

# Appendix 4D

## Half Year Report to the Australian Stock Exchange

<b>Name of Entity</b>	JOHN SHEARER (HOLDINGS) LIMITED
<b>ABN</b>	38 007 643 085
<b>Current Reporting Period</b>	31 DECEMBER 2009
<b>Previous Corresponding Reporting Period</b>	31 DECEMBER 2008

### Results for Announcement to the Market

	\$'000	Percentage increase / (decrease) over previous corresponding period
<b>Revenue from continuing operations</b>	14,418	(31.8)%
<b>Profit / (loss) from continuing operations after tax attributable to members</b>	115	(92.5)%
<b>Net profit / (loss) for the period attributable to members</b>	115	(92.5)%
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	-	-
<b>Interim Dividend</b>	6 cents	6 cents
<b>Previous corresponding period *</b>	6 cents	6 cents
<b>Record date for determining entitlements to the dividends (if any)</b>	9 March 2010	

**Brief explanation of any of the figures reported above necessary to enable the figures to be understood:**

John Shearer Holdings Limited Directors wish to advise that the profit before income tax for the six months ended 31 December 2009 was \$206,000 compared with \$2.2m for the corresponding half year.

Group revenue from continuing operations was \$14.4m compared with \$21.1m in the corresponding period last year.

Net tangible assets per share at 31 December 2009 were \$3.41 compared with \$3.41 in December 2008 when calculated on a like for like basis. (2008 included a revaluation of property which was reversed in the June 2009 second half. The above values have been adjusted downwards from \$3.80 to reflect the reversal.)

This trading period has been a difficult one for the group's business units. The global financial crisis has affected decision making on major projects by many of our customers and projects have been deferred or cancelled. The farm machinery / transport equipment division has continued to suffer the effects of the drought and the high value of the Australian Dollar.

Directors are hopeful of a better result for the second half year.

The group has significant cash resources and accordingly Directors plan to pay an interim dividend of 6 cents per share fully franked payable on 17 March 2010.



Allen E. Bolaffi  
Director

The half-yearly report is to be read in conjunction with the most recent annual financial report

### Dividends

Date the dividend is payable	17 March 2010
Record date to determine entitlement to the dividend	9 March 2010
Amount per security	6 cents
Total dividend	\$740,374
Amount per security of foreign sourced dividend or distribution	—
Details of any dividend reinvestment plans in operation	—
The last date for receipt of an election notice for participation in any dividend reinvestment plans	—

### NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	\$3.41	\$3.80

### Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position

NIL

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**Commentary on the Results for the Period****The earnings per security and the nature of any dilution aspects :**

The current period's earnings' per security is down by 92.7% on the previous corresponding period (from 12.4 cents per share to 0.9 cents per share).

**Returns to shareholders including distributions and buy backs :**

We are pleased to announce that a fully franked interim dividend of 6 cents per share will be paid on 17 March 2010.

**Significant features of operating performance :**

Refer page 2

**The results of segments that are significant to an understanding of the business as a whole:**

Refer page 2

**Discussion of trends in performance :**

NIL

**Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:**

NIL

**Control Gained Over Entities Having Material Effect**

Name of entity (or group of entities)	NINGBO Tristar Forging Co. Ltd.
Date control gained	24 September 2009
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired (\$'000's)	(53)
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	—

**Loss of Control Gained Over Entities Having Material Effect**

Name of entity (or group of entities)	Not Applicable
Date control lost	
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	

**Details of Associates and Joint Venture Entities**

Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period \$'000	Previous Period \$'000
NINGBO Tristar Forging Co. Ltd**	—	40%	—	(74)


\*\*NINGBO Tristar Forging Co. Ltd became a controlled entity of the John Shearer Group during the period.

**Audit/Review Status**

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited		The accounts have been subject to review	✓
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
<b>If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:</b>			
Not Applicable			
<b>If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:</b>			
Not Applicable			

**Attachments Forming Part of Appendix 4D**

Attachment #	Details
1	Independent Review Report
2	Auditor's Independence Declaration
3	Press Release

<b>Signed By (Director/Company Secretary)</b>	
<b>Print Name</b>	Allen Elliot Bolaffi
<b>Date</b>	25 February 2010

## DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2009.

### Directors

The names of directors who held office during the half-year and until the date of this report are as below. Directors were in office for this entire period.

