343</u>	<u>20,325</u>
Weighted average interest rate	6.02	7.24	—	—	—
	Fixed interest maturing in:				Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	over 1 to 5 years \$'000	Non-interest bearing \$'000	
2008					
Financial liabilities					
Trade and other payables	—	—	—	5,444	5,444
	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,444</u>	<u>5,444</u>
Net financial assets (liabilities)	1,494	13,488	—	(101)	14,881
Financial Arrangements					
Total facility (Bank Overdraft)	3,000	—	—	—	3,000
Used at balance date	—	—	—	—	—
Unused at balance date	<u>3,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,000</u>



Financial Instruments (continued)

**(b) Net Fair Value of Financial Assets and Liabilities
On-balance Sheet**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date. For non-traded equity investments, the net fair value is an assessment by the Directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

(c) Financial Risk Management

The company's principal financial instruments comprise of cash and cash equivalents.

The main purpose of these financial instruments is to hold finance for the company's operations. The company has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

The net fair value of financial assets and liabilities in the Financial Statements are approximated by their carrying values.

(d) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised on the balance sheet when John Shearer (Holdings) Limited becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity.

A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, finance leases, cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of the risks identified below, including interest rate risk, credit allowances, and future cash flow forecast projections.

Risk Exposures and Responses

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's short-term deposits.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian Variable interest rate risk:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	<u>17,811</u>	<u>14,991</u>	<u>—</u>	<u>—</u>



Financial Instruments (continued)

At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit		Equity	
	Higher/(Lower)		Higher/(Lower)	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Consolidated				
+ .5% (50 basis points)	89	75	—	—
- .5% (50 basis points)	(89)	(75)	—	—
Parent				
+ .5% (50 basis points)	—	—	—	—
- .5% (50 basis points)	—	—	—	—

The movements in profit are due to higher/lower interest receipts from variable and fixed rates on cash and cash equivalents.

Foreign currency risk

The Group is not exposed to any material transactional currency exposures.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise trade and other receivables.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it in the Group's policy to securitise its trade and other receivables. All cash at bank and short term deposits, held within banks, are covered by the Australian Government Guarantee.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets.

20. Auditors Remuneration

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
The auditor of John Shearer (Holdings) Limited for the period ended 30 June 2009 is Ernst & Young.				
During the year the auditor of the parent entity earned the following remuneration:				
Audit or review of financial reports of the entity or any entity in the consolidated entity	77,344	62,000	—	—
Taxation services	—	20,600	—	—
Total remuneration	77,344	82,600	—	—

21. Contingent Liabilities

Under the terms of deeds of indemnity entered into in accordance with a Class Order issued by the Australian Securities and Investments Commission the parent entity has guaranteed any deficiencies of funds on winding up of John Shearer Ltd., Kockums Industries (Aust.) Pty. Ltd., Kockums Engineering Pty. Ltd. and Brownbuilt Pty. Ltd.

The above companies represent a 'closed group' for the purpose of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by John Shearer (Holdings) Limited, they also represent the 'Extended Closed Group'.

The John Shearer Group is part of an interlocking guarantee with the National Australia Bank Limited. There are no net borrowings as at 30 June 2009 (30 June 2008 – Nil).



22. Commitments for Expenditure

Capital Commitments

Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Within one year	29	—	—	—
Later then one year but not later then 5 years	—	—	—	—
Later than 5 years	—	—	—	—
	<u>29</u>	<u>—</u>	<u>—</u>	<u>—</u>

Operating lease – Group as lessee

The Group has operating leases for one property for both the Group and the Company. This lease contract will expire within 1 year. The leases have terms of renewal but no purchase options. Renewals are at the option of the specific entity that holds the lease.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follow:

Not later than one year	23	29	—	—
Later then one year but not later then 5 years	—	23	—	—
Commitments not recognised in the financial statements	<u>23</u>	<u>52</u>	<u>—</u>	<u>—</u>

23. Employee Entitlements

	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Employee entitlement liabilities					
Provision for employee entitlements					
Current	15	793	742	—	—
Non-current	16	2,415	2,266	—	—
Aggregate employee entitlement liability		<u>3,208</u>	<u>3,008</u>	<u>—</u>	<u>—</u>

Footnote to note 23: – Superannuation Commitments

All employees of the Group are entitled to benefits on retirement, disability or death from the Group's retirement plans. These plans are accumulation funds and the entities contribute in line with the requirements of the Superannuation Guarantee Legislation. Employees can contribute amounts to the fund.

24. Related Parties

Ultimate Holding Company

The ultimate holding company is G.C.F. Investments Pty. Ltd. which beneficially owns 100% of the issued ordinary shares of Arrowcrest Group Pty. Ltd.

