GARRATT'S LIMITED
ACN 000 003 725
Telephone: +61 2 9224 5555   Facsimile: +61 2 9224 5550

2 September 2008

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

Via ASX Online

ANNOUNCEMENT

ANNUAL REPORT

Attached is the Garratt's Limited Annual Report for the year ended 30 June 2008.

A copy of the Report and the Notice of Annual General Meeting will be sent to shareholders in late September 2008.

Stephanie Noble
Company Secretary

GARRATT'S LIMITED

ABN 93 000 003 725

ANNUAL REPORT
2008

CHAIRMAN'S REPORT

Dear Shareholder

One hundred years is a long time, in anybody's book. That we have been operating continuously for so many years when much bigger companies with substantially larger resources fell by the wayside, especially during sometimes extremely challenging political and economic circumstances, must say something about the tenacity, commitment and hard work put in by all the people in the Company. That, of course, includes the shareholders – without whom there would be no company.

May Garratt's Limited see many more years!

It is particularly pleasing for me to report what your Board sees as commendable results for the year ended 30 June 2008. We ended our centenary year with a well-shaped balance sheet and insignificant debt.

Consolidated profit from operations was $6,008,413. This figure includes adjustments in respect to accounting estimates detailed elsewhere in this report. Excluding these adjustments, the consolidated profit after tax was $3,541,656 (2007: $317,691).

Earnings before interest, depreciation and amortisation (EBITDA) were $5,449,643 compared to $1,018,204 for the year ended 30 June 2007.

We are announcing an unfranked dividend of one cent per share. Combined with the dividend paid earlier in the year, the total dividend for the year will be two cents per share.

Both arms of our operations, education and fasteners, brought in substantially higher profits than in the previous year.

Excluding the $2,466,757 from a change in accounting estimates, education contributed $2,611,514, up 133.5% on the previous year. The education team is being expanded to meet the challenges and demands of the growth.

Premier Fasteners improved by 60%, recording a contribution of $925,501. We continue to endeavour to improve the contribution from the fasteners business notwithstanding the objective to specialise in education.

Plans are in place to expand the education operations, interstate and overseas. We are looking at organic growth, partnerships as well as acquisitions. We are in a sector that is doing well. Education services accounted for $12.5 billion in Australia's export income in 2007, making it Australia's third-largest export industry after coal and iron ore. It was the largest services export industry.

I would like to thank the Group Managing Director, the directors of the group companies, management and all staff for an excellent performance for the year.

May I also thank all shareholders for their support.

Neville Thomas Cleary
Chairman
1 September 2008

GROUP MANAGING DIRECTOR'S REVIEW

It is pleasing to be able to report significantly improved results after some very difficult times. I am grateful to my colleagues who stayed the course. It is a small team, sometimes punching above its weight. Thank you for your loyalty and commitment.

It will be challenging for education to maintain the growth rates that were achieved over the past three years. To address that challenge, we have to recruit, and retain, good quality people. In calendar 2007, international education was Australia's third largest export. Though it is expected that the education sector will continue to grow, the worldwide economic slowdown may dampen such an outlook.

We have raised our profile in the education sector and have received good coverage locally and overseas. After ten years, the 'Academies Australasia' brand is winning recognition. We will continue to commit substantial resources to student facilities and services, and also to promote our brand and business, around the globe.

Revenue in the fasteners business also grew substantially – by 27.6%. The fasteners team is similarly challenged to maintain its revenue growth rates. We are hopeful that there will be further growth.

I would like to acknowledge the guidance and counsel offered by my fellow directors, including the directors of the group companies, and to thank all our customers, students, teachers and business associates for their support during the year.

Christopher Elmore Campbell
Group Managing Director
1 September 2008

CORPORATE GOVERNANCE STATEMENT

At the date of this report, and throughout the year, the Board comprised three directors, namely, Neville Thomas Cleary (Chairman, Independent & Non-Executive), Christopher Elmore Campbell (Group Managing Director, Executive) and Chiang Meng Heng (Non-Executive).

The Board is committed to the highest standards of corporate governance and endorses the Australian Stock Exchange ('ASX') Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ('BPR'). However, given the small size and composition of the Board, the small size of the Company and its activities, and its cost structures, it is neither reasonable nor practicable to comply with certain BPR or to increase the size of the Board at this time.

As required by the ASX, this corporate governance statement discloses the extent to which the Company has followed each of the ten principles stated in BPR.

Principle 1 – Lay solid foundations for management and oversight

Roles and Responsibilities of Board and Management

The Board is responsible for the overall corporate governance of the Company including setting its strategic direction and performance objectives, increasing shareholder wealth, meeting ethical and regulatory obligations and managing business risk.

Key responsibilities include:

- appointing and removing the Managing Director;
- final approval and monitoring of corporate strategies and performance objectives;
- monitoring senior management's performance and implementation of the Board approved strategies;
- reviewing and ratifying systems of risk management and internal compliance and control;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestments;
- approving and monitoring financial and other reporting; and
- any other matters required to be dealt with by the Board from time to time.

To assist in the execution of its responsibilities, the Board has established an Audit Committee and a Remuneration Committee.

Responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director and members of the senior management team.

Principle 2 – Structure the Board to add value

Board Composition

The skills, experience, expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The name of the independent director of the company is:

Neville Thomas Cleary (Chairman)

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the director's income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chairman prior to incurring any expense on behalf of the company.

Chiang Meng Heng and Christopher Elmore Campbell do not meet the BPR definition of independence because they are substantial shareholders, each with relevant interests in excess of 10%. Nevertheless, the Board believes that Chiang Meng Heng and Christopher Elmore Campbell can, and do, make judgements in the best interests of the Company. The Board cannot meet the BPR requirement that there be a majority of independent directors.

Nominations Committee

Except where a director is elected by shareholders, the Board determines the appointment of new directors. There is no Nominations Committee as such.

Procedure for Selection and Appointment of New Directors

The structure of the Board is determined having regard to the following criteria:

- The Chairperson should be a non-executive director.
- A majority of the Board should be non-executive directors.
- The roles of Chairperson and Managing Director should not be exercised by the same individual.
- The Board should comprise of directors with an appropriate range of qualifications and expertise.

The following principles and guidelines are adhered to in the selection and appointment of new directors:

- The Board is required to have a broad range of skills, experience and commercial expertise to ensure that it is able to discharge its mandate effectively. Therefore, when an individual is nominated for consideration as a director, their selection will depend upon an evaluation of what skills, experience and commercial expertise they would bring to the Board and how these skills would complement or enhance the Board's effectiveness.

- The composition of the Board needs to be conducive to making decisions expediently and in the best interests of the Company as a whole (rather than of individual shareholders or interest groups). Therefore, the size of the Board is limited so as to encourage efficient decision-making.

- Individuals being considered for non-executive roles will be required to provide the Company with details of their other commitments and an indication of the time involved. Candidates must be able to satisfy the Board that they will have sufficient time to meet what is expected of them.

- The Constitution of the Company provides that the directors may at any time appoint any person to be a director. That person shall hold office until the end of the next following general meeting and shall be eligible for election at that meeting.

- The Constitution of the Company provides that at every general meeting one-third of the directors or, if their number is not a multiple of three, then the number nearest to one-third, shall retire from office and be eligible for re-election.

Principle 3 – Promote ethical and responsible decision making

Code of Conduct

The Company has established a Code of Conduct to guide the directors and key executives as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Company and its directors, managers, employees and consultants are expected to act with high standards of honesty, integrity, fairness and equity, striving at all times to enhance the reputation and performance of the economic entity as a whole.

The Code of Conduct largely follows that of the Australian Institute of Company Directors and covers the main areas of: Conflicts of Interest; Confidentiality; Fair Dealing; Protection and Use of the Company's Assets; Compliance with Laws and Regulations; Reporting Unlawful/Unethical Behaviour; and Compliance with Legal and Other Obligations to Legitimate Stakeholders.

Share Trading Policy

The Company has in place a share trading policy for directors, key executives or any other employee who is likely to possess inside information (defined as information concerning the Company's financial position, strategy or operations which, if made public, would be likely to have a material impact on the price of the Company's securities).

Shares are to be traded in accordance with the guidelines stipulated by the Corporations Act and the ASX Listing Rules. The Company identifies and raises awareness about the prohibitions under the law and directors are made aware of their continuous disclosure responsibilities and obligations. The Company does not stipulate "trading windows" or "black-out periods".

Principle 4 – Safeguard integrity in financial reporting

Audit Committee

The names and qualifications of those appointed to the Audit Committee and their attendance at meetings of the committee are included in the directors' report.

The Audit Committee cannot meet the requirements that it be chaired by a director who is not the Chairman of the Company, that it consists only of non-executive directors, that it have a majority of independent directors and that it have at least three members.

The role of the Audit Committee is to advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the Company. It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

The Audit Committee reviews the performance of the external auditors on an annual basis and meets with them during the year to discuss the audit plan, to review any significant issues that have arisen during the period and to review the nature and impact of changes in accounting policies. Prior to the announcement of results, the Audit Committee meets with the external auditors to review the draft financial report and the audit and make the necessary recommendation to the Board for the approval of the financial report.