Andrew W Gwinnett  
Cheng H Hong  
Gary D Reuter  
Allen E Bolaffi

### Review of Operations

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

	Segment Revenues		Segment Results	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Agricultural Machinery and Transport Equipment	2,522	3,373	(49)	24
Steel Shelving and Storage Systems	11,986	17,862	255	2,167
Inter-segment Eliminations	(90)	(90)	—	—
	<u>14,418</u>	<u>21,145</u>	<u>206</u>	<u>2,191</u>
Unallocated Revenue less Unallocated Expense			—	—
Profit from Continuing Operations Before Income Tax Expense			206	2,191
Income Tax Expense			(91)	(657)
Profit from Continuing Operations After Income Tax Expense			<u>115</u>	<u>1,534</u>

### Auditor's Independence Declaration

The auditor's independence declaration under section 307C is attached (see attachment 2).

### Rounding of Amounts

The consolidated entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded to the nearest thousand dollars.

The report is signed in accordance with a resolution of the Board of Directors.



**Allen Elliot Bolaffi**  
Director

Signed in Adelaide this 25<sup>th</sup> day of February 2010

**John Shearer (Holdings) Limited and Controlled Entities**  
**Statement of Comprehensive Income**  
**for the half year ended 31 December 2009**

	Note	6 Months to 31 December 2009 \$'000	6 Months to 31 December 2008 \$'000
<b>Revenue</b>			
<b>Revenue and other income</b>	2	14,418	21,145
Changes in inventories of finished goods and work in progress		313	(343)
Raw materials and consumables		(5,905)	(8,967)
Employee benefits expense		(5,116)	(5,906)
Depreciation and amortisation expense		(484)	(419)
Borrowing costs expense		(5)	(17)
Contractor, subcontractor & commission expenses		(145)	(125)
Repair and maintenance expense		(220)	(395)
Energy costs		(344)	(335)
Freight costs		(725)	(904)
Other expenses		(1,581)	(1,543)
<b>Profit before income tax expense</b>		206	2,191
Income tax expense		(91)	(657)
<b>Profit after income tax expense</b>		115	1,534
<b>Net profit for the period</b>		115	1,534
<b>Net profit attributable to members of John Shearer (Holdings) Limited</b>	4	115	1,534
<b>Other comprehensive Income</b>			
Acquisition of subsidiary		193	—
Foreign currency translation		167	—
Revaluation of land and buildings		—	7,027
Income Tax on revaluation of land and buildings		—	(2,108)
<b>Other comprehensive income for the period, net of tax</b>		360	4,919
<b>Total comprehensive income</b>		475	6,453

**John Shearer (Holdings) Limited and Controlled Entities**  
**Statement of Comprehensive Income (continued)**  
**for the half year ended 31 December 2009**

	6 Months to 31 December 2009 \$'000	6 Months to 31 December 2008 \$'000
<b>Profit for the period is attributable to:</b>		
Non-controlling interest	(4)	—
Owners of the parent	119	1,534
	115	1,534
 <b>Total comprehensive income for the period is attributable to:</b>		
Non-controlling interest	189	—
Owners of the parent	286	6,453
	475	6,453
 Basic earnings per share	 <b>0.9 cents</b>	 12.4 cents
Diluted earnings per share	<b>0.9 cents</b>	12.4 cents

