

GARRATT'S LIMITED

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ANNOUNCEMENT

REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 1999 & INTERIM DIVIDEND

Garratt's today released its report for the six months ended 31 December 1999.

The consolidated profit before abnormal items and tax for the six-month period was \$608,000, representing a 21% increase on that for the corresponding period for the previous year (1998: \$503,000). The consolidated profit after abnormal items and tax was \$437,000 (1998: \$1,104,000).

An interim dividend of 3 cents per share (unfranked), payable on 14 April 2000, has been declared by the Board. Entitlement to this dividend will be based on shares held at the close of business on 30 March 2000.

The dividend rate is lower than that announced in March 1999. The capital base has increased substantially (37%) since 31 December 1998. The Company could pay 10 cents a share in dividends (5 cents interim and 5 cents final) in respect to the 1997/98 and 1998/99 years when the capital base was much smaller. More importantly, the investment in the Agent 13 opportunity, which was well received by the market, is an attempt to grow the Company substantially. The investment requires additional resources and is not expected to generate income for two to three years. In this context it would neither be realistic nor prudent to continue to pay a dividend at the same rate as that for the previous two years. The objective is that capital growth will more than compensate for the lower dividend rate.

Petah Fitzsimmons
Company Secretary