FINEST IN THE FIELD

Established 1877

2015 ANNUAL REPORT

John Shearer (Holdings) Limited

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

A member of the Arrowcrest Group of Companies

Directors

Andrew William Gwinnett, FAMI, MSAE, (Chairman)
William Hugh Laidlaw Davidson
John Hamilton Maslen, FCA

Secretary

John Hamilton Maslen, FCA

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 Wednesday 21 October 2015

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CHAIRMAN'S FOREWORD

Dear Shareholder,

Directors present the Financial Results for the period ending 30 June 2015. The after tax loss of \$3.597m (due in a large part to the necessary impairment of assets in China which are being considered for disposal) compares to \$0.705m in the prior year. This represents an improvement to the underlying loss before tax if the one off profit on sale of the Kockums property in year end 2014 is considered.

Your directors have elected to not accrue anymore Deferred Tax Assets and have further impaired assets in Ningbo to reflect the performance of that subsidiary.

Directors are reviewing the Ningbo operations as well as considering other restructure measures that will be required to shape the company to provide the best service to our valued customers. Brownbuilt has been successful in winning some larger contracts but underlying sales remain weak. John Shearer starting from a very low base has an improved order book and is showing some promise in the current year.

Directors believe that trading results will continue to improve going forward, however are not certain of returning to profitable trade in 2015 – 2016 and success will depend upon improving economic conditions and ongoing cost base reductions. Interest rates are at historic lows and so while the cash surplus is helping offset the trading losses, that is not to the levels of prior years.

During the financial year Arrowcrest undertook an off-market takeover and now holds 88.9% of the John Shearer (Holdings) Limited shares on issue and there are only 48 shareholders remaining on the register (many of whom are lost). As indicated in the takeover documents and subsequent advice to shareholders the company is now progressing to de-list from official ASX quotation which is expected to complete on 28 October 2015.

In these difficult times your Board greatly appreciates the great support being received from 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 2015.

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.W. Gwinnett FAMI, MSAE	Director and Chairman of the Shearer Group of Companies for 27 years. Chairman of Arrowcrest Group for the past 22 years and Director for 43 years.	
W.H.L. Davidson	Director of the Shearer Group for 3 years. Director of Arrowcrest Group for 7 years.	Member of Audit Committee
J.H.Maslen FCA	Director of the Shearer Group for 3 years.	Appointed Chairman 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 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 Directors have declared no dividend in respect of the year ended 30 June 2015.

Review of Operations

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

	Segment Revenues		Segment Results	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Agricultural Machinery and Transport Equipment	**3,646**	5,784	**(229)**	842
Steel Shelving and Storage Systems	**12,106**	14,912	**(2,936)**	(2,682)
Inter-segment Eliminations	**(1,035)**	(1,097)	**18**	-
	14,717	19,599	**(3,147)**	(1,840)
Loss before income tax			**(3,147)**	(1,840)
Income tax benefit			**(450)**	1,135
Loss after income tax			**(3,597)**	(705)
Non-controlling interest			**(82)**	(62)
Net loss attributable to members of John Shearer (Holdings) Ltd			**(3,515)**	(643)

A discussion of the overall results for the period ended 30 June 2015 is provided in the Chairman's Foreword.

Earnings per Share

	2015	2014
	cents	cents
Basic earnings per share	**(28.5)**	(5.2)
Diluted earnings per share	**(28.5)**	(5.2)
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

In the opinion of the Director's, there is at the date of this report no matter or circumstance arisen since 30 June 2015 that has significantly affected or may significantly affect -

(i) the operations, in financial years subsequent to 30 June 2015, 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 2015, 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 holds necessary environmental licences for its manufacturing sites in all relevant 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, the numbers of shares in the company held during the financial year by each director of John Shearer (Holdings) Limited and each of the two executives of the consolidated entity, including their personally-related entities, are set out in Remuneration Report (audited).

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 2015, and the numbers of meetings attended by each director.

	Full Meetings Of Directors	Audit Committee
Number of meetings held	13	2
Number of meetings attended by:		
A. W. Gwinnett	13	*
W.H.L. Davidson	13	2
J.H. Maslen	13	2

* Not a member of the relevant committee

Directors
W.H.L. Davidson 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
W.H.L. Davidson – Non-Executive Director
J.H. Maslen – Non-Executive Director

Executives (other than directors) with the greatest authority for strategic direction and management
The following persons were the executives with the greatest authority for the strategic direction and management of the consolidated entity during the financial year;

Name	Position	Employer
Peter Williamson	General Manager	John Shearer Ltd.
A. K. Misra	Operations Manager	Brownbuilt Pty Ltd

These executive 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 2009.

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 $200,000 pa 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
Base pay is 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 superannuation funds. These funds provide accumulated benefits.

Executive contractual arrangements
As Directors are not employees of the company, there are no contractual agreements.

Remuneration arrangements for other Executives are formalised in employment agreements. Details of these contracts are provided below.

All other Executives have contracts with unspecified ending date. The contracts are continuing unless terminated by either party.

Details of remuneration

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

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Remuneration Report (audited) – (continued)

Directors of John Shearer (Holdings) Limited

2015	Short Term Benefits			Post-employment	Long Term Benefits	
Name	Cash Salary $	Directors' fees $	Non-monetary benefits $	Super-annuation $	Long Service Leave $	Total $
A. W. Gwinnett	—	39,999	—	3,800	—	43,799
W. H. L. Davidson	—	20,000	—	1,900	—	21,900
J .H. Maslen	—	15,000	—	—	—	15,000
Total	—	74,999	—	5,700	—	80,699

Total remuneration of directors of John Shearer (Holdings) Limited for the year ended 30 June 2014 is set out below:

2014	Short Term Benefits			Post-employment	Long Term Benefits	
Name	Cash Salary $	Directors' fees $	Non-monetary benefits $	Super-annuation $	Long Service Leave $	Total $
A. E. Bolaffi (deceased 1 June 2014)	—	27,500	—	—	—	27,500
A. W. Gwinnett	—	39,999	—	3,700	—	43,699
W. H. L. Davidson	—	20,000	—	1,850	—	21,850
J .H. Maslen	—	15,000	—	—	—	15,000
Total	—	102,499	—	5,550	—	108,049

Other key management personnel of the consolidated entity

2015	Short Term Benefits		Post-employment	Long Term Benefits	
Name	Cash Salary and fees $	Non-monetary benefits $	Super-annuation $	Long Service Leave $	Total $
Peter Williamson	136,567	-	12,176		148,743
A. K Misra	136,115	6,895	12,930	-	155,940
Total	272,682	6,895	25,106	-	304,683

Remuneration Report (audited) – (continued)

Total remuneration of other key management personnel for the year ended 30 June 2014 is set out below.

2014	Short Term Benefits		Post-employment	Long Term Benefits	
Name	**Cash Salary and fees $**	**Non-monetary benefits $**	**Super-annuation $**	**Long Service Leave $**	**Total $**
A.K.Misra	171,202	14,574	23,968	-	209,744
Total	171,202	14,574	23,968	-	209,744

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.