To ensure management accountability of financial reporting, the Managing Director and the Group Finance Manager state to the Board in writing that:

"The Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards."

When considering the selection and appointment of an external auditor, the Audit Committee and Board considers several factors including the professional qualifications and standing of the external auditor and the expertise and experience of the engagement partner, particularly in respect to the Company's operations.

During the year all the Directors were members of the Audit Committee. The Group Finance Manager and the external auditor also attend Audit Committee meetings.

Principle 5 – Make timely and balanced disclosure

Continuous Disclosure

The Company has adopted a policy to ensure that it complies with its continuous disclosure obligations under the ASX Listing Rules which state that:

Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information.

Directors and senior management must immediately notify the Managing Director if they become aware of any information that should be considered for release to the market. The information will be reviewed and, if considered material, the appropriate disclosures will be made to the ASX.

The Company will not release any information to any other party until acknowledgement has been received from the ASX that the information has been released to the market.

Principle 6 – Respect the rights of shareholders

Shareholder Communication

The Company aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders on a regular basis by means of continuous reporting and half yearly and annual reports. The Board ensures that these reports include all relevant information about the operations of the Company, changes in the state of affairs of the Company and details of future developments.

All documents that are released publicly (i.e. ASX Announcements and Annual Reports) are made available on the Company's web site (www.garratts.com.au).

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The Board also requests that the external auditor attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7 – Recognise and manage risk

Risk Management and Internal Compliance and Control

The Board has established policies on risk management that include oversight of the risk management system, identification of business and financial risks, risk management/compliance and control, and assessment of effectiveness. The Audit Committee assists the Board in carrying out this function.

To ensure management accountability, the Managing Director and the Group Finance Manager state in writing to the Board that:

"The statement given in regard to financial reporting is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects."

The Board acknowledges that the policies are designed to provide reasonable but not absolute protection against errors and irregularities and that they are intended to identify control issues that require the attention of the Board or Audit Committee.

The Board reviews the implementation of the risk management and internal compliance and control system on an annual basis.

Principle 8 – Encourage enhanced performance

Performance Evaluation

The Board conducts an evaluation of its performance, policies and practices annually. The review includes an examination of the effectiveness and composition of the Board, including the required mix of skills, experience and other qualities which the non-executive directors should bring to the Board for it to function competently and efficiently; a review of the Company’s strategic direction and objectives, and an assessment of the corporate governance practices. The Board also conducts an annual review of the Managing Director and key executives.

Principle 9 – Remunerate fairly and responsibly

Remuneration Policies

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director, senior executives and directors themselves. This role also includes responsibility for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies and professional indemnity and liability insurance policies. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. During the year all the Directors were members of the Remuneration Committee.

The directors and senior executives are all on fixed remuneration.

Remuneration Committee

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

Principle 10 – Recognise the legitimate interest of stakeholders

The code of conduct referred to earlier in the corporate governance statement is designed to comply with the legal and other obligations of legitimate stakeholders and to foster a culture of compliance.

Information about the Company's corporate governance practices and policies is available on the Company's web site at www.garratts.com.au.

100th ANNUAL REPORT OF THE DIRECTORS

Your directors present their report on Garratt's Limited ("the Company") and its controlled entities for the financial year ended 30 June 2008.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Neville Thomas Cleary
Christopher Elmore Campbell
Chiang Meng Heng

The directors have been in office since the start of the financial year to the date of this report.

COMPANY SECRETARY

Mrs Stephanie Noble held the position of company secretary at the end of the financial year. She was appointed company secretary on 27 November 2006. Mrs Noble is a fellow of the Association of Chartered Certified Accountants and holds an Honours Degree in Accounting.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the course of the financial year were the provision of training and education services and the manufacture, import and sale of fasteners.

CONSOLIDATED RESULT

The consolidated profit from operations after income tax was $6,008,413 (2007: $317,691).

REVIEW AND RESULTS OF OPERATIONS

Education

Education contribution has increased by 354% to $5,078,271 during the financial year. This included an adjustment of $2,466,757 in respect of a change in accounting estimates.

Fasteners

The fasteners business recorded a contribution of $925,501 (2007: $576,680) an improvement of 60%. Revenue improved by 27.6% to $8,757,704.

Thangathurai US Dollar Debt

The Company continues to pursue the recovery of this debt. Success, however, is not assured.

Keith Franklin Kennett, K. F. Kennett Nominees Pty Ltd and Myong Ho Pak

In August 2003, the Company was served summonses by Keith Franklin Kennett, K.F. Kennett Nominees Pty Ltd and Myong Ho Pak seeking relief and variation of a contract entered into for the purchase of the business of Excelsior College by Garratts and its subsidiary. Judgement was delivered on 27 May 2008. The Company's solicitors confirm that the plaintiffs' applications to vary or void the contract for the purchase of the business were dismissed. The Company was successful in defending the substantial elements of the claims.

Dividends Paid or Proposed

The fully franked dividend of a half a cent per share proposed at 30 June 2007 was paid on 15 October 2007.

An interim 70% franked dividend of one cent per share was paid on 18 March 2008. An additional unfranked dividend of one cent per share has been proposed.

FINANCIAL POSITION

The net assets of the economic entity have increased by $5,649,718 since 30 June 2007.

STATE OF AFFAIRS

Apart from the substantial improvement in the results from operations, there were no significant changes in the state of affairs of the consolidated entity during the reporting period.

AFTER BALANCE DATE EVENTS

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Reference is made in the Chairman's Report (Page 1) and the Group Managing Director's Review (Page 2) to the economic entity's future direction. No detailed information in respect of the economic entity's corporate strategies has been included, as directors believe that the disclosure of such information would be prejudicial to the interests of the Company.

ENVIRONMENTAL ISSUES

The economic entity is not subject to any significant environmental legislation.

INFORMATION ON DIRECTORS

Neville Thomas Cleary	- Chairman (Independent & Non-Executive), since 2001.
Qualifications/Experience	- Retired as a senior banker in 1992 after 43 years with the Commonwealth Bank of Australia.
Interest in Shares	- 160,000 shares (0.39%)
Special Responsibilities	- Chairman of the Audit and Remuneration Committees.
Directorships held in other listed entities	- None.
Christopher Elmore Campbell	- Group Managing Director, since 1996.
Qualifications/Experience	- B.Soc.Sci. (Hons). FFin, FAICD, FCIS. Previous positions include senior appointments with the Monetary Authority of Singapore and an international bank in Australia.
Interest in Shares	- 6,787,527 shares (16.72%)
Special Responsibilities	- Group Managing Director and Chief Executive Officer. Member of the Audit and Remuneration Committees. Chairman and Director of each of the subsidiary companies in the Garratt's Group.
Directorships held in other listed entities	- None.
Chiang Meng Heng	- Director (Non-Executive), since 2000.
Qualifications/Experience	- BBA (Hons). Previous positions include President, Asia Commercial Bank Ltd, Adviser & Department Head, Monetary Authority of Singapore, Managing Director, First Capital Corporation Ltd, Executive Director, Far East Organization and Group Managing Director, Lim Kah Ngam Ltd.
Interest in Shares	- 24,941,886 shares (61.45%)
Special Responsibilities	- Member of the Audit and Remuneration Committees.
Directorships held in other listed entities	- Jasper Investments Limited, Orchard Parade Holdings Limited, Thakral Corporation Limited, Macquarie International Infrastructure Fund Limited, and Keppel Land Limited (all listed on the Singapore Stock Exchange).

REMUNERATION REPORT

Remuneration Policies

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director, senior executives and directors themselves. This role also includes responsibility for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies and professional indemnity and liability insurance policies. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. During the year all the Directors were members of the Remuneration Committee.

The remuneration policy of the Company in respect of directors and senior executives is to ensure certainty of exposure of the Company to employees by agreeing a fixed salary for each director and senior executive.
All executives receive a base salary, which is based on factors such as length of service and experience and superannuation (as required by law). Executives may sacrifice part of their salary to increase payments towards superannuation.
There are no bonus or performance-related components to remuneration, or options over unissued capital. The Company does not have an employee share option plan.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity.

Key Management Personnel Remuneration

a. Key Management Personnel

The names of each person holding the position of director of Garratts' Limited at any time during the financial year were:

Neville Thomas Cleary (Chairman – Independent & Non-Executive).

Chiang Meng Heng (Director – Non-executive).

Christopher Elmore Campbell (Group Managing Director – Executive).

The names of each person holding the position of specified executive at any time during the financial year were :

Ivan James Mikkelsen (Director and General Manager - Premier Fasteners Pty Limited).

