

CHAIRMAN'S ADDRESS ANNUAL GENERAL MEETING

28 NOVEMBER 2002

A good result for last year and a positive start to the current year makes it pleasing to present this update. In the three months since my Annual Report was written revenue growth has remained strong with margins being maintained. The policy of developing organic growth through existing and new outlets is beginning to produce the anticipated results with double digit revenue growth to October 31. The recent Capital raising was well supported in respect of the Share Purchase Plan. We were also encouraged by the strong response from sophisticated investors including substantial shareholders. We currently have 20,133,845 shares on issue with a further 1,380,000 expected to be issued in response to sophisticated investor applications.

Operationally we have seen improvements flowing from a new stock distribution policy with gains in stock turns at Branch level. Given the increased sales revenues a slowing in stock level increases is a positive sign for further efficiencies.

Our New Zealand operations continue to produce results in line with forecasts and we currently have under review a further expansion of this network. The recent establishment of a Newcastle Branch has added to the local distribution chain. Further such outlets will remain high on the Australian agenda once this outlet has met its agreed targets.

I must however temper these positive views with the caution that whilst our underlying business is strong and expanding - this may be limited by the impact of drought conditions which apply to more than 50 percent of our major market areas and on a local scene affect in excess of 90 percent of NSW. When you consider that at some point all of our primary and secondary production is transported by road the forecast loss of production will undoubtedly impact on vehicle usage and thus service requirement.

There are however adequate positives to say that looking forward indicates a good half year result with full year forecasts ahead of previous predictions.

As I have already indicated compared to the same period last year revenues are up by 17 % and more importantly management accounts indicate that after tax profits are significantly ahead with annualised earnings per share exceeding the Managing Director's predictions in the Annual Report of 3.3 cents per share. This result is all the more commendable given the increased number of shares on issue.

I am therefore pleased to advise that on current expectations full year earnings will be 4 cents per share on our expanded capital base.

Today's agenda covers a broad range of issues and no doubt there will be more detailed questions and responses on our future plans under these headings.

It is therefore appropriate that I close this brief update for those present by recording our (I embrace my fellow directors and you our shareholders) appreciation to the Australasian Multispares team for a superb performance in keeping us First in Truck and Bus parts.