Aggregate Shareholdings of Key Management Personnel
Aggregate numbers of shares of John Shearer (Holdings) Limited held directly, indirectly or beneficially by or their related entities at balance date is NIL. (total number of shares issued 12,339,571):

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

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Remuneration Report (audited) – (continued)

2015 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. W. Gwinnett	10,990,782	—	10,990,782
W. H. L. Davidson	—	—	—
J. H. Maslen	—	—	—
Specified executives of the consolidated entity			
Ordinary Shares			
Peter Williamson	—	—	—
A. K. Misra	—	—	—

2014 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 (deceased 1 June 2014)	7,653	—	7,653
A. W. Gwinnett	9,567,490	—	9,567,490
W. H. L. Davidson	—	—	—
J. H. Maslen	—	—	—
Specified executives of the consolidated entity			
Ordinary Shares			
A.K.Misra	—	—	—

	2015	2014
Ordinary shares held directly	**1,600**	9,253
Ordinary shares held beneficially	**10,989,182**	9,565,890

Company Performance

The performance of the company as measured by the company's operating profit or loss after tax has decreased from a loss of $0.705m in 2014 to a loss of $3.597m in 2015. Further information on the company's performance is outlined in the financial summary below.

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FINANCIAL SUMMARY ($'000)

	2015	2014	2013	2012	2011
Total Revenue and Other Income	**14,717**	19,599	22,526	29,546	30,597
Net Operating (Loss)/Profit	**(3,597)**	(705)	(1,537)	-1,394	385
Total Assets	**40,762**	42,139	43,861	47,223	50,690
Net Assets	**33,786**	36,807	37,534	38,716	41,403
Shareholders Equity %	**82.9**	87.4	85.6	82.0	81.7
Net Tangible Asset Backing/Share $	**2.5**	2.74	2.89	3.06	3.31

EARNING RATE					
per 50 cent share (ave) cents	**(29.2)**	(5.7)	(12.5)	-11.3	3.1
on shareholders funds (ave) %	**(10.2)**	(1.9)	(4.0)	-3.5	0.9
on total assets (ave) %	**(8.7)**	(1.6)	(3.4)	-2.9	0.7

Dividend in $'000	**-**	-	0	1,481	1,481
Cents per share	**-**	-	0.0	12.0	12.0
Times earning cover	**-**	-	-0	-0.9	0.3
Working Capital Ratio : 1	**3.1**	4.3	3.6	3.0	3.2
Quick Ratio : 1	**2.6**	3.4	2.7	2.3	2.5

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 2014, 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 11 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.

Indemnification of Auditors

To the extent permitted by law, the company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

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

JOHN H. MASLEN
Director
Adelaide, South Australia

23 September 2015

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

In relation to our audit of the financial report of John Shearer (Holdings) Limited for the financial year ended 30 June 2015, 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

Nigel Stevenson
Partner
Adelaide
23 September 2015

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.

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 this 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 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. William Davidson
Mr. John Maslen (Chairman)

Audit Committee (continued)

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

Internal Control Framework (continued)

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.

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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.

Diversity Policy & Achievements

The Group endorses an inclusive corporation that supports diversity of Gender, culture and equal opportunity.

There are no females in the senior ranks of management. Our employees however are drawn from a wide range of cultural backgrounds, comprise females and males in management positions and have a wide range of ages. Our employees are required to keep their qualifications up-to-date within the demands of their positions.

FINEST IN THE FIELD

John Shearer (Holdings) Limited and Controlled Entities
Statement of Comprehensive Income
for the financial year ended 30 June 2015

		Consolidated	
		2015	2014
Continuing Operations	**Notes**	**$'000**	$'000
Revenue	3	**14,491**	17,959
Other income	3	**226**	1,640
Total revenue and other income		**14,717**	19,599
Changes in inventories of finished goods and work in progress		**(716)**	(56)
Raw materials and consumables used		**(6,598)**	(7,746)
Employee benefits expense		**(5,073)**	(7,597)
Depreciation expense	4	**(427)**	(1,280)
Impairment of assets	4	**(710)**	(643)
Borrowing costs expense	4	**(78)**	(45)
Contractor, subcontractor & commission expenses		**(294)**	(176)
Repairs and maintenance expense		**(245)**	(298)
Energy costs		**(615)**	(645)
Freight costs		**(350)**	(814)
Restructuring provision		**—**	—
Other expenses		**(2,758)**	(2,139)
Loss from continuing operations before income tax		**(3,147)**	(1,840)
Income tax benefit/ (expense)	5	**(450)**	1,135
Loss from continuing operations after income tax		**(3,597)**	(705)
Net loss for the period		**(3,597)**	(705)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**932**	(79)
Items that may not be reclassified subsequently to profit or loss			
Asset revaluation reserve		**(355)**	57
Other comprehensive income for the period, net of tax		**577**	(22)
Total comprehensive income		**(3,020)**	(727)

John Shearer (Holdings) Limited and Controlled Entities
Statement of Comprehensive Income (Continued)
for the financial year ended 30 June 2015

		Consolidated	
		2015	2014
	Notes	**$'000**	$'000
Loss for the period is attributable to:			
Non-controlling interest		**(82)**	(62)
Owners of the parent		**(3,515)**	(643)
		(3,597)	(705)
Total comprehensive Income for the period is attributable to:			
Non-controlling interest		**(17)**	(66)
Owners of the parent		**(3,003)**	(661)
		(3,020)	(727)
		Cents	Cents
Basic Earnings per share	27	**(28.5)**	(5.2)
Diluted Earnings per share	27	**(28.5)**	(5.2)

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

FINEST IN THE FIELD

John Shearer (Holdings) Limited and Controlled Entities
Statement of Financial Position
as at 30 June 2015

	Notes	Consolidated 2015 $'000	2014 $'000
Current Assets			
Cash and cash equivalents	6	**11,613**	7,822
Liquid Financial Investments	7	**10,333**	2,078
Trade and other receivables	8	**4,204**	2,624
Receivable from property transaction	9	—	3,600
Inventories	10	**3,312**	4,158
Land and buildings held for sale	11	—	10,290
Other current assets		**186**	186
Total Current Assets		**29,648**	30,758
Non-Current Assets			
Property, plant and equipment	12	**8,062**	8,329
Deferred tax assets	5	**3,051**	3,051
Total Non-Current Assets		**11,113**	11,380
Total Assets		**40,761**	42,138
Current Liabilities			
Trade and other payables	13	**4,860**	3,215
Provisions	14	**1,321**	1,575
Total Current Liabilities		**6,181**	4,790
Non-Current Liabilities			
Interest bearing liabilities	15	—	201
Deferred tax liabilities	5	**500**	55
Provisions	16	**294**	285
Total Non-Current Liabilities		**794**	541
Total Liabilities		**6,975**	5,331
Net Assets		**33,786**	36,807
Equity			
Contributed equity	17	**8,633**	8,633
Reserves		**841**	329
Retained earnings		**24,235**	27,750
Total parent equity interest		**33,709**	36,712
Non-controlling interest		**77**	95
Total Equity		**33,786**	36,807

The above statement of financial position should be read in conjunction with the accompanying notes.