**John Shearer (Holdings) Limited and Controlled Entities**  
**Balance Sheet**  
**as at 31 December 2009**

	31 December 2009	30 June 2009
	\$'000	\$'000
<b>Current Assets</b>		
Cash and cash equivalents	13,508	17,811
Trade and other receivables	5,063	4,039
Inventories	5,496	5,577
Other financial assets	341	325
Current Tax Assets	213	—
<b>Total Current Assets</b>	<b>24,621</b>	<b>27,752</b>
<b>Non-Current Assets</b>		
Investment in associate	—	1,169
Property, plant and equipment	26,798	23,034
Deferred tax assets	1,403	1,403
<b>Total Non-Current Assets</b>	<b>28,201</b>	<b>25,606</b>
<b>Total Assets</b>	<b>52,822</b>	<b>53,358</b>
<b>Current Liabilities</b>		
Trade and other payables	5,231	4,474
Current tax liabilities	—	438
Provisions	808	1,067
<b>Total Current Liabilities</b>	<b>6,039</b>	<b>5,979</b>
<b>Non-Current Liabilities</b>		
Interest bearing liabilities	223	—
Provisions	2,232	2,415
Deferred tax liability	815	815
<b>Total Non-Current Liabilities</b>	<b>3,270</b>	<b>3,230</b>
<b>Total Liabilities</b>	<b>9,309</b>	<b>9,209</b>
<b>Net Assets</b>	<b>43,513</b>	<b>44,149</b>
<b>Equity</b>		
Contributed equity	8,633	8,633
Reserves	1,540	1,373
Retained earnings	33,151	34,143
<b>Total parent equity interest</b>	<b>43,324</b>	<b>44,149</b>
Non-controlling interest	189	—
<b>Total Equity</b>	<b>43,513</b>	<b>44,149</b>

## John Shearer (Holdings) Limited and Controlled Entities Statement of Changes in Equity for the half year ended 31 December 2009

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
<b>BALANCE AT 1 JULY 2009</b>	1,373	—	8,633	34,143	44,149	—	44,149
Acquisition of subsidiary	—	—	—	—	—	193	193
Profit for the period	—	—	—	119	119	(4)	115
Other comprehensive income:	—	167	—	—	167	—	167
<b>Total comprehensive income for the period</b>	—	167	—	119	286	189	475
<b>Transactions with owners in their capacity as owners:</b>							
Dividends provided for or paid	—	—	—	(1,111)	(1,111)	—	(1,111)
<b>BALANCE AT 31 DECEMBER 2009</b>	1,373	167	8,633	33,151	43,324	189	43,513

CONSOLIDATED ENTITY	Asset Revaluation Reserve \$'000	Contributed Equity \$'000	Retained Earnings \$'000	Owners of the parent \$'000	Non- controlling Interest \$'000	TOTAL \$'000
<b>BALANCE AT 1 JULY 2008</b>	1,373	8,633	32,970	42,976	—	42,976
Profit for the period	—	—	1,534	1,534	—	1,534
Other comprehensive income:	4,919	—	—	4,919	—	4,919
<b>Total comprehensive income for the period</b>	4,919	—	1,534	6,453	—	6,453
<b>Transactions with owners in their capacity as owners:</b>						
Dividends provided for or paid	—	—	(1,111)	(1,111)	—	(1,111)
<b>BALANCE AT 31 DECEMBER 2008</b>	6,292	8,633	33,393	48,318	—	48,318

**John Shearer (Holdings) Limited and Controlled Entities**  
**Cash Flow Statement**  
**for the half year ended 31 December 2009**

	6 Months to 31 December 2009 \$'000	6 Months to 31 December 2008 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	14,469	22,272
Payments to suppliers and employees (inclusive of goods and services tax)	(16,168)	(20,909)
Payments of income tax	(742)	(731)
	(2,441)	632
Interest received	340	599
Borrowing costs	(5)	(17)
<b>Net cash outflow from operating activities</b>	<b>(2,106)</b>	<b>1,214</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(24)	(83)
Payments for investments**	(1,417)	—
Loans from related parties	223	—
Proceeds from sale of other assets, property, plant and equipment	60	18
<b>Net cash (outflow) from investing activities</b>	<b>(1,158)</b>	<b>(65)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,111)	(1,111)
<b>Net cash (outflow) from financing activities</b>	<b>(1,111)</b>	<b>(1,111)</b>
<b>Net increase (decrease) in cash held</b>	<b>(4,375)</b>	<b>38</b>
Cash at the beginning of the financial year	17,891	14,991
Effects of exchange rate changes on cash	(8)	—
<b>Cash at the end of the financial year</b>	<b>13,508</b>	<b>15,029</b>

\*\*During the period \$1.417m was paid in an arm's length transaction with a related party in exchange for its shareholding in NINGBO Tristar Forging Co. Ltd; which is now a controlled entity.

## Note 1. Basis of Preparation and Accounting Policies

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards, including AASB 134: *Interim Financial Reporting*, and any other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, except for land and buildings that have been measured at fair value.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by John Shearer (Holdings) Limited during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. New Standards and Interpretations mandatory for annual reporting periods beginning 1 July 2009 have not had any effect on the financial position or performance of the Group.

