

GARRATT'S LIMITED

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94th ANNUAL GENERAL MEETING

12 November 2002

Address by the Chairman, Mr. Neville Cleary

As I mentioned in my commentary in the Annual Report 2002, the operating result for the year ended 30 June 2002 was disappointing and largely attributable to the external factors impacting on the business of Academies Australasia. On the positive side, these external factors allowed Garratt's an opportunity to pursue the acquisition of complementary educational businesses at favourable prices.

Your Directors are firmly of the view that the Company's capital has been effectively allocated to the educational segment of the Group's business and will generate appropriate returns in the coming periods.

It is yet too early to put numbers on these returns, particularly as these new businesses are still being integrated into the existing structure. However, there will be substantial cost savings per student dollar arising from the absorption of the new colleges and the improved returns will flow through to better shareholder value.

Student numbers have more than doubled as a result of the acquisitions and Garratt's will continue to pursue other opportunities in this sector as circumstances permit.

I am pleased to report that trading in the first quarter of the current year has been buoyant with Premier achieving record sales and with revenue from the enlarged education businesses reflecting the benefits of the recent acquisitions.

There has been an unfortunate delay in the New South Wales Supreme Court hearing on the recovery of the debt in respect of the sale of our interest in IC & Count Technologies Limited. However, Directors remain confident that full recovery of the outstanding amount will be effected in due course. The matter has been re-listed for May 2003.

We are pleased to report that we have now bought back and cancelled about 14% of the convertible notes on issue at an average price of about 94 cents. We will continue with this initiative subject to availability and acceptable price conditions.

In summary, whilst the outcome for the June 2002 year was disappointing, Directors are confident that continuation of the strategy of further developing the Group's educational businesses will result in improved shareholder value and a return to the payment of dividends.

Neville Cleary
12 November 2002