Holding Company

Arrowcrest Group Pty. Ltd. holds 77.5% (2008; 77.5%) of the issued ordinary shares of John Shearer (Holdings) Limited. Transactions between these entities consist of unsecured loans and management fees on normal commercial terms and conditions.



Related Parties (continued)

Transactions with Related Parties

Aggregate amounts as required to be disclosed and included in the determination of profit before income tax that resulted from transactions with each class of other related parties were as follows:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
(1) Management fees paid to Arrowcrest Group Pty. Ltd. by John Shearer Group.	775	682	—	—

Aggregate amounts receivable from and payable to other related parties at balance date were as follows:

	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current receivables	—	—	—	—
Current payables	59	71	—	—

Wholly-Owned Group

The wholly-owned group consists of John Shearer (Holdings) Limited and its wholly-owned controlled entities, John Shearer Limited, Kockums Industries (Aust) Pty. Ltd., Kockums Engineering Pty. Ltd. and Brownbuilt Pty. Ltd. Ownership interests in these controlled entities are set out in Note 10.

Transactions between John Shearer (Holdings) Limited during the year ended 30 June 2009 consists of:

- (a) loans advanced to Kockums Industries (Australia) P/L of \$59,520 (2008 – \$59,520), and
- (b) loans advanced by John Shearer Ltd of \$8,527,719 (2008 – \$8,530,494).

There are no terms of repayment nor interest charged on inter-company debts within the wholly-owned Group.

(a) Key Management Personnel

The names of persons who were directors of John Shearer (Holdings) Limited at any time during the financial year are as follows: A.W. Gwinnett; C.H. Hong; G.D. Reuter, and A. E. Bolaffi.

The names of persons who were executives of John Shearer (Holdings) Limited at any time during the financial year are as follows: R. Smith; P. Rayias and C. M. Hobby.

Information on the disclosures relating to key management personnel is set out in the Remuneration Report in the Directors' Report.

(b) Aggregate Shareholdings of Key Management Personnel

Aggregate numbers of shares of John Shearer (Holdings) Limited held directly, indirectly or beneficially by key management personnel or their related entities at balance date:

Share holdings

The numbers of shares in the company held during the financial year by each director of John Shearer (Holdings) Limited and each of the three executives of the consolidated entity, including their personally-related entities, are set out below.

2009			
Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year
Directors of John Shearer (Holdings) Limited			
Ordinary Shares			
A. E. Bolaffi	8,753	(1,000)	7,753
A. W. Gwinnett	1,600	—	1,600
C. H. Hong	1,122,618	—	1,122,618
G. D. Reuter	10,000	—	10,000
Specified executives of the consolidated entity			
Ordinary Shares			
R. Smith	—	—	—
P. Rayias	—	—	—
C. M. Hobby	1,590	—	1,590



Related Parties (continued)

2008			
Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year
Directors of John Shearer (Holdings) Limited			
Ordinary Shares			
A. E. Bolaffi	8,753	—	8,753
A. W. Gwinnett	1,600	—	1,600
C. H. Hong	1,122,618	—	1,122,618
G. D. Reuter	10,000	—	10,000
Specified executives of the consolidated entity			
Ordinary Shares			
R. Smith	—	—	—
P. Rayias	—	—	—
R.W. Briggs	—	—	—

	2009	2008
Ordinary shares held directly	1,141,971	1,142,971
Ordinary shares held beneficially	9,565,890	9,565,890

(c) Compensation of Key Management Personnel

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	590	560	—	—
Post-employment benefits	63	55	—	—
	<u>653</u>	<u>615</u>	<u>—</u>	<u>—</u>

(d) Other Related Party Transactions

A.E. Bolaffi is a partner of UHY Haines Norton. During the year, fees for tax services of \$9,000 were paid to UHY Haines Norton.



25. Reconciliation of Net Profit after Income Tax to Net Cash Flow from Operations

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net profit	3,024	2,716	1	1
Depreciation	843	951	—	—
Provision for doubtful debts	2	(5)	—	—
(Profit) on sale of non-current assets	(73)	(41)	—	—
Loss on sale of non-current assets	6	—	—	—
Non-current assets written-off	55	232	—	—
Share in associates' net (profits)/losses	74	—	—	—
Changes in assets and liabilities				
Decrease (increase) in trade and other receivables	1,261	115	—	—
Decrease (increase) in inventories	529	(174)	—	—
Decrease (increase) in other assets	19	(219)	—	—
Increase (decrease) in trade and other payables	(1,185)	736	(1)	(1)
Increase (decrease) in other liabilities	317	(344)	—	—
Increase (decrease) in other provisions	65	(206)	—	—
Net cash flow from operations	<u>4,937</u>	<u>3,761</u>	<u>—</u>	<u>—</u>