John Shearer (Holdings) Limited and Controlled Entities
Statement of Changes in Equity
for the financial year ended 30 June 2015

Consolidated Entity	Asset Revaluation Reserve $'000	Foreign Currency Translation $'000	Contributed Equity $'000	Retained Earnings $'000	Owners of the parent $'000	Non-controlling Interest $'000	TOTAL $'000
Balance at 1 July 2014	**429**	**(100)**	**8,633**	**27,750**	**36,712**	**95**	**36,807**
Loss for the year	—	—	—	**(3,515)**	**(3,515)**	**(82)**	**(3,597)**
Other comprehensive income/(Loss)	**(420)**	**932**	—	—	**512**	**65**	**577**
Total comprehensive income for the period	**(420)**	**932**	—	**(3,515)**	**(3,003)**	**(17)**	**(3,020)**
Transactions with owners in their capacity as owners:							
Dividends provided for or paid	—	—	—	—	—	—	—
Balance at 30 June 2015	**9**	**832**	**8,633**	**24,235**	**33,709**	**77**	**33,786**
Balance at 1 July 2013	1,097	(21)	8,633	27,664	37,373	161	**37,534**
Loss for the year	—	—	—	(643)	(643)	(62)	(705)
Other comprehensive income/(Loss)	55	(79)	—	6	(18)	(4)	(22)
Total comprehensive income for the period	55	(79)	—	(637)	(661)	(66)	(727)
Disposal of land and buildings	(723)	—	—	723	—	—	—
Transactions with owners in their capacity as owners:							
Dividends provided for or paid	—	—	—	—	—	—	—
Balance at 30 June 2014	429	(100)	8,633	27,750	36,712	95	36,807

FINEST IN THE FIELD

John Shearer (Holdings) Limited and Controlled Entities
Cash Flow Statement
for the year ended 30 June 2015

		Consolidated	
		2015	2014
	Notes	**$'000**	$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**22,630**	21,729
Payments to suppliers and employees (inclusive of goods and services tax)		**(20,793)**	(23,467)
		1,837	(1,738)
Interest received	3	**914**	366
Borrowing costs		**(127)**	(45)
Income taxes paid		**(5)**	(2)
Net cash outflows from operating activities	26	**2,619**	(1,419)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,025)**	(83)
Loans (to) related parties		**—**	—
Investment in Liquid Financial Investments		**(8,254)**	
Proceeds from sale of other assets, property, plant and equipment		**10,492**	489
Net cash inflows from investing activities		**1,213**	406
Cash flows from financing activities			
Dividends paid	19	**—**	—
Loans from related parties		**—**	—
Net cash inflows from financing activities		**—**	—
Net increase/(decrease) in cash and cash equivalents		**3,832**	(2,615)
Cash and cash equivalents at beginning of period		**7,822**	10,379
Effects of exchange rate changes on cash		**(41)**	58
Cash and cash equivalents at the end of the financial year	6	**11,613**	7,822

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

John Shearer (Holdings) Limited
Notes to the Financial Statements

FINEST IN THE FIELD

1. ***Summary of Significant Accounting Policies***

The financial report of John Shearer (Holdings) Limited (the Company) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 21 September 2015.

John Shearer (Holdings) Limited is a for profit 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 2015 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 statement of comprehensive income 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 over a period not exceeding 5 years.

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 Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in acquiree is re-measured at fair value as at the acquisition date through profit or loss.

Business Combinations ***(continued)***

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured.

(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 that will be received to sell an asset or paid to transfer a liability in an orderly transaction between all participants at the measurement date. 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) Investments and Other Financial Assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation and convention in the marketplace.

AFS financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognised as OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income in the statement of profit or loss, or the investment is determined to be impaired when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned while holding AFS financial assets is reported as interest income using the EIR method in the statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing methods.

(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 re-valued 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 statement of comprehensive income 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) **Interest-Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(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 Australian corporate 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 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 on hand, deposits with banks, short-term deposits and investments 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 and cash equivalents includes cash on hand, demand deposits with banks, and short term highly liquid investments which are readily convertible to a known amount of cash which are subject to an insignificant risk of changes to value and are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(s) **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. There has been no dilution of equity.

(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) **Operating Segments**
An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.
Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.
The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.
Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(x) **Foreign Currency Translation**

(i) Functional and presentation currency

Both the functional and presentation currency of John Shearer (Holding) Limited and its Australian subsidiaries are in Australian dollars. The Chinese subsidiaries' functional currency is Chinese Yuan which is translated to the presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies' functional currency to presentation currency

The results of the Chinese subsidiary are translated into Australian Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in Chinese subsidiary are taken to the foreign currency translation reserve. If a Chinese subsidiary were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the statement of comprehensive income.

(y) **Significant Accounting Judgments, Estimates and Assumptions**

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, 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 judgments, estimates and assumptions. Significant judgments, 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 judgments 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.
- Fair value of land and buildings
  Subsequent to initial recognition, land and buildings are measured at fair value being the amounts for which that will be received to sell an asset or paid to transfer a liability in an orderly transaction between all participants at the measurement date. Annual assessments are made by Directors to ensure the carrying amount of each piece of land and each building does not differ materially from its fair value at reporting date. Land and buildings were valued by reference to market based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.
- Deferred tax assets
  Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(z) **New Accounting Standards and Interpretations**

(i) *Changes in accounting policy and disclosures*

The accounting policies adopted are consistent with those of the previous year except as follows:

The group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of July 2014.

Reference	Title	Summary	Impact on Company financial report	Application date of standard	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	Adopted	1 January 2014	1 July 2014
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclos ures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	Adopted	1 January 2014	1 July 2014
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.	Adopted	1 January 2014	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.	Adopted	1 January 2014	1 July 2014

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Reference	Title	Summary	Impact on Company financial report	Application date of standard	Application date for Group
AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.	Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segment assets to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 Related Party Disclosures for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed..	Adopted	1 July 2014	1 July 2014
AASB 2014-1 Part A - Annual Improvements 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:	► AASB 13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	Adopted	1 July 2014	1 July 2014
Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements [AASB 1053]	The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to:	• clarify that AASB 1053 relates only to general purpose financial statements; • make AASB 1053 consistent with the availability of the AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors option in AASB 1 First-time Adoption of Australian Accounting Standards; • clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.	Adopted	1 July 2014	1 July 2014

(ii) 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 2015. These are outlined in the table starting on next page.

Reference	Title	Summary	Impact on Company financial report	Application date of standard	Application date for Group
AASB 9	*Financial Instruments*	AASB 9 (December 2014) is a new standard **which replaces AASB 139.** This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and **includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.** **AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.** **Classification and measurement** **AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.** The main changes are described below. ***Financial assets*** a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. ***Financial liabilities*** Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.	Impact of the amendments has not been determined given the final standard was only recently released.	1 January 2018	1 July 2018

Reference	Title	Summary	Impact on Company financial report	Application date of standard	Application date for Group
		Impairment **The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.** **Hedge accounting** Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after **1 January 2015**.			
AASB 2014-4	**Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to** **AASB 116 and AASB 138)**	**AASB 116 *Property Plant and Equipment* and AASB 138 *Intangible Assets*** both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	The amendments are not expected to have any impact on the Group's financial report.	1 January 2016	1 July 2016
AASB 15	**Revenue from Contracts with Customers**	**Currently, AASB 15 is effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted.** "The International Accounting Standards Board (IASB) in September 2015 issued an amendment to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for the Group will move from 1 July 2017 to 1 July 2018." ► AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	The group is yet to determine the impact on the financials report.	1 July 2017	1 July 2018

Reference	Title	Summary	Impact on Company financial report	Application date of standard	Application date for Group
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:* • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 *Financial Instruments: Disclosures:* • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 *Disclosure–Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 *Interim Financial Reporting* when its inclusion would be required by the requirements of AASB 134. AASB 119 *Employee Benefits*: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 *Interim Financial Reporting:* • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	The amendments are not expected to have any impact on the Group's financial report.	1 January 2016	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	The amendments are not expected to have any impact on the Group's financial report.	1 January 2016	1 July 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality*	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	Impact of the amendments has not been determined.	1 July 2015	1 July 2015

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2. Segment Information

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.

Operating 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.

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

Steel Shelving and Storage Systems
Manufacture and distribution of industrial and office steel shelving and storage systems.