Gabriela Del Carmen Rodriguez Naranjo (Director – Academies Australasia Group of Companies and Skilled Placements Pty Limited)

Stephanie Ann Noble (Group Finance Manager and Group Company Secretary).

b. Key Management Personnel Remuneration

The remuneration for each director and each of the three specified executives of the consolidated entity receiving the highest remuneration during the year was as follows:

2008

Key Management Person	Short-term Employee Benefits	Post- employment Benefits	
	Cash, salary and commissions	Superannuation	Total
	$	$	$
Christopher Elmore Campbell	235,000	65,000	300,000
Stephanie Ann Noble	88,000	7,380	95,380
Gabriela Del Carmen Rodriguez Naranjo	88,333	7,275	95,608
Ivan James Mikkelsen	183,486	16,514	200,000
	594,819	96,169	690,988

2007

Key Management Person	Short-term Employee Benefits	Post- employment Benefits	
	Cash, salary and commissions	Superannuation	Total
	$	$	$
Christopher Elmore Campbell	235,000	65,000	300,000
Ian David Bloodworth	116,994	10,530	127,524
Stephanie Ann Noble	58,200	5,238	63,438
Gabriela Del Carmen Rodriguez Naranjo	79,040	6,334	85,374
Ivan James Mikkelsen	197,601	17,784	215,385
	686,835	104,886	791,721

c. Options issued as part of remuneration for the year ended 30 June 2008

No options were granted as part of remuneration.

d. Employment contracts of executives

The employment conditions of all executives are formalised in written contracts of employment. Generally, the employment contracts stipulate a one-month resignation period. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

Except in certain exceptional circumstances, Mr. Ivan James Mikkelsen's contract may be terminated by either Mr. Mikkelsen or Premier Fasteners Pty Limited giving to the other six months' notice.

MEETINGS OF DIRECTORS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are:

Director	Directors' Meetings		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Neville Thomas Cleary	4	4	2	2	2	2
Christopher Elmore Campbell	4	4	2	2	2	2
Chiang Meng Heng	4	4	2	2	2	2

A - Number of meetings held during the time the director held office during the period
B - Number of meetings attended

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company's Articles of Association provides an indemnity to officers of the Company. The Company is required to pay all costs, losses and expenses that an officer may incur by reason of any contract entered into or act or thing done by them in the discharge of their duties except where they act dishonestly.

The Company has also paid an insurance premium in respect of a directors and officer's liability insurance policy covering the directors and officer's liabilities as officers of the Company. It has also taken out "key man" insurance policies. The premium and nature of the liabilities covered by the policies are not to be disclosed under the terms of the policies.

OPTIONS

No options have been issued on the Company's shares.

PROCEEDINGS ON BEHALF OF THE COMPANY

Apart from the action by Keith Franklin Kennett, K.F. Kennett Nominees Pty Ltd and Myong Ho Pak referred to earlier, no person has applied for leave of the court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit Committee.
- The nature of services provided does not compromise the general principles relating to audit independence.

The following fees were paid or payable for non-audit services to the external auditors during the year ended 30 June 2008:

• Taxation services	$12,000
• Other services	$18,500

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration for the year ended 30 June 2008 has been received and can be found on page 16.

Signed in accordance with a resolution of the Board of Directors.

Neville Cleary Director	Christopher Campbell Director

1 September 2008

CALABRO PARTNERS
CHARTERED ACCOUNTANTS

AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GARRATTS LIMITED

I declare that to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

1. no contraventions of the auditors' independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

Calabro Partners

CALABRO PARTNERS

MICHAEL TRAYNOR

1 September 2008

Level 5
175 Eagle Street
Brisbane, Queensland 4000

GARRATT'S LIMITED
AND CONTROLLED ENTITIES
INCOME STATEMENT
For the year ended 30 June 2008

	Note	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Revenue from ordinary activities	2	**20,265,340**	11,634,807	**5,685,335**	1,604,482
Depreciation and amortisation expense		**(410,306)**	(332,583)	**(130,386)**	(71,756)
Cost of sales		**(5,154,675)**	(3,780,220)	-	-
Cost of services		**(4,133,235)**	(2,031,476)	-	-
Employee benefits expense		**(2,787,726)**	(2,394,878)	**(467,700)**	(484,414)
Finance costs	3	**(204,094)**	(367,930)	**(187,847)**	(326,113)
Insurance		**(247,304)**	(247,246)	**(69,592)**	(73,259)
Lease rental expense – operating leases	3	**(868,439)**	(744,287)	-	-
Legal expenses		**(162,847)**	(188,080)	**(158,259)**	(187,223)
Non-executive directors fees		**(64,033)**	(59,950)	**(64,033)**	(59,950)
Payroll tax		**(154,492)**	(111,180)	**(38,765)**	(24,948)
Other expenses		**(1,242,946)**	(1,059,286)	**(124,895)**	(152,039)
Profit before income tax benefit		**4,835,243**	317,691	**4,443,858**	224,780
Income tax benefit	4	**1,173,170**	-	**1,173,170**	-
Profit for the year		**6,008,413**	317,691	**5,617,028**	224,780
Profit attributable to members of the parent entity		**6,008,413**	317,691	**5,617,028**	224,780
Basic earnings/profit per share (cents per share)	7	**19.0**	1.3		
Fully diluted earnings/profit per share (cents per share)	7	**-**	0.8		
Dividends per share (cents)	8	**1.0**	0.5		

The accompanying notes form part of these financial statements.

GARRATT'S LIMITED
AND CONTROLLED ENTITIES
BALANCE SHEET
As at 30 June 2008

	Note	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Current Assets					
Cash and cash equivalents	9	**810,875**	803,799	**479,300**	597,949
Trade and other receivables	10	**2,332,994**	1,901,232	**1,589,020**	-
Inventories	11	**2,846,307**	2,760,282	**-**	-
Other current assets	12	**549,655**	883,048	**26,724**	32,415
Total Current Assets		**6,539,831**	6,348,361	**2,095,044**	630,364
Non-Current Assets					
Financial assets	13	**-**	-	**4,000,004**	4,000,004
Plant and equipment	15	**1,733,348**	1,930,237	**1,005,316**	1,135,765
Deferred tax assets	16	**1,173,170**	-	**1,173,170**	-
Intangible assets	17	**2,905,859**	2,905,859	**-**	-
Total Non-Current Assets		**5,812,377**	4,836,096	**6,178,490**	5,135,769
Total Assets		**12,352,208**	11,184,457	**8,273,534**	5,766,133
Current Liabilities					
Trade and other payables	18	**3,785,704**	5,207,753	**187,594**	1,054,407
Short-term borrowings	19	**32,668**	2,712,478	**-**	1,446,850
Short-term provisions	20	**606,881**	649,949	**461,479**	567,936
Total Current Liabilities		**4,425,253**	8,570,180	**649,073**	3,069,193
Non-Current Liabilities					
Long-term borrowings	19	**19,837**	99,717	**-**	47,211
Long-term provisions	20	**717,353**	974,513	**656,272**	939,873
Total Non-Current Liabilities		**737,190**	1,074,230	**656,272**	987,084
Total Liabilities		**5,162,443**	9,644,410	**1,305,345**	4,056,277
Net Assets		**7,189,765**	1,540,047	**6,968,189**	1,709,856
Equity					
Issued capital	21	**14,219,836**	14,172,625	**14,219,836**	14,172,625
Accumulated Losses		**(7,030,071)**	(12,632,578)	**(7,251,647)**	(12,462,769)
Total Equity		**7,189,765**	1,540,047	**6,968,189**	1,709,856

The accompanying notes form part of these financial statements.

GARRATT'S LIMITED
AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
As at 30 June 2008

	Ordinary Shares $	Retained Profits $	Total $
Economic Entity			
Balance at 1.7.2006	14,172,625	(12,831,316)	1,341,309
Profit for the period	-	317,691	317,691
Dividend provided for	-	(118,953)	(118,953)
Balance at 30.6.2007	14,172,625	(12,632,578)	1,540,047
Balance at 1.7.2007	14,172,625	(12,632,578)	1,540,047
Convertible notes converted during the period	47,211	-	47,211
Profit for the period	-	6,008,413	6,008,413
Dividend paid	-	(405,906)	(405,906)
Balance at 30.6.2008	14,219,836	(7,030,071)	7,189,765
Parent Entity			
Balance at 1.7.2006	14,172,625	(12,568,596)	1,604,029
Profit for the period	-	224,780	224,780
Dividend provided for	-	(118,953)	(118,953)
Balance at 30.6.2007	14,172,625	(12,462,769)	1,709,856
Balance at 1.7.2007	14,172,625	(12,462,769)	1,709,856
Convertible notes converted during the period	47,211	-	47,211
Profit for the period	-	5,617,028	5,617,028
Dividend paid	-	(405,906)	(405,906)
Balance at 30.6.2008	14,219,836	(7,251,647)	6,968,189

The accompanying notes form part of these financial statements.

