

GARRATT'S LIMITED

ACN 000 003 725

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

2 September 2004

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

Via ASX Online

(Page 1 of 28)

ANNOUNCEMENT

RIGHTS ISSUE: PROSPECTUS

Garratt's Limited today lodged with the Australian Securities and Investments Commission a Prospectus for a Renounceable Rights Issue dated 2nd September 2004.

A Copy of the Prospectus, including the Entitlement and Acceptance Form, is attached. The Prospectus and a personalised Entitlement and Acceptance Form will be sent to shareholders on 14th September 2004. Shareholders must use their personalised Entitlement and Acceptance Form – not the attached form.

Ian Bloodworth
Company Secretary

GARRATT'S LIMITED

ABN 93 000 003 725

PROSPECTUS

RENOUNCEABLE RIGHTS ISSUE

For subscriptions to a one-for-one Renounceable Rights Issue
of Ordinary Shares of \$0.15 each to raise approximately \$1.78 million.

THIS ISSUE IS UNDERWRITTEN

Acceptances must be lodged by 5.00pm Sydney time on 28 September 2004

This is an important document and requires your immediate attention. It should be read carefully and in its entirety. If you do not understand its contents, or if you are in doubt as to what to do, you should consult your professional adviser without delay.

Summary of Important Dates

Shares quoted ex Rights and Rights trading commences	6 September 2004
Record Date to determine Your Entitlement to New Shares	10 September 2004
Expected date of despatch of Prospectus and Entitlement and Acceptance Forms	14 September 2004
Last day of Rights trading	21 September 2004
First day of trading of New Shares on deferred settlement basis on the ASX	22 September 2004
Last day for acceptance and payment in full (“Closing Date”)	28 September 2004
Expected allotment	7 October 2004
First day of normal trading of New Shares	8 October 2004

These dates are subject to change and are indicative only. The Company, in consultation with the Underwriter, reserves the right to amend this indicative timetable. In particular, the Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date or to withdraw the Rights Issue without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the issue of New Shares.

Table of Contents

Important Notice	3
1. Letter from the Chairman	4
2. Action Required by Shareholders	5
2.1 What you may do	5
2.2 If you wish to take up all of Your Entitlement	5
2.3 If you wish to sell all of Your Entitlement	5
2.4 If you wish to take up part of Your Entitlement and sell the balance	5
2.5 If you wish to take up part of Your Entitlement and allow the balance to lapse	6
2.6 If you wish to transfer Your Entitlement to another person other than on the ASX	6
2.7 If Your Entitlement is not taken up	6
2.8 Payment	6
2.9 Cut off time for Acceptances	6
2.10 Enquiries	6
3. Details of the Rights Issue	7
3.1 The Rights Issue	7
3.2 Purpose of the Rights Issue	7
3.3 Rights trading and ASX quotation of Rights	7
3.4 Application Monies Held On Trust	8
3.5 ASX quotation of New Shares	8
3.6 Allotment and despatch of Shareholding statements	8
3.7 Participation in dividends	8
3.8 Ranking of New Shares	8
3.9 Underwriting	8
3.10 Market prices of ordinary Shares	8
3.11 Overseas Shareholders	9
3.12 Taxation	9
3.13 Withdrawal of Prospectus	9
4. Risks	10
4.1 General	10
4.2 Share investment	10
4.3 Economic risk and external market factors	10
4.4 War and terrorist attacks	10
4.5 Specific risks	10
5. Effect of the Rights Issue	12
5.1 Issued capital	12
5.2 Operations for Financial Year Ended 30 June 2004 (Unaudited)	12
5.3 Pro Forma Statement of Financial Position	13
5.4 Net Tangible Asset Backing (“NTAB”)	13
5.5 Net Asset Backing (“NAB”)	13
6. Additional Information	14
6.1 Nature of this Prospectus	14
6.2 Disclosing Entity	14
6.3 Other documents	15
6.4 Rights attaching to New Shares	15
6.5 Information for Shareholders in New Zealand and Singapore	16
6.6 Overseas Shareholders	17
6.7 Underwriting agreement	17
6.8 Expenses	18
6.9 Directors’ interests	18
6.10 Underwriter’s Interest	19
6.11 Adviser’s Interests	19
6.12 Group Managing Director	19
6.13 Impact of New International Reporting Standards	19
6.14 Contingent Assets	20