26. Earnings per Share

	Consolidated	
	2009 cents	2008 cents
Basic earnings per share	24.5	22.0
Diluted earnings per share	24.5	22.0
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>12,339,571</u>	<u>12,339,571</u>

Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2009 \$'000	2008 \$'000
Basic earnings per share		
Net profit	<u>3,024</u>	<u>2,716</u>
Earnings used in calculating basic earnings per share	<u>3,024</u>	<u>2,716</u>
Diluted earnings per share		
Net profit	<u>3,024</u>	<u>2,716</u>
Earnings used in calculating diluted earnings per share	<u>3,024</u>	<u>2,716</u>

27. Dividend Franking Credits

Amount of franking credits available for subsequent reporting periods:

Franking account balance at reporting date at 30% (2008: 30%)	4,467	4,062
Franking credits that will arise from the payment of the amount of the provision for income tax	<u>439</u>	<u>176</u>
Amount of franking credits available for subsequent reporting periods	<u>4,906</u>	<u>4,238</u>
Impact on franking account of fully franked dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	<u>(476)</u>	<u>(476)</u>



Directors' Declaration

The directors of John Shearer (Holdings) Limited declare that:

- (a) in the directors' opinion the financial statements and notes of the Company and the consolidated entity have been prepared in accordance with the Corporations Act 2001, including that they:
 - (i) comply with Australian Accounting Standards and Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position of the Company and of the consolidated entity as at 30 June 2009 and of their performance as represented by the results of their operations and their cash flows for the year ended on that date; and
- (b) the directors have been given the declarations required by Section 295A; and
- (c) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

At the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group defined in Note 21 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.

Signed in accordance with a resolution of the directors.

A.E. BOLAFFI
Director
Adelaide
24 September 2009

Independent auditor's report to the members of John Shearer (Holdings) Ltd

Report on the Financial Report

We have audited the accompanying financial report of John Shearer (Holdings) Ltd, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising 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 and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. 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.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of John Shearer (Holdings) Ltd is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of John Shearer (Holdings) Ltd and the consolidated entity at 30 June 2009 and of their 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*.
- 2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 6 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of John Shearer (Holdings) Ltd for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Colin Dunsford
Partner
Adelaide
24 September 2009



The shareholder information set out below was applicable as at 13 August 2009.

Shareholder Information

(a) Distribution of equity securities

	Ord Shares	
	Holders	% Shares Held
1 - 1,000	103	0.34
1,001 - 5,000	58	1.20
5,001 - 10,000	17	0.99
10,001 - 100,000	19	4.14
100,001 - or more	6	93.33
	<u>203</u>	<u>100.00</u>

There were 27 holders of less than a marketable parcel of ordinary shares.

(b) Distribution of equity securities

Name	No. of Shares	% of Issued Shares
Arrowcrest Group Pty. Ltd.	9,565,890	77.52
C. H. Hong	1,122,618	9.10
Evelin Investments Pty. Ltd.	382,000	3.10
O. R. Guglielmin	162,000	1.31
R. L. Denison	150,000	1.22
Angueline Investments Pty Ltd.	133,179	1.08
Obenox Pty. Ltd.	66,162	0.54
UBS Wealth Mgt Aust Nom. Pty. Ltd.	39,153	0.32
E.L. & S.A. Underdown	37,250	0.30
H. V. & J.M. Underdown	37,250	0.30
B. Schulze	35,072	0.28
S. Orgill	30,312	0.25
R. J. Hill	28,249	0.23
M. L. & B. Hill	25,548	0.21
C. A. Nairn	25,519	0.21
K.H. Cocks	25,072	0.20
Ago Pty. Ltd.	24,667	0.20
A.J. Milburn & D.K. Darby	24,000	0.19
R. S. Webb	21,000	0.17
M. R. Menzel	19,214	0.16
	<u>11,954,155</u>	<u>96.89</u>

(c) Voting rights:

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(d) Substantial Shareholder:

Arrowcrest Group Pty. Ltd.
 PO Box 5
 Regency Park SA 5942
 9,565,890 ordinary shares representing 77.5% of the issued capital.

(e) Directors' interests:

The relevant interests of each director in the share capital of the Company, or in a related corporation in the register of Directors' Shareholdings at 13 August 2009 is as follows:

Ordinary Share	JS(H)L	GCF
C H Hong	1,122,618	—
G D Reuter	10,000	—
A E Bolaffi	7,753	—
A W Gwinnett	1,600	1,320,000



John Shearer (Holdings) Limited

(A.B.N. 38 007 643 085)

A member of the Arrowcrest Group of Companies.