Segment information (continued)

	Operating segments			
2015	**Agricultural Machinery and Transport Equipment**	**Steel Shelving and Storage Systems**	**Inter-segment eliminations/ unallocated**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**
Revenue				
Sales to external customers	2,730	10,732	—	13,462
Inter-segment sales	—	675	(675)	—
Total sales revenue	2,730	11,407	(675)	13,462
Other revenue and other income	915	700	(360)	1,255
Total segment revenue	3,645	12,107	(1,035)	14,717
(Expenses)				
Depreciation and amortisation	(71)	(356)	—	(427)
Impairment of property, plant and equipment	—	(710)	—	(710)
Segment result	(229)	(2,936)	18	(3,147)
Loss before income tax				(3,147)
Income tax benefit				(450)
Net Loss				(3,597)
Total segment assets	48,018	30,196	(37,452)	40,762
Total segment liabilities	12,942	10,052	(16,018)	6,976

Segment information (continued)

2014	Agricultural Machinery and Transport Equipment	Steel Shelving and Storage Systems	Inter-segment eliminations/ unallocated	Consolidated
	Operating segments			
	$'000	$'000	$'000	$'000
Revenue				
Sales to external customers	3,418	13,705	—	17,123
Inter-segment sales	—	812	(812)	—
Total sales revenue	3,418	14,517	(812)	17,123
Other revenue and other income	2,366	395	(285)	2,476
Total segment revenue	5,784	14,912	(1,097)	19,599
(Expenses)				
Depreciation and amortisation	(293)	(987)	—	(1,280)
Impairment of property, plant and equipment	—	(643)	—	(643)
Segment result	842	(2,682)	—	(1,840)
Loss before income tax				(1,840)
Income tax benefit				1,135
Net Loss				(705)
Total segment assets	45,675	29,486	(33,023)	42,138
Total segment liabilities	9,859	7,861	(12,389)	5,331

Informations about geographical locations

	Revenues from sales to external customers		Property, plant and equipment, other non-current assets	
	2015	2014	**2015**	14
	$'000	$'000	**$'000**	$'000
Australia	**13,456**	17,111	**5,278**	15,738
China	**6**	12	**3,688**	3,785
Eliminations	**—**	—	**(904)**	(904)
	13,462	17,123	**8,062**	18,619

Segment information (continued)

	Consolidated	
	2015	2014
	$'000	$'000
Segment revenue reconciliation to the statement of comprehensive income		
Total segment revenue	**15,752**	20,696
Intersegment sales elimination	**(1,035)**	(1,097)
Total Revenue	**14,717**	19,599

Segment net operating profit after tax reconciliation to the statement of comprehensive income

The board of directors meets on a monthly basis to assess the performance of each segment by analysing the segment's net operating profit before tax. A segment's net operating profit before tax excludes non operating income and expenses such as dividends received, fair value gains and losses, gains and losses on disposal of assets and impairment charges.

Reconciliation of segment net operating loss before tax to net loss before tax

Segment net loss before tax	**(3,165)**	(1,840)
Intersegment eliminations	**18**	—
Total net loss before tax per the statement of comprehensive income	**(3,147)**	(1,840)

Segment assets reconciliation to the statement of financial position

In assessing the segment performance on a monthly basis, the board of directors analyses the segment result as described above and its relation to segment assets. Segment assets are those operating assets of the entity that the board of directors views as directly attributing to the performance of the segment. These assets include plant and equipment, receivables, inventory, intangibles and deferred tax assets.

Reconciliation of segment operating assets to total assets

Segment operating assets	**78,214**	75,161
Intersegment eliminations	**(37,453)**	(33,023)
Total assets per the statement of financial position	**40,761**	42,138

Segment liabilities reconciliation to the statement of financial position

Segment liabilities includes trade and other payables. The board of directors reviews the level of external payables for each segment in the monthly board meetings.

Reconciliation of segment operating liabilities to total liabilities

Segment operating liabilities	**22,994**	17,720
Intersegment eliminations	**(16,019)**	(12,389)
Total liabilities per the statement of financial position	**6,975**	5,331

Segment information (continued)

(a) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity and AASB 8 *Operating Segments*.

The group has identified its operating segments to be the two segments of Agricultural Machinery and Transport Equipment and Steel Shelving and Storage Systems. This is the basis by which internal reports are reviewed and used by the chief operating decision makers in assessing performance and determining allocation of resources.

(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. *Statement of Comprehensive Income*

	Consolidated 2015 $'000	2014 $'000
Continuing operations		
Sale of goods	**13,462**	17,123
Interest & dividend	**914**	366
Rent received	**50**	289
Sundry income	**65**	181
	14,491	17,959
Other income		
Foreign exchange gains	**—**	21
Profit on sale of non-current assets	**226**	1,619
	226	1,640
Total revenue and other income	**14,717**	19,599

4. *Items Included in Loss*

Gains and expenses

Loss before income tax benefit includes the following specific net gains and expenses:

	2015 $'000	2014 $'000
Gains and loss		
Gain on disposal of property, plant and equipment	**226**	1,619
Foreign exchange (gain)/loss	**92**	18
Expenses		
Depreciation		
Buildings	**137**	498
Plant and equipment	**281**	774
Leasehold improvements	**9**	8
Total depreciation	**427**	1,280
Impairment	**710**	643
Minimum lease payments - operating lease	**543**	105
Bad and doubtful debts	**52**	66
Borrowing costs		
Interest and finance charges paid/payable	**78**	45
Leave entitlements	**583**	615
Research and development	**69**	9
Service warranties	**37**	72
Superannuation	**352**	399

5. *Income Tax*

Income Tax Benefit

	Consolidated	
	2015	2014
	$'000	$'000
Current income tax expense	**—**	—
Deferred tax asset	**450**	(1,135)
Under (over) provided in prior years	**—**	—
Income tax benefit	**450**	(1,135)

Reconciliation between income tax benefit and prima facie tax payable/receivable

Loss from continuing operations before income tax	**(3,147)**	(1,840)
Tax at 30% (2013: 30%)	**(944)**	(552)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Loss from overseas operations	**379**	287
Pre-CGT gain on sale of property	**(12)**	(484)
Utilisation of capital losses previously unrecognised	**—**	—
Underprovided deferred tax asset	**1,027**	—
Other	**—**	(386)
Income tax (benefit) /expense	**450**	(1,135)

Analysis of deferred tax assets	**Statement of Financial Position**		**Statement of Comprehensive Income**	
Provision for inventory losses	**332**	291	**(41)**	(91)
Employee entitlements	**360**	406	**46**	221
Plant and equipment	**303**	166	**(137)**	(116)
Investments	**—**	—	**—**	(15)
Restructure costs	**—**	59	**59**	39
Income tax losses	**1,840**	2,004	**164**	(788)
Other	**216**	125	**(91)**	61
Deferred tax assets	**3,051**	3,051		
Analysis of deferred tax liabilities				
Land and buildings	**394**	12	**382**	(386)
Accrued interest	**106**	43	**63**	(41)
Investments	**—**	—	**—**	(19)
Deferred tax liabilities	**500**	55		
Deferred tax income/(expense)			**445**	(1,135)

Footnote to note 5:

There are no Parent Entity movements in deferred tax assets and liabilities. Loss from overseas operations of $1,262k (30 June 2014: $956k) is not recognised as a deferred tax asset. Carried forward capital losses of $5,914k (30 June 2014: $4,804k) are not recognised as a deferred tax asset.

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.

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6. *Current Assets - Cash and Cash Equivalents*

	Consolidated 2015 $'000	Consolidated 2014 $'000
Cash at bank and on hand	**1,789**	1,639
Short term deposits	**9,824**	6,183
	11,613	7,822
Reconciliation to Cash Flow Statement		
The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:		
Balances as above:	**11,613**	7,822
Balances per cash flow statement	**11,613**	7,822

Short Term Deposits

The deposits are bearing interest rates between 2.35% and 3.68% (2014 – 2.5% and 3.93%).