6.15 Going Concern	20
6.16 Consents	20
7. Definitions	22
8. Directors' Consents	23
9. Corporate Directory	23

Important Notice

This Prospectus is dated 2 September 2004 and was lodged with ASIC on that date. Neither the ASIC nor the ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Important document

It is important that you carefully read this Prospectus in its entirety before deciding to invest in the Company and, in particular, that you consider the risk factors that could affect the financial performance of the Company. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, financial planner, lawyer or other professional adviser before deciding whether to invest.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Rights Issue that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Rights Issue. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus, except as required by law and then, only to the extent so required.

Restrictions on the distribution of this Prospectus

This Prospectus does not constitute an offer of New Shares in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this Prospectus in jurisdictions outside Australia, New Zealand and Singapore may be restricted by law and any person into whose possession this Prospectus comes (including nominees, trustees or custodians) should seek advice on, and observe, those restrictions.

Accordingly, this Rights Issue is not being extended, and no New Shares will be issued, to Shareholders having registered addresses outside Australia, New Zealand and Singapore. This Prospectus is sent to those Shareholders for information purposes only. However, the Directors will offer the Rights that would otherwise have been offered to each of those Shareholders to a nominee appointed by the Company and approved by ASIC, who may sell those Rights for the benefit of those Shareholders.

Defined terms and abbreviations

Terms and abbreviations used in this Prospectus are defined in Section 7 of this Prospectus.

1. Letter from the Chairman

Dear Shareholder

I am pleased to invite you to participate in a 1 for 1 renounceable Rights Issue at \$0.15 per share to be made by the Company ("Rights Issue"). This Prospectus outlines the details of the Rights Issue.

The Board decided to raise approximately \$1.78 million in new capital to enable the Company to repay approximately \$450,000 of bank debt, and approximately \$852,000 of debt raised to meet settlement of the Convertible Note payments in February 2004.

The balance will go to the Company's working capital, and reduction of other borrowings (cash flow requirements permitting).

The write down of the debt owed by the late Thanga Thangathurai in the financial year ended 30 June 2003, the repayment of about \$4.1 million to holders of the Company's convertible notes and the less than satisfactory performance in the financial year just past, have together substantially eroded the Company's capital base. The Rights Issue will enable the reduction of some debt, and therefore reduce debt-servicing costs, and also provide additional working capital.

The members of the Board have relevant interests in 2,895,374 shares representing about 24.3% of the Company's equity. I am pleased to advise you that the Directors have confirmed that all the rights in respect to those 2,895,374 shares will be taken up.

Chiang Meng Heng, a non-executive member of the Board, has agreed to underwrite the remaining 8,999,907 new shares.

Your Company has gone through a difficult and trying period, by and large because of factors beyond its control. Shareholders will note that the Prospectus contains no forecast of projected trading outcomes. Your Directors are of the opinion that the trading losses incurred by the Company's education business during the year ended 30 June 2004 were unduly and negatively influenced by external factors, which may not recur in future years. Enrolments in the Company's colleges are currently running at improved levels. Notwithstanding this improvement, your Directors are unable to forecast when future profitability may be achieved and dividends to shareholders resumed.

The members of the Board are committed to the Company. The confirmation of the take-up of entitlements by shareholders in which the Directors have a relevant interest as well as the underwriting by Chiang Meng Heng, demonstrate this commitment. These actions must not, however, be interpreted to mean that the Company is well on the road to profitability and the payment of dividends.

Your Entitlement under the Rights Issue to New Shares is set out on the accompanying Entitlement and Acceptance Form. The Closing Date for acceptance and payment is 5.00pm (Sydney time) on 28 September 2004. If you decide not to accept all or part of Your Entitlement, you can sell the Rights rather than allow them to lapse. New Shares not accepted will be taken up by the Underwriter.