GARRATT'S LIMITED
AND CONTROLLED ENTITIES
CASH FLOW STATEMENT
For the year ended 30 June 2008

	Note	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Cash Flows from Operating Activities					
Receipts from customers		**19,157,016**	13,734,039	**1,081,985**	1,470,386
Payments to suppliers and employees		**(15,580,689)**	(11,521,769)	**(1,311,996)**	(1,077,925)
Interest received		**86,345**	4,822	**72,948**	2,352
Finance costs		**(201,386)**	(355,622)	**(185,139)**	(313,806)
Net cash provided by (used in) operating activities	25a	**3,461,286**	1,861,470	**(342,202)**	81,007
Cash Flows from Investing Activities					
Proceeds from sale of plant & equipment		**7,273**	-	**-**	-
Purchase of plant & equipment		**(224,145)**	(184,662)	**-**	-
Net cash provided by (used in) investing activities		**(216,872)**	(184,662)	**-**	-
Cash Flows from Financing Activities					
Proceeds from borrowings		**-**	76,068	**2,195,262**	790,407
Dividends paid		**(524,859)**	-	**(524,859)**	-
Repayment of borrowings		**(2,712,479)**	(1,247,539)	**(1,446,850)**	(420,178)
Net cash provided by (used in) financing activities		**(3,237,338)**	(1,171,471)	**223,553**	370,229
Net increase/(decrease) in cash held		**7,076**	505,337	**(118,649)**	451,236
Cash at the beginning of the financial year		**803,799**	298,462	**597,949**	146,713
Cash at the end of the financial year	9	**810,875**	803,799	**479,300**	597,949

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Garratt's Limited and controlled entities, and Garratt's Limited as an individual parent entity. Garratt's Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Garratt's Limited and controlled entities, and Garratt's Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity Garratt's Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 14 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

b. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Garratt's Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

c. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Where the book value of stock items exceeds the net realisable value, a provision for diminution in value is raised.

d. Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line or a diminishing value basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	12.5 – 22.5%
Plant and equipment	7.5 – 40%
Leased plant and equipment	5 – 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

e. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

The group has no derivative instruments at reporting date.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Financial Guarantees

Where material, financial guarantees are issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

— the likelihood of the guaranteed party defaulting in a year period;

— the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and

— the maximum loss exposed if the guaranteed party were to default.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts are written off when they are known to be uncollectible. A provision for doubtful debts is raised where some doubt as to collection exists and is the difference between the total amount owing and the amount expected to be recovered.

h. Intangibles - Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

i. Foreign Currency Transactions and Balances

Foreign currency transactions are translated into Australian currency (the functional currency) using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

j. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

k. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of one month or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

m. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

n. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

o. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. These changed estimates and judgements are considered significant items of revenue and expenses relevant in explaining the financial performance.

Key Estimates **-** *Impairment*

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised in respect of goodwill for the year ended 30 June 2008.

Key Judgements — Revenue Recognition

Due to the change in relative cost structures, the group has reviewed the expected future benefits and obligations associated with tuition fees and related prepaid commissions. This has resulted in a change in accounting estimates in respect of these two items, which has been recognised in the financial statements as from 1 July 2007. The amount of this change (exclusive of income tax) has increased revenue and decreased trade payables by $3,251,654; and increased expenses and decreased prepayments by $784,897. The directors consider it impracticable to estimate the effects of such change for future accounting periods.

Key Judgements — Loan Impairment

Due to the improved results of the subsidiaries, the parent entity has reviewed the assessment of impairment of the amounts owed by subsidiaries. Accordingly, the amount of the impairment of $4,483,964 has been reversed, resulting in an increase in other receivables and an increase in profit of the parent entity for the year.

Key Judgements — Deferred Tax Asset

In the year ended 30 June 2008 the group recognised a deferred tax asset of $1,173,170 in the financial statements. The directors consider that it is probable that future taxable profits will be available against which any unused tax losses and unused tax credits can be utilised.

GARRATT'S LIMITED
AND CONTROLLED ENTITIES
CASH FLOW STATEMENT
For the year ended 30 June 2008

	Note	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
2. REVENUE					
Operating activities					
- Sale of goods		**8,753,530**	6,862,281	**-**	-
- Services revenue	2a	**11,379,773**	4,739,998	**1,081,985**	1,470,386
- Interest received	2b	**86,345**	4,822	**119,386**	134,096
- Other revenue		**-**	642	**-**	-
- Rental revenue		**-**	14,557	**-**	-
		20,219,648	11,622,300	**1,201,371**	1,604,482
Non-operating activities					
- Other		**45,692**	12,507	**4,483,964**	-
		45,692	12,507	**4,483,964**	-
Total Revenue		**20,265,340**	11,634,807	**5,685,335**	1,604,482
a. Services revenue from:					
- Wholly-owned controlled entities		**-**	-	**1,081,985**	1,470,386
- Other persons		**11,379,773**	4,739,998	**-**	-
		11,379,773	4,739,998	**1,081,985**	1,470,386
b. Interest revenue from:					
- Wholly-owned controlled entities		**-**	-	**46,438**	131,744
- Other persons		**86,345**	4,822	**72,948**	2,352
		86,345	4,822	**119,386**	134,096

3. PROFIT FOR THE YEAR

Expenses

	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Finance costs				
- External	**195,211**	338,574	**178,964**	296,757
- Directors and Director related entities	**8,883**	29,356	**8,883**	29,356
	204,094	367,930	**187,847**	326,113
Bad and doubtful debts				
- Trade receivables	**2,779**	74,250	**-**	-
	2,779	74,250	**-**	-
Rental expense on operating leases				
- Minimum lease payments	**847,522**	672,313	**-**	-
- Contingent rentals	**20,917**	16,377	**-**	-
- Rental expense for sublease	**-**	55,597	**-**	-
	868,439	744,287	**-**	-

	ECONOMIC ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$

4. INCOME TAX BENEFIT

a. The components of tax expense comprise:

Current tax	**-**	-	**-**	-
Deferred Tax	**1,173,170**	-	**1,173,170**	-
	1,173,170	-	**1,173,170**	-

b. The prima facie tax on profit/(loss) from ordinary activities before tax is reconciled to income tax as follows:

Prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before tax at 30%	**1,450,573**	95,307	**(12,032)**	67,435
Add/(less):				
Tax effect of:				
Permanent differences	**(22,314)**	1,011	**(25,553)**	1,011
Future income tax benefit written back due to tax losses	**-**	(96,318)	**-**	(68,446)
Future income tax benefit now recognised	**(2,601,429)**	-	**(141,935)**	-
Assumption of tax balances of controlled entities	**-**	-	**(993,650)**	-
Income tax expense/(benefit) attributable to the entity	**(1,173,170)**	-	**(1,173,170)**	-

5. KEY MANAGEMENT PERSONNEL COMPENSATION

a. Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Christopher Elmore Campbell	Group Managing Director.
Stephanie Ann Noble	Group Finance Manager and Group Company Secretary.
Ivan James Mikkelsen	Director and General Manager – Premier Fasteners Pty Limited.
Gabriela Del Carmen Rodriguez Naranjo	Director – Academies Australasia Group of Companies and Skilled Placements Pty Limited.

b. Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

5. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

c. **Convertible Note Holdings**

Number of convertible notes held by key management personnel and parties related to them.

Key Management Person	Balance 1.7.2007	Granted as Compen-sation	Net Change Other (i)	Balance 30.6.2008
Christopher Elmore Campbell	2,800,000	-	(2,800,000)	-

(i) Refer to note 21b.

d. **Shareholdings**

Number of shares held by key management personnel and parties related to them

Key Management Person	Balance 1.7.2007	Received as Compen-sation	Notes Converted	Net Change Other (i)	Balance 30.6.2008
Christopher Elmore Campbell	3,839,605	-	2,800,000	147,922	6,787,527

(i) Shares purchased via the Australian Stock Exchange.

6. AUDITOR'S REMUNERATION

	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Remuneration of the auditor of the parent entity for:				
- Auditing and reviewing the financial report	**104,625**	73,500	**35,425**	24,500
- Taxation services	**12,000**	12,000	**4,000**	3,000
- Other services	**18,500**	7,985	**1,100**	7,985
- Auditing services prior year	**1,800**	63,614	**800**	18,214
	136,925	157,099	**41,325**	53,699

7. EARNINGS PER SHARE

	2008	2007
Weighted average number of ordinary shares used in calculation of basic earnings per share	**31,547,939**	23,790,562
Weighted average number of convertible notes on issue	**-**	16,800,000
Weighted average number of ordinary shares used in calculation of diluted earnings per share*	**-**	40,590,562

* The 16,800,000 convertible notes were converted to ordinary shares in January 2008. For the year ended 30 June 2008 there is no diluted earnings per share.

	ECONOMIC ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$

8. DIVIDENDS

Distributions recognised				
Interim 70% franked ordinary dividend of 1.0 cent per share (2007: N/A)	**405,906**	-	**405,906**	-
2007 final fully franked ordinary dividend of 0.5 cents per share paid in 2008	**-**	118,953	**-**	118,953
	405,906	118,953	**405,906**	118,953
a. Dividends proposed or declared but not recognised in the financial statements:				
Proposed unfranked ordinary dividend of 1.0 cent per share	**405,906**	-	**405,906**	-
b. Balance of franking account at year end adjusted for franking credits arising from:				
— payment of provision for income tax	**721**	173,473	**721**	173,473
— dividends recognised as receivables and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years	**-**	(50,980)	**-**	(50,980)
Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (a) as follows:	**-**	-	**-**	-
	721	122,493	**721**	122,493

9. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**810,875**	803,799	**479,300**	597,949

10. TRADE AND OTHER RECEIVABLES

CURRENT				
Trade receivables	**2,332,994**	1,901,232	**-**	**-**
Amounts receivable from wholly-owned subsidiaries	**-**	-	**1,589,020**	**-**
	2,332,994	1,901,232	**1,589,020**	**-**

	ECONOMIC ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$

10. TRADE AND OTHER RECEIVABLES (continued)

a. The ageing analysis of trade receivables is as follows:

	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
0 -30 days	**1,030,175**	728,773	**-**	-
31- 60 days – not impaired *	**750,582**	777,511	**-**	-
61- 90 days – not impaired *	**281,488**	165,439	**-**	-
+91 days – not impaired *	**270,749**	229,509	**-**	-
	2,332,994	1,901,232	**-**	-

* These are debtors that are past due for which no collateral is held and for which no provision for doubtful debts has been made as there has not been a significant change in credit quality and the directors believe that the amounts are still recoverable.

b. The amounts receivable from wholly-owned subsidiaries are unsecured and have no fixed repayment date.

