

# ANNUAL GENERAL MEETING 6 NOVEMBER 2002

## CHAIRMAN'S ADDRESS

- From the annual report, shareholders will have gathered that the company managed through significant changes in a market which continues to be difficult.
  - The company restructured the way in which it manages relationships with customers.
  - Engineering services were refocused.
  - The senior management structure was streamlined.
  - Trading was divested following a review of core businesses.
- The changes, together with the write-off of most of the goodwill on the balance sheet, reflected in the announced loss of \$33.2 million. The one-off costs and write-downs totalled some \$34.6 million, and after adjusting for these mostly non-cash items, means that the underlying result was a profit after tax of \$1.4 million for the year.
  - The benefits of the restructure are bearing fruit and we continue to look at all parts of the business to further improve performance.
  - The review that commenced with Trading continues with all product and business streams under regular and full consideration.
  - Products and product ranges are being reviewed to ensure that they are integral to our strategy of providing effective business solutions to the market place in the most efficient manner possible.
  - Increased emphasis is being directed to ensure that appropriate returns on capital invested are generated from all of our market offerings.
  - Full analysis of the value chain of all products sold is being undertaken. This will highlight the areas that need further focus and changes and includes such things as distribution efficiencies, optimum inventory levels and supplier relationships.
  - We will reassess all current suppliers and move to work with those who not only offer appropriate products but who are also prepared to work with us in more of a partnership as we move forward. In some notable areas our supplier relationships and trading terms have been biased too much against us.
  - These measures should see us continue to revive the performance and returns on investment to more acceptable levels.

- I would now like to spend a few minutes on the changes to the Board that have occurred since your last AGM.
  - Mr Sandy Murdoch retired from the Board early in the year after ten years of service to the company. I would like to thank him for his contribution and leadership through that time as both Chairman and Director.
  - I was delighted to accept an invitation to join the Board in place of Mr Murdoch and have been in my role as Chairman since February.
  - Mr Ian Dicker, Mr Graeme John and Mr Pat Stone also retired from the Board for reasons to do with their other interests and we also thank them for their valuable input.
  - A special thanks is given to Mr Ian Harry. Ian has decided not to stand for re-election at this meeting. As a founding member of the original business and later as Managing Director of the listed company, Ian has been unwavering in his dedication to the success of the company. Ian has decided to stand down from his directorship to concentrate fully on the development of large and national customers within the new account management structure and to continue to help develop our account managers to become even more proficient. Ian, we will miss your valuable input at Board meetings. From all board members, both past and present thanks to you for your representation.
  - Mr Peter Reilly was asked to join the Board in February. Peter has had significant operational and Boardroom experience as a past Managing Director of the Ausdoc Group. He has proven to be a significant contributor in the running of your company in meetings attended to date. Peter will vacate office and stand for re-election later in the meeting.
  - Mr Daryl Lea has been asked to re-join the Board. Daryl, a founding member of the company, resigned his directorship in June 2000. He has been invited back to lend the organisation his wealth of experience in both Board and Operational matters. He represents significant shareholder interests in his own right.
- A final word for the management and staff.

As you can see, the year just past has been one of massive change through most parts of the business. Your Board would like to thank the management and staff of the company for the professional manner in which they have conducted business and themselves through this unsettling period. The results of the changes are now starting to flow through. Inevitably, as we continue to reshape the company and its business portfolio, further and ongoing changes will be needed but we are very confident that the leadership of our management team and the resilience already demonstrated by our staff will continue to place us on a strong forward path.

Gerry van Wyngen  
Chairman