New shares will, from allotment, rank equally with existing fully paid Shares.

Details of the Rights Issue and other matters required by law to be disclosed are set out in the Prospectus.

Your Directors draw your attention to the courses of action available to you as set out in Section 2 of this Prospectus.

Neville Thomas Cleary

2. Action Required by Shareholders

This Section does not apply to Shareholders with registered addresses outside Australia, New Zealand or Singapore. Such Shareholders should refer to Section 6.6 of this Prospectus.

2.1 What you may do

The number of New Shares to which you are entitled under the Rights Issue (“Your Entitlement”) is shown on the accompanying Entitlement and Acceptance Form. You may:

- (a) take up all of Your Entitlement to New Shares;
- (b) sell all of Your Entitlement;
- (c) take up part of Your Entitlement and sell the balance on the ASX;
- (d) take up part of Your Entitlement and allow the balance to lapse;
- (e) transfer Your Entitlement to another person other than on the ASX; or
- (f) not take up any of Your Entitlement and allow it to lapse.

2.2 If you wish to take up all of Your Entitlement

If you wish to take up Your Entitlement in full, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form. Forward your completed Entitlement and Acceptance Form together with your cheque or bank draft for the amount shown on the form to reach the Registry no later than 5.00pm (Sydney time) on the Closing Date. Acceptances received after that time will not be valid. An accompanying reply paid envelope is provided for your convenience. Cheques, bank drafts or money orders should be made payable to “Garratt’s Limited - Rights Issue” and crossed “Not Negotiable”.

2.3 If you wish to sell all of Your Entitlement

If you wish to sell all of Your Entitlement, complete the Section on the back of the accompanying Entitlement and Acceptance Form entitled “Instructions to your Stockbroker” and lodge the Entitlement and Acceptance Form with your stockbroker. Trading of Rights will commence on the ASX on 6 September 2004. Shareholders wishing to sell their entitlements must do so by close of trading on the ASX on 21 September 2004, when Rights trading will cease.

2.4 If you wish to take up part of Your Entitlement and sell the balance

If you wish to take up part of Your Entitlement and sell the balance, complete the accompanying Entitlement and Acceptance Form for that part of Your Entitlement that you wish to accept, and also complete the Section on the back of the accompanying Entitlement and Acceptance Form entitled “Instructions to your Stockbroker” for the balance that you wish to sell on the ASX. The completed Entitlement and Acceptance Form should be lodged with your stockbroker together with your cheque or bank draft for the amount due in respect of New Shares you intend to take up (being the number of New Shares you wish to accept multiplied by \$0.15). Cheques, bank drafts or money orders should be made payable to “Garratt’s Limited - Rights Issue” and crossed “Not Negotiable”.

Trading of Rights will commence on the ASX on 6 September 2004. If you wish to sell part of Your Entitlement which you do not intend to take up, you must do so by close of trading on the ASX on 21 September 2004 when Rights trading ceases.

2.5 If you wish to take up part of Your Entitlement and allow the balance to lapse

If you wish to accept part of Your Entitlement and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form in respect of the number of New Shares you wish to take up in accordance with the instructions set out on the form. Forward your completed form together with your cheque or bank draft for the amount due in respect of New Shares you intend to take up (being the number of New Shares you wish to accept multiplied by \$0.15) to reach the Registry no later than 5.00 pm (Sydney time) on the Closing Date. An accompanying reply paid envelope is provided for your convenience. Cheques, bank drafts or money orders should be made payable to “Garratt’s Limited - Rights Issue” and crossed “Not Negotiable”.