11. INVENTORIES

	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
CURRENT				
At cost				
Raw materials and stores	**499,887**	372,093	**-**	-
Finished goods	**2,346,420**	2,388,189	**-**	-
	2,846,307	2,760,282	**-**	-

12. OTHER ASSETS

	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
CURRENT				
Prepayments	**548,875**	882,268	**26,724**	32,415
Security Deposits	**780**	780	**-**	-
	549,655	883,048	**26,724**	32,415

13. FINANCIAL ASSETS

	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
NON-CURRENT				
Shares in controlled entities				
Unlisted				
Academies Australasia Pty Limited (at cost) Principal activity is training and education services	**-**	-	**1,000,000**	1,000,000
Premier Fasteners Pty Limited (at cost) Principal activity is manufacture, import and sale of fasteners	**-**	-	**3,000,002**	3,000,002
Skilled Placements Pty Limited (at cost) (formerly Multimedia Investments Pty Limited)	**-**	-	**2**	2
Investment at cost	**-**	-	**4,000,004**	4,000,004

14. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%) 2008	2007
Parent Entity - Garratt's Limited			
Ultimate Parent Entity - Garratt's Limited			
Academies Australasia Pty Limited	Australia	100	100
Premier Fasteners Pty Limited	Australia	100	100
Skilled Placements Pty Limited (formerly Multimedia Investments Pty Limited)	Australia	100	100
Parent Entity - Academies Australasia Pty Limited			
Ultimate Parent Entity - Garratt's Limited			
Academies Australasia (Management) Pty Limited	Australia	100	100
Academy of English Pty Limited	Australia	100	100
Academy of Social Sciences Pty Limited	Australia	100	100
Australian Institute of Professional Studies Pty Limited	Australia	100	100
Australian International High School Pty Limited	Australia	100	100
Australian College of Technology Pty Limited	Australia	100	100
Clarendon Business College Pty Limited	Australia	100	100
Supreme Business College Pty Limited	Australia	100	100

Percentage of voting power is in proportion to ownership
No controlled entities were acquired or disposed of during the year.

15. PLANT AND EQUIPMENT

	ECONOMIC ENTITY 2008 $	2007 $	PARENT ENTITY 2008 $	2007 $
Plant and equipment				
At cost	**2,569,493**	2,626,750	**52,137**	65,348
Accumulated depreciation	**(2,025,154)**	(2,038,623)	**(28,009)**	(28,857)
	544,339	588,127	**24,128**	36,491
Leasehold improvements				
At cost	**1,183,943**	1,180,625	**1,166,198**	1,166,198
Accumulated amortisation	**(197,466)**	(77,278)	**(185,010)**	(66,924)
	986,477	1,103,347	**981,188**	1,099,274
Leased plant and equipment				
Capitalised leased assets	**325,506**	325,506	**-**	-
Accumulated depreciation	**(122,974)**	(86,743)	**-**	-
	202,532	238,763	**-**	-
Total plant & equipment	**1,733,348**	1,930,237	**1,005,316**	1,135,765

a. Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

15. PLANT AND EQUIPMENT (continued)

2008	Plant and equipment $	Leasehold improve-ments $	Leased plant and equipment $	Total $
Economic entity:				
Balance at the beginning of the year	**588,127**	**1,103,347**	**238,763**	**1,930,237**
Additions	**220,827**	**3,318**	**-**	**224,145**
Disposals	**(10,728)**	**-**	**-**	**(10,728)**
Depreciation expense	**(253,887)**	**(120,188)**	**(36,231)**	**(410,306)**
Carrying amount at the end of the year	**544,339**	**986,477**	**202,532**	**1,733,348**
Parent entity:				
Balance at the beginning of the year	**36,491**	**1,099,274**	**-**	**1,135,765**
Additions	**-**	**-**	**-**	**-**
Disposals	**(63)**	**-**	**-**	**(63)**
Depreciation expense	**(12,300)**	**(118,086)**	**-**	**(130,386)**
Carrying amount at the end of the year	**24,128**	**981,188**	**-**	**1,005,316**

2007	Plant and equipment $	Leasehold improve-ments $	Leased plant and equipment $	Total $
Economic entity:				
Balance at the beginning of the year	642,423	8,042	232,877	883,242
Additions	184,658	1,157,732	37,088	1,379,478
Disposals	-	-	-	-
Depreciation expense	(238,954)	(62,427)	(31,202)	(332,583)
Carrying amount at the end of the year	588,127	1,103,347	238,763	1,930,237
Parent entity:				
Balance at the beginning of the year	49,038	751	-	49,789
Additions	-	1,157,732	-	1,157,732
Disposals	-	-	-	-
Depreciation expense	(12,547)	(59,209)	-	(71,756)
Carrying amount at the end of the year	36,491	1,099,274	-	1,135,765

16. DEFERRED TAX ASSETS

	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Future income tax benefit	**1,173,170**	-	**1,173,170**	-
The future income tax benefits is made up of the following estimated tax benefits:				
Temporary differences:				
-deferred tax assets	**526,184**	-	**526,184**	-
-deferred tax liabilities	**(101,468)**	-	**(101,468)**	-
Tax losses:				
-operating losses	**748,454**	-	**748,454**	-
	1,173,170	-	**1,173,170**	-

	Opening Balance $	Charged to Income $	Closing Balance $
Deferred Tax Assets			
Provisions	-	222,020	222,020
Unearned Income	-	229,879	229,879
Other	-	74,285	74,285
	-	526,184	526,184
Deferred Tax Liabilities			
Prepayments and other	-	101,468	101,468
Operating Losses	-	748,454	748,454

	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1b occur:				
Temporary differences:				
-deferred tax assets	**-**	1,164,479	**-**	1,164,479
-deferred tax liabilities	**-**	(34,250)	**-**	(34,250)
Tax losses:				
-operating losses	**-**	1,475,057	**-**	1,475,057
-capital losses	**4,991**	4,991	**4,991**	4,991
	4,991	2,610,277	**4,991**	2,610,277

17. INTANGIBLE ASSETS

	ECONOMIC ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Goodwill at cost	**3,287,102**	3,287,102	**-**	-
Accumulated impairment losses	**(381,913)**	(381,913)	**-**	-
Net carrying value	**2,905,189**	2,905,189	**-**	-
Other at cost	**670**	670	**-**	-
	2,905,859	2,905,859	**-**	-

	Goodwill	Other	Total
	$	$	$
Economic entity:			
Year ended 30 June 2008			
Balance at the beginning and end of the year	**2,905,189**	**670**	**2,905,859**
Economic entity:			
Year ended 30 June 2007			
Balance at the beginning of the year	2,860,189	670	2,860,859
Additions	45,000	-	45,000
Carrying amount at the end of the year	2,905,189	670	2,905,859

Impairment Disclosures
Goodwill is allocated to cash-generating units, based on the group's reporting segments.

	2008	2007
	$	$
Fasteners segment	**1,375,382**	1,375,382
Education segment	**1,529,807**	1,529,807
Total	**2,905,189**	2,905,189

The recoverable amount of each cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period. The cash flows are discounted using a rate adjusted for the risk inherent in the business of the segment.

The following assumptions were used in the value-in-use calculations:

	Growth Rate	Discount Rate
Fasteners segment	16.5%	12%
Education segment	13.5%	12%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use management estimates based on historical growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated inflation rates. Discount rates are pre-tax.

	Note	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $

18. TRADE AND OTHER PAYABLES

	Note	2008 $	2007 $	2008 $	2007 $
CURRENT					
Unsecured Liabilities					
Trade payables	18a	**2,716,135**	3,841,572	**-**	-
Sundry payables and accrued expenses		**1,069,569**	1,366,181	**187,594**	308,287
Amounts payable to wholly-owned subsidiaries		**-**	-	**-**	746,120
		3,785,704	5,207,753	**187,594**	1,054,407

a. Includes $1,703,339 (2007: $3,189,384) tuition fees paid in advance by college students.

