

# GARRATT'S LIMITED

ACN 000 003 725

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29 October 2004

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 10.00am

Ian Bloodworth  
Company Secretary

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## CHAIRMAN'S ADDRESS TO SHAREHOLDERS

### 96<sup>th</sup> Annual General Meeting 29 October 2004

There have been several significant developments in respect of the operations of the Company since my address to you in November last year. These have all been covered in the Annual Report for the year ended 30 June 2004 and in the Prospectus for the renounceable rights issue that was sent to shareholders in September.

A major issue that the Board had to address was the retirement of the \$4.1 million Convertible Notes debt. The Company entered into refinancing arrangements to repay this debt in March 2004. Two other exercises, which also took up a substantial amount of time and resources, were the continuing efforts to collect the debt owed by the late Thanga Thangathurai and the rights issue to rebuild the Company's capital base. All this was against a background where the Company operated at a loss, mainly because its education business was unduly and negatively influenced by external factors. Had the Thangathurai debt been repaid, there would have been no difficulty in retiring the Convertible Notes without the need to extend the Company's borrowings. Had we not written off that debt in the previous financial year, and had the Company's share price not declined, the recapitalisation exercise would probably have been much easier.

We continue to aggressively pursue the collection of the Thangathurai debt, with legal actions in Australia, Singapore and USA.

In my letter to shareholders contained in the Prospectus, I said that the trading losses in our education business were influenced by negative factors that may not recur in future years. In this regard I am pleased to report that for the September 2004 quarter, our education operations achieved substantially better results than what had been achieved during the corresponding period in 2003 and for the June 2004 quarter. Student enrolments have improved and are very encouraging. However, the recent strengthening of the Australian dollar could have a dampening effect.

On the other hand, during the September 2004 quarter, contribution from our fastening business while better than that for the June 2004 quarter, was much less than that for the September 2003 quarter. Overall, mainly because of the poorer performance of our fastening business, there is an estimated (unaudited) after tax loss. This estimated loss is, however, substantially less than that experienced by the Company in the June 2004 quarter.

The injection of additional funds from the rights issue in September 2004 should improve the Company's position further.

All shareholders had the opportunity to participate in the September 2004 renounceable rights issue. Following that issue, your directors have an interest (combined) in about 58% of the Company's expanded share capital of 23,790,562 shares. Your directors are committed to working hard towards improving shareholder value and a return to the payment of dividends.

Neville Thomas Cleary