2.6 If you wish to transfer Your Entitlement to another person other than on the ASX

If you wish to transfer all or part of Your Entitlement to another person other than on the ASX, forward a completed standard renunciation form (obtainable from the Registry) together with your Entitlement and Acceptance Form and the applicable transferee’s cheque, bank draft or money order for the acceptance money to reach the Registry no later than 5.00 pm (Sydney time) on the Closing Date. An accompanying reply paid envelope is provided for your convenience. Cheques, bank drafts or money orders should be made payable to “Garratt’s Limited - Rights Issue” and crossed “Not Negotiable”.

2.7 If Your Entitlement is not taken up

If you do nothing, Your Entitlement that is not taken up by the Closing Date, will lapse and the New Shares that would otherwise have been issued pursuant to the taking up of all or part of Your Entitlement, will be taken up by the Underwriter.

2.8 Payment

Acceptances for New Shares must be accompanied by payment in full of \$0.15 per New Share.

Payment will only be accepted in Australian currency and by way of cheque, bank draft or money order.

Cheques, bank drafts or money orders should be made payable to “Garratt’s Limited - Rights Issue” and crossed “Not Negotiable”. Please do not forward cash. Receipts for payment will not be provided.

2.9 Cut off time for Acceptances

The cut off time for acceptances is 5.00pm (Sydney time) on the Closing Date, unless that time is extended. Mailed acceptances should be posted in time to enable the acceptance to reach Computershare Investor Services Pty Limited, GPO Box 7115, Sydney NSW 2001 by the cut off time. Alternatively, acceptance forms may be hand delivered to Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street, Sydney NSW 2000 by the cut off time.

2.10 Enquiries

For further information please contact Computershare Investor Services Pty Limited during business hours: [Telephone: +61 2 8234 5000, Toll Free (Australia only) 1300 855 080; Facsimile: +61 2 8234 5050].

3. Details of the Rights Issue

3.1 The Rights Issue

The Company is making a renounceable Rights Issue of New Shares on a 1 for 1 basis to Shareholders who are registered as at 10.00 pm. (Sydney Time) on the Record Date, except those Shareholders who have a registered address in a country other than Australia, New Zealand or Singapore.

The Issue Price for each New Share offered under this Rights Issue is \$0.15 per New Share.

The total number of New Shares to be issued pursuant to the Rights Issue will be 11,895,281. The gross proceeds, before costs, of the Rights Issue will be approximately \$1.78 million. The Directors have confirmed that the shareholders in which they have a relevant interest will be taking up their entitlements totalling 2,895,374 shares. The take-up of the remaining 8,999,907 shares is fully underwritten by the Underwriter.

The number of New Shares to which you are entitled is shown on the accompanying personalised Entitlement and Acceptance Form.

The Rights Issue will be open for receipt of acceptances until 5.00 p.m. (Sydney time) on the Closing Date. The Closing Date may be varied without notice, but only in accordance with the Listing Rules. New Shares must be paid for in full on acceptance.

3.2 Purpose of the Rights Issue

The Rights Issue will, when fully subscribed, raise approximately \$1.78 million (less \$65,000 for expected Issue expenses).

Those funds will enable the Company to repay approximately:

- (a) \$450,000 of bank debt; and
- (b) \$852,000 of debt raised to meet settlement of the approximately \$4.1 million Convertible Note payments in February 2004.

The balance will go to the Company's working capital, and reduction of other borrowings (cash flow requirements permitting).

3.3 Rights trading and ASX quotation of Rights

The Rights to New Shares are renounceable, which enables Shareholders who do not wish to take up some or all of their New Shares to sell their respective Rights and also to purchase additional Rights if they wish.

Trading of Rights will commence on the ASX on 6 September 2004 and will cease at the close of trading on 21 September 2004.

Rights to which you are entitled may be sold on the ASX between these dates should you choose not to accept your full entitlement to New Shares.

3.4 Application Monies Held On Trust

Application monies for the New Shares will be held in a trust account until allotment of the New Shares. Any interest earned on application monies will be retained by the Company. If the Rights Issue does not proceed, all application monies will be returned in full as soon as possible to the applicants, without interest.

3.5 ASX quotation of New Shares

Application will be made to the ASX within 7 days of the date of lodging this Prospectus with ASIC for admission of the New Shares to quotation on the ASX.

