

GARRATT'S LIMITED

ACN 000 003 725

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

8 September 2003

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

Via ASX Online

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ANNOUNCEMENT

DOCUMENT SENT TO SECURITY HOLDERS

In accordance with ASX Listing Rule 3.17, we attach a copy of a letter being sent to Shareholders and Noteholders today.

Petah Fitzsimmons
Company Secretary

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Dear Shareholders and Noteholders,

It was with regret that the Board of Directors today decided to fully write off amounts owing to Garratt's Limited by the Estate of the Late Thanga Thangathurai. The Thangathurai debt and related costs amounted to \$3,916,723. However, as announced to the Australian Stock Exchange today, Garratt's Limited intends to continue to aggressively pursue the matter and steps have been taken in respect of legal action against the Estate in Singapore and the United States of America.

At the same time, the Board of Directors had conducted a comprehensive review of the Company's other assets, and decided, as a matter of prudence, to reduce the book value of the stock in the books of Premier Fasteners Pty Limited by an amount of \$320,000.

The net effect of the items mentioned above is to cause a loss of \$2,969,619, after tax and exceptional items, for the year ended 30 June 2003. The net assets per share as at 30 June 2003, following the loss, is 38.3 cents (2002: 63.8 cents).

The need to take such a high level of write-offs is, of course, most unsatisfactory but shareholders and noteholders may be assured that every effort is being made to recover the losses in the months ahead.

The Company is, and has been for some months, engaged in various courses of action to ensure that the Company's obligations in respect of the Convertible Notes can be met on maturity in February 2004. I am unable to expand on this matter for reasons of commercial confidentiality. However, the Board of Directors is currently satisfied that there are reasonable grounds to assume that a satisfactory commercial outcome from these negotiations will be forthcoming, which will allow the Company to meet its future financial obligations as and when they fall due.

Fuller details of the result for the year ended 30 June 2003, and the matters raised above, will be contained in the Company's Annual Report which will be distributed to shareholders and noteholders in the next few weeks.

Yours sincerely

Neville T Cleary
Chairman