The following new Standards and Interpretations mandatory for annual reporting periods beginning 1 July 2009 impacted on certain disclosures included in the interim report:

- AASB 8 and AASB 2007-3 Operating Segments and consequential amendments to other Australian Accounting Standards; and
- AASB 101 (Revised), AASB 2007-8 and AASB 2007-10 Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards.

## Note 2. Statement of Comprehensive Income

	6 Months to 31 December 2009 \$'000	6 Months to 31 December 2008 \$'000
<b>Continuing operations</b>		
Sale of goods	13,748	20,197
Interest – Other corporations	341	599
Discounts received	6	12
Rental revenue	231	230
Royalty	9	18
Sale of miscellaneous equipment	—	6
Scrap sale	47	68
	<b>14,382</b>	<b>21,130</b>
<b>Other Income</b>		
Foreign exchange gains	3	—
Government grants	3	—
Profit on sale of non-current and other assets	30	15
	<b>36</b>	<b>15</b>
<b>Total revenue and other income</b>	<b>14,418</b>	<b>21,145</b>

## Note 3. Expenses

Profit before tax expense includes the following expenses:

	6 Months to 31 December 2009 \$'000	6 Months to 31 December 2008 \$'000
<b>Expenses</b>		
Cost of sales of goods	9,671	14,199
Buildings depreciation	136	104
Plant and equipment depreciation	348	315
Bad and doubtful debts – trade debtors	17	203
Interest and finance charges paid/payable	5	17
Employee entitlements	1,312	1,498
Service warranties	32	259
Research and development	—	8

## Note 4. Earnings per share

	As at 31 December 2009	As at 31 December 2008
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	12,339,571	12,339,571
	<b>6 Months to 31 December 2009 \$'000</b>	<b>6 Months to 31 December 2008 \$'000</b>
Basic earnings per share		
Net profit	115	1,534
Earnings used in calculating basic earnings per share	115	1,534
Diluted earnings per share		
Net profit	115	1,534
Earnings used in calculating diluted earnings per share	115	1,534

## Note 5. 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.

### 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.

## Segment information (continued)

### 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)

	2009			Consolidated
	Primary reporting – business segments			
	Agricultural Machinery and Transport Equipment	Steel Shelving and Storage Systems	Inter-segment eliminations / unallocated	
	\$'000	\$'000	\$'000	\$'000
Sales to external customers	2,185	11,563	—	13,748
Total sales revenue	2,185	11,563	—	13,748
Other revenue	337	423	(90)	670
Total segment revenue	2,522	11,986	(90)	14,418
Segment result	(49)	255	—	206
Profit before income tax expense				206
Income tax expense				(91)
Net profit				115
Total segment assets	29,418	38,109	(14,705)	52,822
Total segment liabilities	4,989	7,609	(3,289)	9,309

	2008			Consolidated
	Primary reporting – business segments			
	Agricultural Machinery and Transport Equipment	Steel Shelving and Storage Systems	Inter-segment eliminations / unallocated	
	\$'000	\$'000	\$'000	\$'000
Sales to external customers	2,947	17,250	—	20,197
Total sales revenue	2,947	17,250	—	20,197
Other revenue	426	612	(90)	948
Total segment revenue	3,373	17,862	(90)	21,145
Segment result	24	2,167	—	2,191
Profit before income tax expense				2,191
Income tax expense				(657)
Net profit				1,534
Total segment assets	35,446	36,134	(11,541)	60,039
Total segment liabilities	7,121	7,374	(2,774)	11,721

## Note 6. Business combination

### Acquisition of Ningbo Tristar Forging Co. Ltd

On 24 September 2009 Brownbuilt Pty Ltd, a John Shearer Group Company, acquired 53.33% of the voting shares of Ningbo Tristar Forging Company Limited taking its total holdings to 93.33%.

Ningbo Tristar Forging Company Limited is an unlisted private company incorporated in China specialising in the manufacture of steel shelving and storage systems. The remaining 6.67% of its voting shares are held by a Chinese corporation known as Ningbo Yongxin Auto components Manufacturing Company Limited.

The consideration transferred was \$1.417m in cash. At the date of acquisition, Brownbuilt Pty Ltd was involved in the manufacture of steel shelving and storage systems. The directors envisage that Brownbuilt will provide the management and funding for the venture.