If permission is not granted by the ASX for the official quotation of the New Shares on the ASX within 3 months after the date of this Prospectus, the Company will repay, without interest, all application monies received pursuant to this Prospectus as soon as practicable.

3.6 Allotment and despatch of Shareholding statements

No allotment of New Shares will be made until proceeds of the Rights Issue have been received and permission is granted for the quotation of the New Shares on the ASX. It is expected that the allotment of New Shares will take place on or about 7 October 2004. Shareholder statements for New Shares will be despatched upon completion of allotment.

3.7 Participation in dividends

Payment of dividends is determined by the Directors having regard to the performance of the Company and dividend paying capacity. No assurance can be given as to the timing and amount of dividends as they are dependent on the profitability and funding requirements of the Company, which in turn will be affected by general economic conditions, and specific conditions affecting the business of the Company.

No dividend has been declared for the Year ended 30 June 2004. The Directors presently have no expectation that a dividend will be payable in respect of the financial year ending 30 June 2005.

3.8 Ranking of New Shares

New Shares will, from allotment, rank equally with existing fully paid Shares. A summary of the rights attaching to the New Shares is set out in Section 6.4 of this Prospectus.

3.9 Underwriting

The Directors have confirmed that the shareholders in which they have a relevant interest will be taking up their entitlements totalling 2,895,374 shares. The take-up of the remaining 8,999,907 shares is fully underwritten by the Underwriter.

Please see Section 6.7 of this Prospectus.

3.10 Market prices of ordinary Shares

The lowest and highest market sale prices of Shares on the ASX during the three months immediately preceding the date of this Prospectus, and the respective dates of those sales, were:

- (a) Highest: \$0.16 on 28 June 2004, 30 June 2004, 9 July 2004 and 3 August 2004, and

(b) Lowest: \$0.105 on 2 June 2004.

The last sale price for Shares on the ASX prior to the date of this Prospectus was \$0.12 on 1 September 2004.

During the three months immediately preceding the date of this Prospectus, 1,024,741 Shares were traded on the ASX. The average price for all these trades was \$0.1325.

3.11 Overseas Shareholders

The Prospectus and Entitlement and Acceptance Form are being sent to Shareholders with registered addresses in Australia, New Zealand and Singapore only as at the Record Date. Entitlements of Shareholders with registered addresses outside these countries will be dealt with as set out in Section 6.6 of this Prospectus.

3.12 Taxation

Shareholders should be aware that there are taxation implications for subscribing for New Shares and for the selling of Rights acquired pursuant to this Prospectus. These taxation implications will vary between different Shareholders and Shareholders should consult their professional tax adviser in relation to the taxation implications. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility in respect of the taxation consequences connected with participation in the Rights Issue.

3.13 Withdrawal of Prospectus

The Directors may at any time decide to withdraw this Prospectus, in which case the Company will repay, as soon as practicable and without interest, all application monies for New Shares received pursuant to this Prospectus.

4. Risks

4.1 General

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company and the value of an investment in the Company.

Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many are outside the control of the Company and cannot be mitigated.

This Section describes certain risks associated with an investment in the Company. Prior to making an investment decision, Shareholders should carefully consider the following risk factors, as well as the other information contained in this Prospectus.

4.2 Share investment

Shareholders should be aware that there are risks associated with investment in shares of companies listed on a stock exchange. The value of Shares can be expected to fluctuate depending on various factors including general worldwide economic and political conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets. Accordingly, assuming that the New Shares are granted official quotation by the ASX, they may trade on the ASX at higher or lower prices than the issue price.

Similarly, the level of dividends that will be paid in respect of Shares can move either up or down and it is possible that the Company may not be able to pay any dividends.

Each Shareholder should consider whether shares are a suitable investment for them before deciding to invest in New Shares. Any Shareholder in doubt about investing in New Shares should consult their stockbroker, financial planner, accountant, lawyer or other professional adviser immediately.