19. BORROWINGS

	Note	2008 $	2007 $	2008 $	2007 $
CURRENT					
Unsecured Liabilities					
Loans - Directors and Director related entities	27	**-**	146,850	**-**	146,850
Secured Liabilities					
Bank bills	19a	**-**	1,300,000	**-**	1,300,000
Bank loans	19a	**-**	1,227,736	**-**	-
Lease purchase agreements	19a	**32,668**	37,892	**-**	-
		32,668	2,565,628	**-**	1,300,000
		32,668	2,712,478	**-**	1,446,850
NON-CURRENT					
Unsecured Liabilities					
Convertible notes	28	**-**	47,211	**-**	47,211
Secured Liabilities					
Lease purchase agreements	19a	**19,837**	52,506	**-**	-
		19,837	52,506	**-**	-
		19,837	99,717	**-**	47,211

	Note	2008 $	2007 $	2008 $	2007 $
a. Total current and non-current secured liabilities:					
Bank bills	28	**-**	1,300,000	**-**	1,300,000
Bank loans	28	**-**	1,227,736	**-**	-
Lease purchase agreements	22, 28	**52,505**	90,398	**-**	-
		52,505	2,618,134	**-**	1,300,000

	Note	2008 $	2007 $	2008 $	2007 $
b. The carrying amounts of non-current assets pledged as security are:					
Floating charge over assets		**5,609,845**	4,597,333	**6,178,490**	5,135,769
Plant and equipment		**202,532**	238,763	**-**	-
		5,812,377	4,836,096	**6,178,490**	5,135,769

19. BORROWINGS (continued)

c. The bank facilities of the parent entity and subsidiaries are secured by a floating charge over the assets of the economic entity.
d. The debtors finance facility of Premier Fasteners Pty Limited is additionally secured by the trade debts owed to that company. As at 30 June 2008, the balance on the debtor finance facility was in credit.
e. The bank bill was repaid on 4 February 2008. (At 30 June 2007 the bill payable had a term of 31 days with interest of 6.64% payable in arrears.)
f. The lease purchase borrowings are additionally secured on the leased asset. The leases are due for repayment between 2009 and 2010.

20. PROVISIONS

	Employee entitlements	Lease Incentive	Proposed Dividend	Total
	$	**$**	**$**	**$**
Economic entity:				
Balance at the beginning of the year	**321,342**	**1,184,167**	**118,953**	**1,624,462**
Additional provisions	**314,626**	**-**	**-**	**314,626**
Amounts used	**(205,901)**	**(290,000)**	**(118,953)**	**(614,854)**
Carrying amount at the end of the year	**430,067**	**894,167**	**-**	**1,324,234**
Parent entity:				
Balance at the beginning of the year	204,689	1,184,167	118,953	1,507,809
Additional provisions	36,179	-	-	36,179
Amounts used	(17,284)	(290,000)	(118,953)	(426,237)
Carrying amount at the end of the year	223,584	894,167	-	1,117,751

	ECONOMIC ENTITY		**PARENT ENTITY**	
	2008	2007	2008	2007
Total Provisions	$	$	$	$
Current	**606,881**	649,949	**461,479**	567,936
Non-current	**717,353**	974,513	**656,272**	939,873
	1,324,234	1,624,462	**1,117,751**	1,507,809

a. Provision for Long-term Employee Benefits
A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits, has been included in Note 1 to this report.

	Note	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
21. ISSUED CAPITAL					
40,590,562 ordinary shares fully paid (2007: 23,790,562)		**14,219,836**	12,539,836	**14,219,836**	12,539,836
Equity component of convertible notes		**-**	1,632,789	**-**	1,632,789
		14,219,836	14,172,625	**14,219,836**	14,172,625
Ordinary share capital					
Balance at the beginning of the financial year		**12,539,836**	12,539,836	**12,539,836**	12,539,836
16,800,000 convertible notes converted to ordinary shares on 10 January 2008	21b	**1,680,000**	-	**1,680,000**	-
		14,219,836	12,539,836	**14,219,836**	12,539,836

a. Shares disclosure
Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
At a shareholders meeting each ordinary share is entitled to one vote when a poll is called. Otherwise, each shareholder has one vote on a show of hands.

	Note	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Equity component of convertible notes					
Balance at the beginning of the financial year		**-**	-	**12,539,836**	12,539,836
16,800,000 convertible notes issued at 10 cents each with effect from 7 October 2005, converted to ordinary shares on 10 January 2008.	21b	**-**	1,632,789	**-**	1,632,789
		-	1,632,789	**-**	1,632,789

b. Convertible notes.
On 10 January 2008 all the 16,800,000 Convertible Notes issued in 2005 to parties in which Mr Chiang Meng Heng had a relevant interest (14,000,000) and Mr Christopher Campbell had relevant interests (2,800,000) were converted to ordinary shares in Garratt's Limited.
The 16,800,000 ordinary shares arising from the conversion of the Notes were listed on the Australian Stock Exchange on 14 January 2008.

c. Capital Management.
Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.
The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.
There are no externally imposed capital requirements.
Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.
The company earned a significant profit in the current year and has taken the opportunity of using those resources to significantly reduce debt and strengthen the balance sheet. The company has also taken a decision to recommence its dividend payments to shareholders.

22. LEASING COMMITMENTS

Lease purchase commitments

Payable – minimum lease payments

	Note	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Not later than one year		**38,098**	44,950	**-**	-
Later than one year but not later than five years		**20,896**	57,268	**-**	-
Minimum lease payments		**58,994**	102,218	**-**	-
Less future finance charges		**6,489**	11,820	**-**	-
Present value of minimum lease payments	19a	**52,505**	90,398	**-**	-

At the end of the lease periods the lessor's charges over the plant and equipment cease, leaving the assets the unencumbered property of the economic entity.

Operating Lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	ECONOMIC ENTITY 2008 $	ECONOMIC ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Not later than one year	**1,183,554**	1,150,573	**-**	-
Later than one year but not later than five years	**5,017,120**	3,614,479	**-**	-
Later than five years	**3,296,575**	4,208,014	**-**	-
	9,497,249	8,973,066	**-**	-

The economic entity leases property under operating leases expiring from 1 year to 9 years. Lease payments comprise a base amount plus an incremental rental, based on either movement in the Consumer Price Index or minimum percentage increase criteria. On 1 July 2008 the Company signed a 5-year lease for premises at No. 1 and No. 3 Ladbroke Street, Milperra.

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

Guarantees

The following group companies have issued guarantees in respect of the parent entity as security for its bank facilities.

Academies Australasia Pty Limited
Academies Australasia Management Pty Limited
Clarendon Business College Pty Limited
Skilled Placements Pty Limited (formerly Multimedia Investments Pty Limited)
Premier Fasteners Pty Limited
Supreme Business College Pty Limited

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

The following group companies have issued guarantees in respect of Premier Fasteners Pty Limited as security for its bank facilities.

Garratt's Limited
Academies Australasia Pty Limited
Academies Australasia Management Pty Limited
Clarendon Business College Pty Limited
Skilled Placements Pty Limited (formerly Multimedia Investments Pty Limited)
Supreme Business College Pty Limited

As at 30 June 2008 these facilities had been repaid. As at 30 June 2007 the guarantee provided by Garratt's Limited in respect of the above bank facilities was calculated to be nil as a result of the application of the probability discounted cash flow approach to the obligations.

Thanga Thangathurai Debt

In December 2003, the Company filed a claim in the Superior Court of California, County of Sonoma, USA, against Mary Lynn Thangathurai ('MLT') for US$1,900,000 plus costs, interest, attorney's fees, and other amounts. MLT is the surviving spouse of the late Thanga Thangathurai. The action is being brought against her pursuant to, among other laws, the California Probate Code that provides, inter alia, that upon the death of a married person, the surviving spouse is personally liable for the debts of the deceased person in relation to certain property.

The realisation of this benefit is dependent upon a successful outcome of the litigation exercise or, alternatively, a suitable settlement being agreed between the parties.

Contingent Assets

The Company has been a party to long running litigation in respect to the purchase of the business of Excelsior College in 2002. Judgement in the proceedings was delivered on 27 May 2008. The Company's solicitors confirm that the plaintiffs' applications to vary or void the contract for the purchase of the business were dismissed. The Company was successful in defending the substantial elements of the claims.

The matter of costs of the proceedings is yet to be resolved. The Company has been advised that an order for costs is expected to be made in its favour and that there is a possibility of recovery of those costs against the plaintiffs (if they have sufficient assets and means) and/or their legal advisors (if the appropriate orders are sought and obtained from the Court which requires further litigation and expense to be incurred). However as with all litigation, the valuation of such a claim and likelihood of recovery of any costs order cannot be quantified within the required level of precision for it to be recognised as an asset. It is however, possible to quantify the Company's litigation costs, which were $400,000 paid over the last five financial years. The recovery of these costs (or some part of them) is dependant upon obtaining the appropriate cost orders and being able to successfully prosecute and recover those orders against the plaintiffs and/or their legal advisors, which are matters that are currently being discussed with our advisors.