7. *Current Assets – Liquid Financial Investments*

	2015	2014
Short term highly liquid investments	**10,333**	2,078
	10,333	2,078

Short Term Highly Liquid Investments

The short term highly liquid investments bear average interest rates of 4.3% (2014 – 5.4%).

8. *Current Assets - Trade and Other Receivables*

	2015	2014
Trade receivables	**2,407**	2,495
Less allowance for impairment loss	**(121)**	(66)
	2,286	2,429
Owing by related parties	**1,604**	15
Other receivables	**314**	180
	4,204	2,624

(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:

	2015	2014
At 1 July	**66**	—
Charge for the year	**52**	66
Amounts written off	**3**	—
At 30 June	**121**	66

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

		Total $'000	0-30 days $'000	31-60 days $'000	61-90 days $'000 PDNI*	+91 days $'000 PDNI*	+91 days $'000 CI*
2015	**Consolidated**	**2,407**	**1,477**	**530**	**135**	**144**	**121**
2014	Consolidated	2,495	1,339	791	175	124	66

* Past due not impaired ('PDNI')
Considered impaired ('CI')

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(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.

Current Assets - Trade and Other Receivables (continued)

(c) Related party receivables

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash. The group has not made any allowance for impairment loss relating to amounts owed by related parties.

An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

(d) Other receivables

The group has not made any allowance for impairment loss relating to amounts of other receivables.

9. Current Assets - Receivable from property transaction

	Consolidated	
	2015	2014
	$'000	$'000
Sale of Kockums property in Melbourne	**—**	3,600

10. Current Assets - Inventories

	Consolidated	
	2015	2014
	$'000	$'000
Raw materials and stores – at cost	**1,486**	1,735
Work in progress – at cost	**940**	1,089
Finished goods – at realisable value	**886**	1,334
Total inventories at the lower of cost and net realisable value	**3,312**	4,158
Inventories recognised as an expense	**8,631**	11,856
Inventories written off	**361**	377

11. Current Assets - Land and buildings held for sale

	Consolidated	
	2015	2014
	$'000	$'000
Land and buildings held for sale	**—**	10,290

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

	Consolidated	
	2015	2014
	$'000	$'000
(a) Reconciliation of carrying amounts at beginning and end of the period.		
Land		
At directors' valuation which represents fair value	**3,525**	3,525
	3,525	3,525
Buildings		
At directors' valuation which represents fair value	**3,684**	3,347
Less accumulated depreciation	**(1,040)**	(836)
	2,644	2,511
Leasehold Improvements		
At cost	**455**	370
Less accumulated depreciation	**(47)**	(30)
	408	340
Plant and Equipment		
At cost	**23,744**	24,882
Less accumulated depreciation	**(20,906)**	(22,286)
Less impairment	**(1,353)**	(643)
	1,485	1,953
Total	**8,062**	8,329

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:

	Consolidated					
Year ended 30 June 2015	**Freehold land $'000**	**Buildings $'000**	**Leasehold Improvements $'000**	**Plant & Equipment $'000**	**In course of construction $'000**	**Total $'000**
At 1 July 2014, net of accumulated depreciation	**3,525**	**2,511**	**340**	**914**	**1,039**	**8,329**
Land & Building held for sale at 30 June 2014	**8,590**	**1,700**	**—**	**—**	**—**	**10,290**
Additions	**—**	**—**	**—**	**89**	**—**	**89**
Disposals	**(8,590)**	**(1,730)**	**—**	**(12)**	**(55)**	**(10,387)**
Foreign currency exchange differences	**—**	**300**	**77**	**(83)**	**584**	**878**
Depreciation expense	**—**	**(137)**	**(9)**	**(281)**	**—**	**(427)**
Impairment expense	**—**	**—**	**—**	**—**	**(710)**	**(710)**
Land & buildings held for sale			**—**	**—**	**—**	**—**
At 30 June 2015, net of accumulated depreciation	**3,525**	**2,644**	**408**	**627**	**858**	**8,062**

An assessment was performed by the Directors of the strategy and operating results of the Chinese operations of the Steel Shelving and Storage System segment. This analysis identified certain plant and equipment unlikely to recover its full carrying value based on expected future results and fair values indicated by pending transactions. An impairment charge of $710k has been recorded based on these assessments.

Key assumptions

The calculation of recoverable value of these assets in China are most sensitive to the following assumptions.

Discount rate – represents current estimate of risks attached to these assets.

Revenue forecasts – based on Directors strategic analysis of the integration of the Chinese business with its Australian distribution strategy.

Sensitivity to change in assumptions
In the event these factors changed the impairment would potentially increase or decrease.
Non-Current Assets - Property, Plant and Equipment (continued)

	Consolidated					
Year ended 30 June 2014	**Freehold land $'000**	**Buildings $'000**	**Leasehold Improvements $'000**	**Plant & Equipment $'000**	**In course of construction $'000**	**Total $'000**
At 1 July 2013, net of accumulated depreciation	**13,630**	**5,546**	**357**	**1,597**	**1,786**	**22,916**
Additions	**—**	**4**	**—**	**234**	**—**	**238**
Disposals	**(1,515)**	**(816)**	**—**	**(143)**	**—**	**(2,474)**
Foreign currency exchange differences	**—**	**(25)**	**(9)**	**—**	**(104)**	**(138)**
Depreciation expense	**—**	**(498)**	**(8)**	**(774)**	**—**	**(1,280)**
Impairment expense	**—**	**—**	**—**	**—**	**(643)**	**(643)**
Land & buildings held for sale	**(8,590)**	**(1,700)**	**—**	**—**	**—**	**(10,290)**
At 30 June 2014, net of accumulated depreciation	**3,525**	**2,511**	**340**	**914**	**1,039**	**8,329**

(b) Valuation of Land and Buildings
Fair Value is determined by reference to market based evidence. Valuations performed by the directors are based on recent market based transactions, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent director's valuation was 30 June 2015. Accordingly the fair value hierarchy for these assets would be Level 3 having unobservable valuation inputs.

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

	Consolidated	
	2015 $'000	2014 $'000
Freehold land		
Cost	**3,091**	11,681
Accumulated depreciation	**—**	—
Net book amount	**3,091**	11,681
Freehold buildings		
Cost	**1,112**	4,115
Accumulated depreciation	**(462)**	(440)
Net book amount	**650**	3,675

13. *Current Liabilities - Trade and Other Payables*

Trade payables	(a)	**1,698**	1,223
Other payables	(b)	**515**	846
Deposits on sales	(c)	**871**	156
Owing to holding company		**406**	806
Owing to related party entities		**1,370**	184
		4,860	3,215

(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 advance payment and 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.

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14. Current Liabilities - Provisions

		Consolidated	
		2015	2014
		$'000	$'000
Employee Entitlements		**963**	1,131
Service Warranties	(b)	**77**	93
Restructure Provision	(c)	**—**	301
Sundry Provisions	(d)	**281**	50
		1,321	1,575

(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 Provisons $'000	Restructure Provisons $'000	Total $'000
Consolidated				
At 1 July 2014	93	50	301	444
Arising during the year	37	281	—	318
Utilised	(53)	(50)	(301)	(404)
At 30 June 2015	77	281	—	358

(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) Restructure Provision

The restructure provision is recognised for payments to employees whose positions have been made redundant as a result of restructuring the operations.

(d) Sundry Provisions

Sundry provisions are mainly made for defects liability at balance date. They are expected to be settled in the next financial year.