4.3 Economic risk and external market factors

Factors, such as, but not limited to, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, currency fluctuations, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Company's profit margins and share price. These factors are beyond the control of the Company and it cannot, to any degree of certainty, predict how they will impact on the Company.

4.4 War and terrorist attacks

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of the Company.

4.5 Specific risks

A summary of some of the risk factors applicable to the proposed activities of Company which Shareholders should be particularly aware of, and should take into account, when considering whether or not to exercise their rights entitlements include but are not limited to the following:

Price of Steel

The market prices of metals and minerals are volatile. To the extent that price variations cannot be passed on to users, the Company is exposed to movements in the price of steel in respect to its fasteners business.

Educational Business

During the past two financial years, external factors such as the war in the Middle East, the substantial increase in the value of the Australian dollar and Severe Acute Respiratory Syndrome, adversely affected the international education market. Such events are beyond the control of the Company.

Thanga Thangathurai Debt

In the financial year ended 30 June 2003, as a matter of prudence, the Company wrote off about \$3.9 million in regard to the debt owed by the late Thanga Thangathurai and related costs. The Company continues to aggressively pursue the collection of the debt. Legal action is being taken in Australia and overseas. Legal action is expensive. The successful completion of the action would bring with it a substantial contribution to the Company's cash and net asset position. Success, however, is not assured.

Reliance on Key Personnel

The Company is dependent to a substantial extent on the experience and services of the Directors and the Company's senior management to implement the Company's business objectives. The loss of services of any of these Directors or members of senior management could have a material adverse effect on the Company's operations and ability to execute its business objectives.

Interest rates/Economic conditions

The results of the Company's business operations will be affected by the level and volatility of interest rates. Further, the performance of the Company will be influenced by the general condition of the Australian economy.

Litigation risk

There is a risk that the Company may become involved in the defence or prosecution of litigation in the normal course of business, which may have a material adverse effect on the Company's operations.

5. Effect of the Rights Issue

5.1 Issued Capital

The effect of the Rights Issue on the Company's issued capital will be as follows:

	Number of Fully Paid Ordinary Shares
Number of Shares on issue at 28 July 2004 – the date the Rights Issue was announced	11,895,281
Number of New Shares to be issued pursuant to Rights Issue.	<u>11,895,281</u>
Total Shares on Issue after the Rights Issue	23,790,562

5.2 Operations for Financial Year Ended 30 June 2004 (Unaudited)

The (unaudited) consolidated loss from operations, before income tax, was \$1,367,000 made up as follows:

	\$'000
Fasteners	905
Education	(727)
Interest/Borrowing Costs	(557)
Group Overheads	(988)
	<u> </u>
Operating Loss Before Tax	(1,367)

FITB

An exceptional item of income tax expense of \$1,368,000 was recognised as a result of write back of the future income tax benefit.

Deferred Infrastructure Expenditure

An asset has been recognized which represents the deferral of infrastructure costs against which there was no revenue because one of the colleges was prohibited from recruiting new students. The infrastructure was required to be maintained while the authorities assessed their position. The costs will be expensed as future revenues are derived from the infrastructure.

5.3 Pro Forma Statement of Financial Position

The unaudited statement of financial position of the Company at 30 June 2004 has been adjusted to show the effect of the Rights Issue (\$1.719 million after expenses). The items so affected in the unaudited balance sheet are as follows:

	Audited Statement of Financial Position 30 June 2003 \$'000	Unaudited Statement of Financial Position 30 June 2004 \$'000	Effect of Rights Issue \$'000	Pro forma Statement of Financial Position at 30 June 2004 \$'000
Cash	441	173	417	590
Interest Bearing Liabilities	(5,602)	(6,001)	1,302	(4,699)
Other Net Assets	9,717	7,649	-	7,649
	<hr/>	<hr/>	<hr/>	<hr/>
Total Shareholders Equity	4,556	1,821	1,719	3,540

5.4 Net Tangible Asset Backing (“NTAB”)

The Company’s net tangible asset backing per Share as at 30 June 2004 has been adjusted to show the effects of the Rights Issue had it occurred on 30 June 2004.