24. SEGMENT REPORTING

	FASTENERS		EDUCATION		CONSOLIDATED	
	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$
Primary reporting – Business segments						
Revenue						
External sales	**8,753,530**	6,862,281	**11,379,773**	4,739,998	**20,133,303**	11,602,279
Other revenue	**4,174**	2,709	**54,915**	27,467	**59,089**	30,176
	8,757,704	6,864,990	**11,434,688**	4,767,465	**20,192,392**	11,632,455
Unallocated revenue					**72,948**	2,352
Total revenue					**20,265,340**	11,634,807
Segment result	**925,501**	576,680	**5,078,271**	1,118,361	**6,003,772**	1,695,041
Unallocated expenses net of unallocated revenue					**(1,168,529)**	(1,377,350)
Profit from ordinary activities before income tax					**4,835,243**	317,691
Segment assets	**6,598,803**	6,296,760	**3,034,590**	3,121,568	**9,633,393**	9,418,328
Unallocated					**2,718,815**	1,766,129
Total assets					**12,352,208**	11,184,457
Segment liabilities	**1,203,016**	1,133,325	**2,654,077**	4,293,379	**3,857,093**	5,426,704
Unallocated					**1,305,350**	4,217,706
Total liabilities					**5,162,443**	9,644,410
Acquisition of non-current segment assets	**85,069**	29,600	**139,076**	192,150	**224,145**	221,750
Depreciation and amortisation of segment assets	**188,019**	189,658	**91,901**	71,169	**279,920**	260,827

Primary reporting – Business segments

Major products/services of business segments:

Fasteners	Manufacture, import and sale of fasteners
Education	Training and education services

Secondary reporting – Geographical segments

The economic entity's business segments operate predominantly in Australia.

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments.

Segment assets and liabilities include all assets used in and all liabilities generated by the segments. Deferred tax assets and liabilities are not allocated to segments.

25. CASH FLOW INFORMATION

a. Reconciliation of cash flow from operations with profit after income tax

	ECONOMIC ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Profit after income tax	**6,008,413**	317,691	**5,617,028**	224,780
Non-cash flows in profit (loss)				
Amortisation	**120,188**	62,427	**118,086**	59,209
Depreciation	**290,118**	270,156	**12,300**	12,547
Loan to controlled entity re-instated	**-**	-	**(4,483,964)**	-
Other	**(288,481)**	24,915	**(288,481)**	24,915
Net loss on disposal of plant and equipment	**3,455**	-	**63**	-
Write-downs to recoverable amounts	**2,779**	74,250	**-**	-
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	**(434,541)**	(458,152)	**(46,437)**	(131,744)
(Increase)/decrease in inventories	**(86,025)**	(426,576)	**-**	-
(Increase)/decrease in other current assets	**331,874**	(386,699)	**4,172**	18,329
(Increase)/decrease in deferred tax assets	**(1,173,170)**	-	**(1,173,170)**	-
Increase/(decrease) in trade and other payables	**(1,422,049)**	2,349,721	**(120,695)**	(136,452)
Increase/(decrease) in provisions	**108,725**	33,737	**18,896**	9,423
Cash flow from operations	**3,461,286**	1,861,470	**(342,202)**	81,007

During the financial year the economic entity did not acquire any plant and equipment (2007: $37,088) by means of lease purchase agreements. The 2007 acquisitions are not reflected in the cash flow statement.

b. Credit Standby Arrangements with Banks

	ECONOMIC ENTITY 2008	ECONOMIC ENTITY 2007	PARENT ENTITY 2008	PARENT ENTITY 2007
Credit facility	**1,500,000**	1,700,000	**1,300,000**	1,300,000
Amount utilised	**-**	1,700,000	**-**	1,300,000
	1,500,000	-	**1,300,000**	-

The major facilities are summarised as follows:

Bank overdrafts

Bank overdraft facilities are arranged with the general terms and conditions being set and agreed to annually
Interest rates are variable and subject to adjustment

Commercial bill facility

$1,300,000 variable interest rate facility expires on 30 September 2009.

25. CASH FLOW INFORMATION (continued)

c. Loan Facilities

	ECONOMIC ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Loan facilities	**1,400,000**	1,400,000	-	-
Amount utilised	**-**	1,400,000	-	-
	1,400,000	-	-	-

Cash flow finance facility
The cash flow finance facility expires on 30 September 2009.

The consolidated group has not breached any borrowing requirements.

26. EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

The financial report was authorised for issue on 1 September 2008 by the board of directors.

27. RELATED PARTY TRANSACTIONS

Directors' transactions with the Company and the economic entity

The convertible notes from parties related to Chiang Meng Heng and Christopher Elmore Campbell of $1,400,000 and $280,000 (respectively) were converted to ordinary shares on 10 January 2008. The 16,800,000 ordinary shares were listed on the Australian Stock Exchange on 14 January 2008.

	2008	2007
	$	$
Interest paid to Directors and Director related entities		
Convertible notes	**8,883**	16,800
Other	**-**	12,556
	8,883	29,356

Details of Directors' remuneration are set out in the Remuneration Report section of the Directors' Report. Directors are reimbursed for expenses incurred by them on behalf of the economic entity.

Directors' and specified executives' relevant interests in shares

Details of Directors' relevant interests in shares are set out in the Directors' Report.

Other related party transactions

Transactions between the Company and controlled entities include loans, management fees and interest. Details of these transactions and the amounts owing at balance date are included in Notes 2, 3, 5 and 19.

28. FINANCIAL INSTRUMENTS

a. **Financial Risk Management**

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, bills, leases and convertible notes.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

i. Treasury Risk Management

Senior management meet on a regular basis to review currency and interest rate exposure and to evaluate treasury management strategies where relevant, in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed (short-term bills) and floating rate debt. At 30 June 2008 approximately 1.5% (2007 18%) of group debt was fixed. There is no set policy as to the mix between fixed and floating rate debt.

Foreign currency risk

The economic entity is exposed to foreign currency risk on its purchase of products and the sale of training and education courses to international students. The economic entity had not hedged foreign currency transactions as at 30 June 2008. Senior management continue to evaluate this risk on an ongoing basis.

Liquidity risk

Liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained, where possible.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. In the education business, credit risk is minimised by, generally, collecting tuition fees in advance. In the fastening business credit risk is minimised by, whereever possible, only granting credit to customers with a good payment record.

Price risk

In respect of the fastening business, the price of wire is constantly monitored. The company does not currently hedge the prices at which it purchases wire.

b. **Financial Instruments**

i. **Interest Rate Risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

28. FINANCIAL INSTRUMENTS (continued)

	Note	Weighted average interest rate	Floating interest rate	Fixed interest maturing in: 1 year or less	1 to 5 years	More than 5 years	Non-Interest bearing	Total
			$	$	$	$	$	$
2008								
Financial assets								
Cash and cash equivalents	9	5.69%	810,875	-	-	-	-	810,875
Trade and other receivables	10	-	-	-	-	-	2,332,994	2,332,994
			810,875	-	-	-	2,332,994	3,143,869
Financial liabilities								
Trade and other payables	18	-	-	-	-	-	3,785,704	3,785,704
Lease purchase agreements	22	9.72%	-	32,668	19,837	-	-	52,505
			-	32,668	19,837	-	3,785,704	3,838,209

	Note	Weighted average interest rate	Floating interest rate	Fixed interest maturing in: 1 year or less	1 to 5 years	More than 5 years	Non-Interest bearing	Total
			$	$	$	$	$	$
2007								
Financial assets								
Cash and cash equivalents	9	3.30%	803,799	-	-	-	-	803,799
Trade and other receivables	10	-	-	-	-	-	1,901,232	1,901,232
			803,799	-	-	-	1,901,232	2,705,031
Financial liabilities								
Trade and other payables	18	-	-	-	-	-	5,207,753	5,207,753
Bank bills	19	6.54%	-	1,300,000	-	-	-	1,300,000
Bank loans	19	10.42%	1,227,736	-	-	-	-	1,227,736
Loans - Directors and Director related entities	19	-	-	-	-	-	146,850	146,850
	19	1.00%	-	-	47,211	-	-	47,211
Lease purchase agreements	22	9.95%	-	37,892	52,506	-	-	90,398
			1,227,736	1,337,892	99,717	-	5,354,603	8,019,948

ii. Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate their net fair value.

iii. Amounts payable in foreign currencies

The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies calculated at year end exchange rates, are as follows:

28. FINANCIAL INSTRUMENTS (continued)

	ECONOMIC ENTITY		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
United States Dollars				
Amounts payable	**101,160**	20,745	-	-
	101,160	20,745	-	-

29. EFFECTS OF ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following Australian Accounting Standards and Interpretations issued at the date of this report are applicable to the entity but are not yet effective and have not been adopted in preparation of the financial statements at reporting date:

AASB Standard	Nature of Change in Accounting Policy and Impact	Application Date of the Standard	Application Date for the Entity
AASB 101: *Presentation of Financial Statements* (revised standard)	No change, no impact	1 January 2009	1 July 2009
AASB 2007-8: *Amendments to Australian Accounting Standards* (due to revised AASB 101)	No change, no impact	1 January 2009	1 July 2009

All other pending Standards issued have no application to the entity:

AASB Standards

AASB 3: *Business Combinations (revised standard)*

AASB 8: *Operating Segments*

AASB 123 *Borrowing Costs (revised standard)*

AASB 127: *Consolidated and Separate Financial Statements (revised standard)*

AASB 1004: *Contributions* (revised standard)