15. Non-Current Liabilities - Interest Bearing Liabilities

	Consolidated	
	2015	2014
	$'000	$'000
Loan from related party entity	—	201

(a) Loan from Related Party Entity

Loan from related party entity is unsecured.

(b) Fair value

Their carrying value is assumed to approximate their fair value. Interest rates are set at market rates and repayment terms are fixed.

(c) Interest rate, foreign exchange and liquidity risk

Details are disclosed in note 20.

16. *Non-Current Liabilities - Provisions*

	Consolidated	
	2015	2014
	$'000	$'000
Employee Entitlements	**294**	285

17. *Contributed Equity*

	Parent Entity		Parent Entity	
	2015	2014	**2015**	2014
	Shares	Shares	**$'000**	$'000
	'000	'000		
(a) **Ordinary shares - fully paid**	**12,340**	12,340	**8,633**	8,633

(b) **Movements in ordinary share capital of the company during the past two years were as follows:**

		Notes	Number of Shares	$'000
30 June 2014	Closing Balance		12,339,571	8,633
30 June 2015	Closing Balance		**12,339,571**	**8,633**

(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

For the purposes of capital management, capital is considered to comprise total equity of $33.786m (2014: $36.807m).

18. *Reserves*

Nature and purpose of reserves -

(a) **Asset revaluation reserve**

The asset revaluation reserve is used to record increases and decreases in the fair value of land and buildings to the extent that they offset one another. The reserve can only be used to pay dividends in limited circumstances. This includes the AFS financial assets which are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited in reserve.

(b) **Foreign currency translation reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

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19. Dividends

	Consolidated	
	2015	2014
	$'000	$'000
Ordinary shares		
Fully franked paid - current year: 0 cents (2014: 0 cents)	—	—
	—	—
Dividends not recognised at year end		
Since year end the directors have recommended no dividend payments.	—	—

20. 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.

Financial Instruments (continued)

2015	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	over 1 to 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets					
Cash and cash equivalents	1,783	9,824	—	6	11,613
Liquid Financial Investment	10,333	—	—	—	10,333
Trade and other receivables	—	—	—	4,204	4,204
	12,116	9,824	—	4,210	26,150
Weighted average interest rate	4.30	3.32	—	—	—

2015	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	over 1 to 5 years $'000	Non-interest bearing $'000	Total $'000
Financial liabilities					
Trade and other payables	—	—	—	(4,860)	(4,860)
Interest bearing liabilities	—	—	—	—	—
	—	—	—	(4,860)	(4,860)
Weighted average interest rate	—	—	—	—	—
Net financial assets (liabilities)	12,116	9,824	—	(650)	21,290
Financial Arrangements					
Total facility (Bank Overdraft)	1,000	—	—	—	1,000
Used at balance date	—	—	—	—	—
Unused at balance date	1,000	—	—	—	1,000

2014	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	over 1 to 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets					
Cash and cash equivalents	1,633	6,183	—	6	7,822
Liquid Financial Investment	2,078	—	—	—	2,078
Trade and other receivables	—	—	—	2,624	2,624
Receivable from property transaction	—	—	—	3,600	3,600
	3,711	6,183	—	6,230	16,124
Weighted average interest rate	3.95	3.82	—	—	—

2014	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	over 1 to 5 years $'000	Non-interest bearing $'000	Total $'000
Financial liabilities					
Trade and other payables	—	—	—	(3,215)	(3,215)
Interest bearing liabilities	—	—	(201)	—	(201)
	—	—	(201)	(3,215)	(3,416)
Net financial assets (liabilities)	3,711	6,183	(201)	3,015	12,708
Financial Arrangements					
Total facility (Bank Overdraft)	500	—	—	—	500
Used at balance date	—	—	—	—	—
Unused at balance date	500	—	—	—	500

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, 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, foreign exchange risk, liquidity 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	
	2015	2014
	$'000	$'000
Financial Assets		
Cash and cash equivalents	**11,613**	7,822
Liquid Financial Investment	**10,333**	2,078
	21,946	**9,900**

Financial Instruments (continued)

At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables constant, post tax loss and equity would have been affected as follows:

	Post Tax Loss Higher/(Lower)		Equity Higher/(Lower)	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Consolidated				
+.5% (50 basis points)	**42**	13	**42**	13
-.5% (50 basis points)	**(42)**	(13)	**(42)**	(13)

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

Foreign currency risk

The Group's exposure to foreign currency rates relates to the operations of Group's subsidiary Ningbo Tristar Forging Co in China denominated in Chinese Yuan and United States Dollars. As the CNY/USD exchange rate was fixed during the majority of the current financial year, the Group's statement of financial position can only be affected significantly by movements in the USD/AUD exchange rates.

At balance date, the Group had the following mix of financial assets and liabilities exposed to CNY and USD foreign currency:

	Consolidated	
	2015	2014
	$'000	$'000
Financial Assets		
Cash and cash equivalents	**40**	254
Trade and other receivables	**286**	175
	326	429
	$'000	$'000
Financial liabilities		
Trade and other payables	**(1,747)**	(1,762)
Interest bearing loans and borrowings	**—**	(201)
	(1,747)	(1,963)
Net exposure	**(1,421)**	(1,534)

At 30 June 2015, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax loss and other comprehensive income would have been affected as follows:

	Post Tax Loss Higher/(Lower)		Equity Higher/(Lower)	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Consolidated				
AUD to US Dollar +15% (2014: +15%)	**(189)**	(143)	**(189)**	(143)
AUD to US Dollar -15% (2014: -15%)	**189**	143	**189**	143

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Financial Instruments (continued)

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis.

The following liquidity risk disclosures reflect all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities as of 30 June 2015. For the other obligations the respective undiscounted cash flows for the respective upcoming financial years are presented. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay. When the Group is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the Group is required to pay. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows of financial instruments. Trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's ongoing operations such as property, plant, equipment and investments in working capital (e.g. inventories and trade receivables).

Liquid assets comprising cash and receivables are considered in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

Consolidated 2015	**Less than 6 months $'000**	**6-12 months $'000**	**1-5 years $'000**	**More than 5 years $'000**	**Total $'000**
Liquid financial assets					
Cash and cash equivalents	**1,789**	**9,824**	**—**	**—**	**11,613**
Liquid Financial Investment	**10,333**	**—**	**—**	**—**	**10,333**
Trade and other receivables	**4,204**	**—**	**—**	**—**	**4,204**
	16,326	**9,824**	**—**	**—**	**26,150**
Financial liabilities					
Trade and other payables	**(4,860)**	**—**	**—**	**—**	**(4,860)**
Interest bearing liabilities	**—**	**—**	**—**	**—**	**—**
	(4,860)	**—**	**—**	**—**	**(4,860)**
Net inflow/(outflow)	**11,466**	**9,824**	**—**	**—**	**21,290**

Consolidated 2014	**Less than 6 months $'000**	**6-12 months $'000**	**1-5 years $'000**	**More than 5 years $'000**	**Total $'000**
Liquid financial assets					
Cash and cash equivalents	1,639	6,183	—	—	7,822
Liquid Financial Investment	2,078	—	—	—	2,078
Trade and other receivables	2,624	—	—	—	2,624
Receivable from property transaction	3,600	—	—	—	3,600
	9,941	6,183	—	—	16,124
Financial liabilities					
Trade and other payables	(3,215)	—	—	—	(3,215)
Interest bearing liabilities	—	—	(201)	—	(201)
	(3,215)	—	(201)	—	(3,416)
Net inflow/(outflow)	6,726	6,183	(201)	—	12,708

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Financial Instruments (continued)

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.

