

# GARRATT'S LIMITED

ACN 000 003 725

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

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28 November 2005

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 11.30am

Ian Bloodworth  
Company Secretary

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## CHAIRMAN'S ADDRESS TO SHAREHOLDERS

### 97<sup>th</sup> Annual General Meeting 28 November 2005

Although the 2005 year was better than the two previous years, it was still less than satisfactory.

The fasteners business used to be a major profit contributor. Its sales and profit levels declined sharply. The improvement in the education operations was not enough to offset the sharp fall in the contribution from the fasteners business.

From both the Managing Director's and my comments, in the Annual Report for 2005, shareholders would have come to the view that the Board would like to sell off the fasteners business. Of course, as that is a major asset, any sale would be subject to the approval of shareholders. The performance of the fasteners business in the September quarter was again very disappointing. Your Board has therefore commissioned a party to assist in identifying buyers for the fastening operations.

Your Board continues to be confident in the outlook for its education business. Student numbers have grown and significant relationships have been established with reputable private and public institutions overseas in the People's Republic of China and the Republic of South Korea. These relationships are expected to be very positive for our future growth and we are working on similar arrangements in other countries.

The legal actions in Australia, Singapore and USA in pursuit of the Thangathurai debt are continuing.

Two of the resolutions to be considered at today's meeting, relate to the conversion of \$1,680,000 in loans to the Company from interests related to Chiang Meng Heng (\$1,400,000) and Christopher Campbell (\$268,000) to convertible notes of 10 cents each. I urge you to vote in favour of the resolutions, as I believe they are good for the Company. The preferential interest rate of 1% per annum is at a substantial discount from commercial rates and, based upon existing rates paid, would save the Company about \$124,000 per annum. The conversion price of 10 cents per share reflects an 11.11% premium on the highest price paid for the Company's shares since 23 June 2005 and a significant premium on the last trade.

The funds released from the sale of the fastening business will give the Company access to funds to grow the education business further. Your Board is also considering other sources for expanding the Company's financial resources.

Your directors have relevant interests of about 60% in the Company's shares. We continue to be committed to working hard towards improving shareholder value and a return to the payment of dividends.

Neville Thomas Cleary