

GARRATT'S LIMITED

ACN 000 003 725

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

25 February 2004

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

Via ASX Online

ANNOUNCEMENT

CONVERTIBLE NOTES

Garratt's Limited today announced that, in accordance with the terms of the Prospectus issued in December 1998 in respect of the issue of Convertible Notes to raise approximately \$5.2 million, all outstanding Notes will be redeemed on 28 February 2004 at \$1.00 per Note. The outstanding Notes total 4,143,281.

Apart from the redemption value of \$1.00 per Note, Noteholders will receive interest at 12% per annum for the period 1 January 2004 to 28 February 2004 (1.93 cents per Note).

As 28 February 2004 is a Saturday, all payments will be made on Monday 1 March 2004.

The Chairman, Neville Cleary, said that the Company would like to thank all the Noteholders for supporting the Company during the term of their investment.

The Company also announced that, as part of the refinancing arrangements for the repayment of the Notes, parties related to the following Directors have extended loans to the Company on arm's length terms:

<u>Director</u>	<u>Loan Amount</u>
Chiang Meng Heng	\$2,000,000
Christopher Campbell	<u>\$400,000</u>
	<u>\$2,400,000</u>

Petah Fitzsimmons
Company Secretary