21. *Auditors Remuneration*

	Consolidated	
	2015	2014
	$	$
The auditor of John Shearer (Holdings) Limited for the period ended 30 June 2015 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	**77,276**	77,276
Total auditors remuneration	**77,276**	77,276

22. *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., 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'.

Companies within the John Shearer Group have interlocking guarantees with the National Australia Bank Limited. There are no net borrowings as at 30 June 2015 (30 June 2014 – Nil).

Closed Group Class Order Disclosures
Consolidated Income Statement
As at 30 June 2015

	Closed Group	
	2015	2014
	$'000	$'000
Loss before income tax	**(1,905)**	(883)
Income tax benefit	**(450)**	1,135
Profit / (Loss) after income tax	**(2,355)**	252
Non-controlling interest	**—**	—
Net profit / (loss)	**(2,355)**	252
Retained Earnings at the beginning of the period	**29,503**	28,528
Transfer from reserves	**—**	723
Retained Earnings at the end of the period	**27,148**	29,503

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Closed Group Class Order Disclosures
Consolidated Balance Sheet
as at 30 June 2015

	Closed Group	
	2015	2014
	$'000	$'000
Current Assets		
Cash and cash equivalents	**11,573**	7,569
Liquid financial Investment	**10,333**	2,078
Trade and other receivables	**5,652**	4,319
Receivable from property transaction	**—**	3,600
Inventories	**3,049**	3,864
Land and buildings held for sale	**—**	10,290
Other current assets	**168**	178
Total Current Assets	**30,775**	31,898
Non-Current Assets		
Receivables	**3,918**	3,648
Property, plant and equipment	**4,982**	5,153
Deferred tax assets	**3,043**	3,049
Total Non-Current Assets	**11,943**	11,850
Total Assets	**42,718**	43,748
Current Liabilities		
Trade and other payables	**4,829**	3,283
Provisions	**1,298**	1,554
Total Current Liabilities	**6,127**	4,837
Non-Current Liabilities		
Deferred tax liabilities	**500**	55
Provisions	**294**	285
Total Non-Current Liabilities	**794**	340
Total Liabilities	**6,921**	5,177
Net Assets	**35,797**	38,571
Equity		
Contributed equity	**8,634**	8,634
Reserves	**9**	428
Retained earnings	**27,154**	29,509
Total parent equity interest	**35,797**	38,571
Non-controlling interest	**—**	—
Total Equity	**35,797**	38,571

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23. *Commitments for Expenditure*

Operating lease – Group as lessee

The Group has operating leases for one property for both the Group and the Company. 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:

	Consolidated	
	2015	2014
	$'000	$'000
Not later than one year	**400**	3
Later than one year but not later than 5 years	**400**	—
Commitments not recognised in the financial statements	**800**	3

24. *Employee Entitlements*

	Notes	Consolidated	
		2015	2014
		$'000	$'000
Employee entitlement liabilities			
Provision for employee entitlements			
Current	14	**963**	1,131
Non-current	16	**294**	285
Aggregate employee entitlement liability		**1,257**	1,416

Footnote to note 24: – Superannuation Commitments

The entities contribute in line with the requirements of the Superannuation Guarantee Legislation. Employees can contribute amounts to the fund.

25. *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 89.06% (2014: 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.

Other Companies in Arrowcrest Group

Transactions between Arrowcrest Group Pty. Ltd. and related companies including G.C.F. Investments Pty. Ltd., Tristar Metals Pty Ltd and Flocast Australia Pty. Ltd. consist of unsecured loans and 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:

	Note	Consolidated 2015 $'000	2014 $'000
(1) Management fees paid to Arrowcrest Group Pty. Ltd. by John Shearer Group.		**240**	276

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

	Note	2015	2014
Current receivables	8	**1,604**	15
Current payables	13	**1,776**	990

Subsidiaries

The group consists of John Shearer (Holdings) Limited and its controlled entities, John Shearer Limited, Kockums Industries (Aust.) Pty. Ltd., Kockums Engineering Pty. Ltd., Brownbuilt Pty. Ltd. and Ningbo Tristar Forging Co. Ltd. Ownership interests in these controlled entities are set out below:

Name of Entity	Place of Incorporation	Class of Shares	Equity Holding 2015 %	2014 %	Relationship to Other Corporations in the Group - Owned by	Value of Investment $'000
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**
Ningbo Tristar Forging Co. Ltd.	China	Ordinary	**93**	93	Brownbuilt Pty. Ltd.	—
						17,110

Transactions between John Shearer (Holdings) Limited during the year ended 30 June 2015 consists of:

(a) loans advanced to Kockums Industries (Australia) P/L of $59,520 (2014 – $59,520), and
(b) loans advanced by John Shearer Ltd of $8,517,143 (2014 – $8,522,182).

Related party loans are contractually agreed at the time of lending and are repayable on demand, however, are non-interest bearing.

(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; W.H.L. Davidson; and J.H. Maslen.

The names of person/s who were executives of John Shearer (Holdings) Limited at any time during the financial year are as follows: A. K. Misra; Peter Williamson.

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

Related Parties (continued)

(b) Compensation of Key Management Personnel

	Consolidated	
	2015	2014
	$'000	$'000
Short-term employee benefits	**354**	288
Post-employment benefits	**31**	30
Long term benefits	**—**	—
	385	318

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26. *Reconciliation of Net Loss after Income Tax to Net Cash Outflows from Operating Activities*

	Consolidated	
	2015	2014
	$'000	$'000
Loss after income tax	**(3,597)**	(705)
Depreciation and amortisation	**426**	1,280
Impairment	**710**	643
Provision for doubtful debts	**55**	66
Net gain on sale of non-current assets	**(226)**	(1,604)
Changes in assets and liabilities		
Decrease (increase) in trade and other receivables	**88**	415
Decrease (increase) in inventories	**846**	527
Decrease (increase) in other assets	**2,028**	90
Increase (decrease) in trade and other payables	**474**	(445)
Increase (decrease) in other liabilities	**982**	(459)
Increase (decrease) in other provisions	**833**	(1,227)
Net cash outflows from operating activities	**2,619**	(1,419)

27. *Earnings per Share*

	Consolidated	
	2015	2014
	cents	cents
Basic earnings per share (cents)	**(28.5)**	(5.2)
Diluted earnings per share (cents)	**(28.5)**	(5.2)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**12,339,571**	12,339,571

Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2015	2014
	$'000	$'000
Basic earnings per share		
Net loss	**(3,516)**	(643)
Earnings used in calculating basic earnings per share	**(3,516)**	(643)
Diluted earnings per share		
Net loss	**(3,516)**	(643)
Earnings used in calculating diluted earnings per share	**(3,516)**	(643)

28. *Dividend Franking Credits*

Amount of franking credits available for subsequent reporting periods:

Franking account balance at reporting date at 30% (2014: 30%)	**3,659**	3,581
Franking credits that will arise from the payment of the amount of the provision for income tax	—	—
Amount of franking credits available for subsequent reporting periods	**3,659**	3,581
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	—	—

29. *Parent Entity Information*

Information relating to John Shearer (Holdings) Ltd:	**2015** **$'000**	2014 $'000
Current assets	**60**	60
Total assets	**17,170**	17,170
Current liabilities	**8,519**	8,523
Total liabilities	**8,519**	8,524
Issued capital	**8,634**	8,634
Retained earnings	**17**	12
Total shareholders' equity	**8,651**	8,646
Profit or loss of the parent entity	**5**	1
Total comprehensive income of the parent entity	**5**	1

Please refer to Note 22 for details of any contingent liabilities of the parent entity.

30. *Events after the Balance Sheet Date*

There were no events after the balance sheet date that had any material effect on the Group.