AASB 1049: *Financial Reporting of General Government Sectors by Governments* (new standard)

AASB 1050: *Administered Items* (new standard)

AASB 1051: *Land Under Roads* (new standard)

AASB 1052: *Disaggregated Disclosures* (new standard)

AASB 2007-2: *Amendments to Australian Accounting Standards* (due to Interpretation 12)

AASB 2007-3: *Amendments to Australian Accounting Standards* (due to AASB 8)

AASB 2007-6: *Amendments to Australian Accounting Standards* (due to revised AASB 123)

AASB 2007-9: *Amendments to Australian Accounting Standards* (due to review of AAS 27, AAS 29 & AAS 31)

AASB 2008-1: *Amendments to Australian Accounting Standards* (due to revised AASB 2)

AASB 2008-2: *Amendments to Australian Accounting Standards* (due to revised AASB 7, 101, 132 & 139)

AASB 2008-3: *Amendments to Australian Accounting Standards* (due to revised AASB 3 & 27)

AASB 2008-5: *Amendments to Australian Accounting Standards* (omnibus changes)

AASB 2008-6: *Amendments to Australian Accounting Standards* (due to revised AASB 1 & 5)

29. EFFECTS OF ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

AASB 2008-7: *Amendments to Australian Accounting Standards* (due to revised AASB 1, 118, 121, 127 & 136)

Interpretation 4: *Determining whether an Arrangement contains a Lease* (revised interpretation)

Interpretation 12: *Service Concession Arrangements* (new interpretation)

Interpretation 13: *Customer Loyalty Programmes* (new interpretation)

Interpretation 14: *Defined Benefit Assets* (new interpretation)

Interpretation 129: *Service Concession Arrangements: Disclosures* (revised interpretation)

Interpretation 1038: *Contributions to Public Sector Entities* (revised interpretation)

IASB Standards

Interpretation 15: *Agreements for the Construction of Real Estate* (new interpretation)

Interpretation 16: *Hedges of a Net Investment in a Foreign Operation* (new interpretation)

30. COMPANY DETAILS

The registered office of all companies in the economic entity is:

Level 6
505 George Street
Sydney NSW 2000

The principal places of business are:

Garratt's Limited
Level 6
505 George Street
Sydney NSW 2000

Academies Australasia Group of Colleges

Level 6
505 George Street
Sydney NSW 2000

Premier Fasteners Pty Limited
1 & 3 Ladbroke Street
Milperra
NSW 2214

* * *

DIRECTORS’ DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, set out on pages 17 to 48, are in accordance with the Corporations Act 2001 and:

   (i) comply with Accounting Standards and the Corporations Regulations 2001; and

   (ii) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and economic entity.

2. the Chief Executive Officer and Chief Financial Officer have each declared that:

   (i) the financial records of the company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

   (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (iii) the financial statements and notes for the financial year give a true and fair view.

3. in the directors’ opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The company and the following wholly owned subsidiaries have entered into a deed of cross guarantee under which the company and its subsidiaries guarantee the debts of each other.

Academies Australasia Pty Limited
Academies Australasia Management Pty Limited
Clarendon Business College Pty Limited
Premier Fasteners Pty Limited
Skilled Placements Pty Limited (formerly Multimedia Investments Pty Limited)
Supreme Business College Pty Limited

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.

Neville Cleary	Christopher Campbell
Director	Director

1 September 2008

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GARRATT'S LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Garratt's Limited (the company) and Garratt's Limited and controlled entities (the consolidated entity), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CALABRO PARTNERS
CHARTERED ACCOUNTANTS

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a. the financial report of Garratt's Limited and Garratt's Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b. the financial report also complies with International financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report of Garratt's Limited included in pages 11 to 13 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Garratt's Limited for the year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

CALABRO PARTNERS

MICHAEL TRAYNOR

1 September 2008

Level 5
175 Eagle Street
Brisbane, Queensland 4000

GARRATT'S LIMITED
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows.

SUBSTANTIAL HOLDERS

Ordinary Shares

The relevant interests of substantial shareholders as at 29 August 2008 were:

Shareholder	No. of Shares Held	%
Mr Chiang Meng Heng[a]	24,941,886	61.45
Mr Christopher Elmore Campbell[b]	6,787,527	16.72
Jilcy Pty Ltd Jilcy Super Fund A/C	6,307,527	15.54
Eng Kim Low	3,779,126	9.31

[a] Includes 3,779,126 shares held by Eng Kim Low
[b] Includes 6,307,527 shares held by Jilcy Pty Ltd Jilcy Super Fund A/C and 476,000 shares held by Bankura Pty Ltd Campbell Family Trust A/C

VOTING RIGHTS

Ordinary Shares

At 29 August 2008 there were 283 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Articles 69 and 70 of the Company's Articles of Association, are:

Article 69
"Subject to these Articles and any rights or restrictions for the time being attached to any class or classes of shares:
(a) at meetings of members or classes of members each member entitled to attend and vote may attend and vote in person or by proxy, or attorney and (where the member is a body corporate) by representative;
(b) on a show of hands, every Member present has 1 vote;
(c) on a poll, every Member present has:
(i) 1 vote for each fully paid share; ……."

Article 70
"Where more than 1 joint holder votes, the vote of the holder, whose name appears first in the register of members shall be accepted to the exclusion of the others."

GARRATT'S LIMITED
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

20 LARGEST SHAREHOLDERS AS AT 29 AUGUST 2008

	Registered Name	No. Shares	%
1	Mr Chiang Meng Heng	21,162,760	52.14
2	Jilcy Pty Ltd Jilcy Super Fund A/C	6,307,527	15.54
3	Eng Kim Low	3,779,126	9.31
4	Vasek Fasteners Pty Ltd Premier Screw Super A/C	1,553,529	3.83
5	Chio Tee Tan	600,000	1.48
6	Citicorp Nominees Pty Limited	500,000	1.23
7	Bankura Pty Ltd Campbell Family Trust A/C	476,000	1.17
8	Schlederer Nominees Pty Limited	474,360	1.17
9	Mrs Gail Leslie Storey	444,476	1.10
10	Ms Anthea Judith Drescher	444,475	1.10
11	Frank Kwong-Shing Wong	380,000	0.93
12	Bowes & Brown Pty Ltd	257,261	0.63
13	Coolangatta Holdings Pty Limited Coolangatta Hlds S/Fund A/C	246,000	0.60
14	Reach Out Pty Ltd	208,000	0.51
15	Mrs Gail Leslie Storey	207,200	0.51
16	Mr James Crosthwaite	178,800	0.44
17	Ravenscourt Pty Ltd	170,000	0.42
18	Mr Lim Sen Yap	166,362	0.41
19	Mrs Anthea Judith Drescher	153,515	0.38
20	Mr Bastine Augustine D'Cruz	150,000	0.37
		37,859,391	93.27

HOLDING RANGE (SHAREHOLDERS) AS AT 29 AUGUST 2008

Range	No. Holders	Total No. Shares	%
1 - 1,000	65	49,504	0.12
1,001 - 5,000	111	310,006	0.77
5,001 - 10,000	35	260,130	0.64
10,001 - 100,000	52	2,111,531	5.20
100,001 +	20	37,859,391	93.27
	283	40,590,562	100.00

* * *

OFFICES AND OFFICERS

DIRECTORS	Neville Thomas Cleary	Chairman (Independent & Non-Executive)
	Christopher Elmore Campbell	Group Managing Director
	Chiang Meng Heng	Director (Non-Executive)
COMPANY SECRETARY	Stephanie Ann Noble	

REGISTERED OFFICE

Garratt's Limited
Level 6
505 George Street
Sydney NSW 2000

Telephone: (02) 9224 5555
Facsimile: (02) 9224 5550

SHARE REGISTRAR

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000

Telephone: (02) 8234 5000
Toll Free (Australia only) 1300 850 505
Facsimile: (02) 8234 5050

STOCK EXCHANGE

The Company is listed on the Australian Stock Exchange. The Home Exchange is Sydney.

ASX Code: GRT

GARRATT'S GROUP

- GARRATT'S LIMITED
  - EDUCATION
    - ACADEMIES AUSTRALASIA P/L
      - ACADEMIES AUSTRALASIA (MANAGEMENT) P/L
      - ACADEMY OF ENGLISH P/L
        - ACADEMY OF ENGLISH (BLUE MOUNTAINS)
        - ACADEMY OF ENGLISH (KOREA)
      - ACADEMY OF SOCIAL SCIENCES P/L
      - AUSTRALIAN COLLEGE OF TECHNOLOGY P/L
      - AUSTRALIAN INSTITUTE OF PROFESSIONAL STUDIES P/L
      - AUSTRALIAN INTERNATIONAL HIGH SCHOOL P/L
      - CLARENDON BUSINESS COLLEGE P/L
      - SUPREME BUSINESS COLLEGE P/L
  - FASTENERS
    - PREMIER FASTENERS P/L
  - OTHERS
    - SKILLED PLACEMENTS P/L

Note: All companies are, directly or indirectly, wholly owned by Garratt's Limited.

9/08