The group has provisionally recognised the fair values of the identifiable assets and liabilities of Ningbo Tristar Forging Company Limited based upon the best information available at the reporting date. Provisional business combination accounting is as follows:

	Fair value at acquisition date \$'000	Carrying Value \$'000
Plant and equipment	4,765	4,765
Cash and cash equivalents	80	80
Trade receivables	79	79
Inventories	58	58
Other receivables	433	433
	5,415	5,415
Trade payables	1	1
Other payables	343	343
Owing to related companies	1,777	1,777
	2,121	2,121
<b>Provisional fair value of identifiable net assets</b>	<b>3,294</b>	
<b>Non-controlling interest in identifiable acquired net assets</b>	<b>(216)</b>	
	<b>3,078</b>	

There was neither goodwill nor discount on acquisition and the interest has been acquired at book value as at 24 September 2009.

There were no contingent assets or liabilities taken into account, and no contingent consideration. No transactions are required to be recognised separately from the assumption of assets and liabilities and there were no acquisition costs.

### Business combination (continued)

Direct costs relating to the acquisition

<b>The cash outflow on acquisition is as follows:</b>	<b>\$'000</b>
<b>Net cash acquired with the subsidiary</b>	<b>80</b>
<b>Cash paid</b>	<b>(1,417)</b>
<b>Net consolidated cash outflow</b>	<b>(1,337)</b>

The consolidated statement of comprehensive income includes sales revenue and net profit for the half year ended 31 December 2009 of \$128,446 and a loss of \$52,729 respectively, as a result of the acquisition of Ningbo Tristar Forging Company Limited.

The value of the non-controlling interest was determined based on its 6.67% interest in the identifiable net assets as at the acquisition date.

## 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) give a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) comply's with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



**Allen Elliot Bolaffi**  
Director

Signed in Adelaide this 25<sup>th</sup> day of February 2010

## **To the members of John Shearer (Holdings) Limited**

### **Report on the Condensed Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of John Shearer (Holdings) Limited (the company), which comprises the balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the Directors' Declaration of the consolidated entity but excludes the sections covering the review of operations in the Directors' Report. The consolidated entity comprises the Group and the entities it controlled at the half-year end or from time to time during the half-year.

### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act 2001* and the ASX Listing Rules as they relate to Appendix 4D. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of John Shearer (holdings) Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

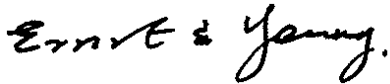
### **Independence**

In conducting our review, 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.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of John Shearer (Holdings) Limited is not in accordance with:

- a. the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
  - ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. the ASX Listing Rules as they relate to Appendix 4D.



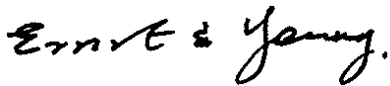
Ernst & Young



Colin Dunsford  
Partner  
Adelaide  
25 February 2010

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

In relation to our review of the financial report of John Shearer (Holdings) Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Colin Dunsford  
Partner  
Adelaide  
25 February 2010

**John Shearer records small pre tax profit despite 32% decrease in group revenue -  
Dividend maintained**

John Shearer Holdings Limited directors wish to advise that the profit before income tax for the six months ended 31 December 2009 was \$206,000 compared with \$2.2m for the corresponding half year.

Group revenue from continuing operations was \$14.4m compared with \$21.1m in the corresponding period last year.

Net tangible assets per share at 31 December 2009 were \$3.41 compared with \$3.41 in December 2008 when calculated on a like for like basis. (2008 included a revaluation of property which was reversed in the June 2009 second half. The above values have been adjusted downwards from \$3.80 to reflect the reversal.)

This trading period has been a difficult one for the group's business units. The global financial crisis has affected decision making on major projects by many of our customers and projects have been deferred or cancelled. The farm machinery / transport equipment division has continued to suffer the effects of drought and the high value of the Australian Dollar.

Directors are hopeful of a better result for the second half year.

The group has significant cash resources and accordingly directors plan to pay an interim dividend of 6 cents per share fully franked payable on 17 March 2010.

**For further information contact the Company Secretary  
Allen Bolaffi  
Tel 08 8110 0999**

25 February 2010