Directors' Declaration

In accordance with a resolution of the directors of John Shearer (Holdings) Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2015.

(e) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 22 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.

On behalf of the Board

JOHN H. MASLEN
Director
Adelaide
23 September 2015

Building a better working world

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

Report on the financial report

We have audited the accompanying financial report of John Shearer (Holdings) Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers 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 complied with 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.

Opinion

In our opinion:

a. the financial report of John Shearer (Holdings) Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of John Shearer (Holdings) Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Nigel Stevenson
Partner
Adelaide
23 September 2015

The shareholder information set out below was applicable as at 8 September 2015.

Shareholder Information

(a) Distribution of equity securities

	Ord Shares	
	Holders	**% Shares Held**
1 - 1,000	31	0.06
1,001 - 5,000	8	0.16
5,001 - 10,000	3	0.17
10,001 - 100,000	4	0.51
100,001 - or more	2	99.10
	48	100.00

There were 20 holders of less than a marketable parcel of ordinary shares.

(b) 20 largest Shareholders

Name	**No. of Shares**	**% of Issued Shares**
Arrowcrest Group Pty. Ltd.	10,989,182	89.06
South Hong Nominees Pty Ltd	1,239,894	10.05
UBS Wealth Management Aus. Nominees Pty Ltd	24,000	0.19
Samantha Orgill	16,000	0.13
AGO Pty Ltd	11,750	0.10
Dale Andrew Murphy & Cindy M Murphy	11,250	0.09
Dudley David Swan Comer	7,500	0.06
Donald Platt & Maria Roberts	7,220	0.06
Marjory Cadwgan	6,606	0.05
Ian Cormack Medical Pty Ltd	4,722	0.04
Kent Allan Purdon & Carolyn Grace Watkins	3,000	0.02
Bridea Investment Pty Ltd	2,498	0.02
EST Andrew Bertram Thomson	2,271	0.02
Charles Alfred M Conrade	1,875	0.02
Brian S Shepherd	1,872	0.02
Andrew W Gwinnett	1,600	0.01
Errol Monk	1,200	0.01
Molly D Mceachern	750	0.01
Oliver James Curl	500	0.00
Mark Peter Morelli	500	0.00
	12,334,190	99.96

(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 2466
Regency Park SA 5942
10,989,182 ordinary shares representing 89.06% 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 8 September 2015 is as follows:

Ordinary Share	**JS(H)L**	**GCF**
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 2015 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 Wednesday 21 October 2015 at 12.30 p.m.

Business

1. **Financial statements and reports**

   To receive and consider the financial statements for the year ended 30 June 2015, and the related directors' report, directors' declaration and independent audit report.

2. **Election of Directors**

   To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

   (a) That Mr. W.H.L. Davidson, a director retiring by rotation in accordance with the Company's Articles of Association and, being eligible for re-election, be re-elected as a director of the company.

3. **Adoption of Remuneration report**

   To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution: That the remuneration report of the company and of the consolidated entity be adopted for the year ended 30 June 2015.

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.

Annual Report

The statutory Annual Report is available for shareholders to access and download from:

http://www.asx.com.au/asx/research/companyInfo.do?by=asxCode&allinfo=&asxCode=shr

If you would like to receive a hard copy of the statutory Annual Report free of charge you can contact John Shearer Ltd on (08) 8268 9555 (International 61 8 8268 9555). Shareholders who have specifically requested a hard copy of the statutory Annual Report will receive it separately in the mail.

By order of the Board

JOHN H. MASLEN
Secretary

KILKENNY, South Australia
21 September 2015

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Notice of Annual General Meeting of Shareholders 2015 (continued)

Determination of Voting Entitlements

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 6.30 pm (Adelaide time) on 19 October 2015.

Voting Exclusions – Resolution 3

In accordance with the Corporations Act, a vote must not be cast on Resolution 3 (and will not be taken to have been cast contrary to this restriction) by a member of Key Management Personnel, the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel (in any capacity).

However, a member of Key Management Personnel or any Closely Related Party of such a member may vote on this resolution as a proxy if it is not cast on behalf of the member or any closely related party of a member and;

(a) it is cast by a person as a proxy in accordance with the directions on the relevant proxy form or,
(b) by a person who is the chair of the meeting at which the resolution is voted on and the appointment expressly authorizes the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

How the Chairman will vote undirected proxies

If the Chairman of the meeting is appointed, or is taken to be appointed, as a proxy but the appointment does not give directions on how to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of this Notice, including the voting exclusions noted above).

If you do not want the Chairman to exercise the proxy in accordance with the Chairman's stated intentions on a resolution, you should give directions on how to vote on the resolution by marking the appropriate box on the proxy form.

If you appoint the Chairman of the meeting as your proxy, you should direct the Chairman how to vote on Resolution 3 by marking the "For", "Against", or "Abstain" box in respect of that Resolution on the proxy form. If the appointment does not specify the way in which the Chairman is to vote on the resolution, you expressly authorise the Chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The proxy form (and any power of attorney under which it is signed) must be received at the address below not later than 12.30pm on 20 October 2015 (being 24 hours before the commencement of the meeting). Any proxy forms received after that time will not be valid for the meeting.

Completed proxy forms should be sent to the Company at the following address:

John Shearer (Holdings) Limited

Box 32, WELLAND, SA 5007

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John Shearer (Holdings) Limited

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

A member of the Arrowcrest Group of Companies

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, otherwise each proxy may exercise half of the votes.

A proxy need not be a member.

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

(a) insert in this Proxy Form the name of a person as your proxy for the purpose of voting at the meeting and then date and sign the form. If you wish you may direct your proxy how to vote by marking the appropriate box in respect of any or each resolution.

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

Form of Proxy

I, /We ____

(Full Name in Block Letters)

of ____

(Address)

being member/s of John Shearer (Holdings) Limited hereby appoint

____

or failing that person (or if this proxy is otherwise completed without naming a proxy) the Chairman of the meeting as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given) at the Annual General Meeting of the Company to be held at the Company's Share Street Offices, Kilkenny, South Australia on Wednesday 21 October 2015 at 12.30pm, and at any adjournment or postponement of the meeting.

	For	Against	Abstain
2. To re-elect as director Mr. W.H.L. Davidson.	☐	☐	☐
3. To vote on adoption of remuneration report.	☐	☐	☐

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 3** (except where I/we have indicated a different voting intention on previous page) even though **Item 3** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.
The Chairman of the meeting intends to vote undirected proxies in favour of each Item of business.
Important Note: If the Chairman of the meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 3** by marking the appropriate box on previous page.

The Chairman of the meeting intends to vote all available proxies in favour of each item of business.

Dated at____________________ this_____________________ day of _____________________ 2015

Signature of shareholder/s.

Individual or Shareholder 1	**Joint Shareholder 2**	**Joint Shareholder 3**
Director	**Director / Company Secretary**	**Sole Director / Sole Company Secretary**

Contact Name: ____

Contact Telephone Number: ____

Signing Instructions

Individual: Where the holding is in one name, the share holder must sign.
Joint Holding: Where the holding is in more than one name, any one of the holders may sign but should indicate the full names of the joint holders.
Power of Attorney: If you have not already lodged the Power of Attorney with the company, please attach a certified photocopy of the Power of Attorney to this form when you return it. The proxy form and the Power of Attorney must be deposited at the Registered Office of the Company, Share Street, Kilkenny, South Australia 5009, at least 24 hours before the meeting.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

For your vote to be effective the proxy form must be received by 12.30pm Tuesday, 20th October 2015.
Proxy forms are to be mailed to the company at the following address:

John Shearer (Holdings) Limited
Box 32, WELLAND, SA 5007