Notice of Annual General Meeting of Shareholders 2009

Notice is hereby given that the Annual General Meeting of Shareholders will be held at the Company's Share Street Offices, Kilkenny, South Australia on Thursday 29 October 2009 at 12.30 p.m.

Business

1. Financial statements and reports

To receive and consider the financial statements for the year ended 30 June 2009, and the related directors' report, directors' declaration and independent audit report.

2. Directors

To elect director Mr. G.D. Reuter who retires in accordance with the Articles of Association and, being eligible, offers himself for re-election.

3. Remuneration report

To receive, consider and adopt the remuneration report of the company and of the consolidated entity for the year ended 30 June 2009.

4. Any other business

To deal with any other business which may be brought forward in accordance with the Articles of Association and the Corporations Act 2001.

By order of the Board

A.E. Bolaffi, ACA
Secretary

KILKENNY, South Australia
24 September 2009

Register of Members and Transfer Books

Notice is hereby given that the Register of Members and Transfer Books will be closed from 5.00 p.m. Tuesday 27 October 2009 to 5.00 p.m. Wednesday 28 October 2009.

Determination of Voting Entitlements

The Company has determined in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that for the purposes of the meeting, the shareholding of each shareholder for the purpose of ascertaining the voting entitlements at the meeting will be as it appears in the Share Register at 7.00 pm on 28 October 2009.



Proxies

A member is entitled to appoint not more than two proxies.

Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Member's voting rights.

A proxy need not be a Member.

If you wish to appoint a proxy to attend and vote at the Meeting you may:

- (a) date and sign this Proxy Form without amendment so as to enable the Chairman of the Meeting at his discretion to vote on your behalf for or against any resolution put to the Meeting, or
- (b) insert in this Proxy Form the name of a person as your proxy for the purpose of voting at the Meeting in accordance with your wishes and then date and sign the form.

Should you desire to indicate how you wish your votes to be cast, insert X in the appropriate box against each item listed below, otherwise your proxy will abstain or vote at his discretion.

Execution by a corporation must be under Seal or by its duly appointed Attorney.

In the case of joint holders any one of them may sign but should indicate the full names of the joint holders.

This form, and the Power of Attorney (if any) under which it is signed, must be deposited at the Registered Office of the Company, Share Street, Kilkenny, South Australia 5009, 24 hours before the meeting.

John Shearer (Holdings) Limited

Box 32, WELLAND, SA 5007

Form of Proxy

I, _____
(Full Name in Block Letters)

of _____
(Address)

being a member of John Shearer (Holdings) Limited hereby appoint

_____ of _____

or failing that person (and if this proxy is otherwise completed without naming a proxy) the Chairman of the meeting as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Thursday 29 October 2009, and at any adjournment thereof, and I hereby authorise the Chairman of the Company to complete this proxy by filling in any blanks herein in any matter he may think fit in his absolute discretion.

Dated at _____ this _____ day of _____ 2009.

(Signature of Shareholder)

	For	Against
1. To adopt reports and accounts.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as director Mr. G.D. Reuter	<input type="checkbox"/>	<input type="checkbox"/>
3. To vote on adoption of remuneration report.	<input type="checkbox"/>	<input type="checkbox"/>



FINANCIAL SUMMARY (\$'000)

	2009	2008	2007	2006	2005
Turnover	36,267	39,091	37,076	43,462	45,308
Net Operating Profit	3,024	2,716	3,976	4,147	3,183
Total Assets	53,358	52,987	51,938	50,310	49,048
Net Assets	44,149	42,976	42,111	39,738	37,689
Shareholders Equity %	82.7	81.1	81.1	79.0	76.8
Net Tangible Asset Backing/Share \$	3.53	3.45	3.39	3.16	3.13

EARNING RATE

per 50 cent share (ave) cents	24.5	22.0	32.2	33.6	25.8
on shareholders funds (ave) %	6.9	6.4	9.7	10.6	8.5
on total assets (ave) %	5.7	5.2	7.8	8.4	6.5

Dividend in \$'000	1,851	1,851	1,851	1,604	1,357
Cents per share	15.0	15.0	15.0	13.0	11.0
Times earning cover	1.6	1.5	2.1	2.6	2.3
Working Capital Ratio : 1	4.6	3.9	3.9	3.2	4.1
Liquid (Quick) Ratio : 1	3.7	3.0	2.9	2.2	3.0