

# GARRATT'S LIMITED

ACN 000 003 725

Telephone: +61 2 9224 5555 Facsimile: +61 2 9224 5550

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11 November 2003

Company Announcements Office  
Australian Stock Exchange  
Level 4  
20 Bridge Street  
Sydney NSW 2000

Via ASX Online

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## ANNOUNCEMENT

### **ANNUAL GENERAL MEETING: CHAIRMAN'S ADDRESS**

In accordance with ASX Listing Rule 3.13.3, we attach a copy of the Chairman's Address to shareholders at the Annual General Meeting of Garratt's Limited to be held today at 11.15am

Petah Fitzsimmons  
Company Secretary

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## CHAIRMAN'S ADDRESS TO SHAREHOLDERS

### 95<sup>th</sup> Annual General Meeting 11 November 2003

The writing off of the Thangathurai debt was a major set back for the Company. As I have assured shareholders and noteholders in September, your Board is aggressively pursuing the collection of the debt. The advice we have received from the solicitors now acting for us is encouraging and they have been instructed to proceed with further legal action. The specific action will be announced as soon as it is commercially appropriate to do so.

Since the release of the Annual Report we have bought back and cancelled more Convertible Notes, bringing the total bought back and cancelled to about 1.1 million. This represents about 21% of the original 1999 issue. The average price paid was 95 cents. These buy-backs and cancellations saved the Company about \$256,000 – made up of \$50,000 on the cost of the February 2004 redemption debt and \$206,000 in interest payments.

As advised in my letter to shareholders and noteholders on 8 September 2003, we are considering various courses of action in respect of the repayment of the remaining Convertible Notes in February 2004. I am, at this stage, unable to announce the specific course of action to be taken. We will make an announcement in this regard as soon as we can. The Board is currently satisfied that there are reasonable grounds to assume that the Company will meet the obligations when they fall due.

Premier Fasteners' sales for the 4 months to October 2003 have been maintained at last year's level. I am pleased to say that margins have improved.

On the other hand, our education business is being adversely affected by market conditions. The education market is still suffering the effects of international uncertainties and the rise in value of the Australian dollar. Potential students are also being attracted to competitors who, because of difficult market conditions, have resorted to deep discounting of tuition fees and the payment of uneconomic commission rates to agents. The operation of the new businesses we acquired in the latter part of 2002 were adversely affected by a number of factors including inordinate delays on the part of one of the regulatory authorities.

We now have a stronger education platform and are pressing on. We do not believe that it is in our interest to engage in uneconomic discounting or commission payments. Apart from concentrating on the international student market we are addressing the local student and corporate sectors.

As a result of the negative performance of our education operations, the Group's performance for the first quarter of the 2003/04 year was an estimated (unaudited) after tax loss of \$179,000.

Your Directors, who together account for a substantial share of the equity of the Company, are particularly disappointed with the need to write off the Thangathurai debt as it had a major impact on the Company's position. Nevertheless it was considered prudent to do so.

We will continue to work hard towards improving shareholder value and a return to the payment of dividends.

Neville Cleary