	Audited NTAB at 30 June 2003	Unaudited NTAB at 30 June 2004 before Rights Issue	Proforma 30 June 2004 NTAB after Rights Issue
NTAB	10.6 cents	(10.6) cents	1.9 cents

5.5 Net Asset Backing (“NAB”)

The Company’s net asset backing per Share as at 30 June 2004 has been adjusted to show the effects of the Rights Issue had it occurred on 30 June 2004.

	Audited NAB at 30 June 2003	Unaudited NAB at 30 June 2004 before Rights Issue	Proforma 30 June 2004 NAB after Rights Issue
NAB	38.3 cents	15.3 cents	14.9 cents

6. Additional Information

6.1 Nature of this Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in Section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus with modified disclosure requirements if:

- the securities offered by the prospectus are in a class of securities that have been quoted securities at all times in the 12 months before the date of the prospectus; and
- the Company is not subject to certain exemptions or declarations prescribed by the Corporations Act.

Securities are quoted securities if:

- the Company is included in the official list of the ASX; and
- the Listing Rules apply to the Company and those securities.

The information in this Prospectus principally concerns the terms and conditions of the Rights Issue and the information necessary to make an informed assessment of:

- the effect of the Rights Issue on the Company; and
- the rights and liabilities attaching to the New Shares offered by this Prospectus.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX (see Section 6.3 below) and **does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange**. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the New Shares.

6.2 Disclosing Entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require the Company to notify the ASX of information about specified events and matters as they arise for the purposes of the ASX making that information available to the stock market conducted by the ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions) to notify the ASX immediately of any information of which it becomes aware concerning the Company, which a reasonable person would expect to have a material effect on the price or value of securities in the Company.

The Company is also required to prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a Directors' statement and report and an auditor's report.

All announcements made by the Company are available from the ASX.

6.3 Other documents

Copies of any documents in relation to the Company, which are lodged with ASIC, may be obtained from or inspected at, an ASIC office.

The Company will provide a copy of any of the following documents, free of charge, to any person who requires a copy during the application period in relation to this Prospectus:

- the financial statements of the Company for the year ended 30 June 2003, being the most recent audited financial statements for a financial year lodged with ASIC in relation to the Company;
- any other financial report in relation to the Company lodged with ASIC in the period starting after lodgement of that last annual financial report and ending before the issue of this Prospectus; and
- any announcements made by the Company to the ASX since the date of lodgement of the financial statements for the year ended 30 June 2003. Details of these announcements are as follows:

<u>Date</u>	<u>Headline</u>
1 Sep 04	Rights Issue: Appendix 3B
31 Aug 04	Company Secretary
24 Aug 04	Preliminary Final Results - Appendix 4E
28 Jul 04	Renounceable Rights Issue
11 Mar 04	Change of Director's Interest Notice
09 Mar 04	Change of Director's Interest Notice
26 Feb 04	Half-Year Report
25 Feb 04	Convertible Notes
06 Feb 04	Convertible Note Buy-Back Final Notice
06 Jan 04	Thangathurai Debt
17 Dec 03	Valuation of Options
11 Nov 03	Annual General Meeting: Outcome of Resolutions
11 Nov 03	Annual General Meeting: Chairman's Address
01 Oct 03	Change of Director's Interest Notice
26 Sep 03	Notice of Annual General Meeting & Annual Report
26 Sep 03	Change of Director's Interest Notice
26 Sep 03	Change of Director's Interest Notice
22 Sep 03	Change of Director's Interest Notice
16 Sep 03	Convertible Note Buy-Back and Cancellation
10 Sep 03	Convertible Note Buy-Back and Cancellation
08 Sep 03	Document Sent to Security Holders
08 Sep 03	Preliminary Final Results - Appendix 4E
22 Aug 03	Change of Director's Interest Notice
31 Jul 03	Change of Director's Interest Notice

6.4 Rights attaching to New Shares

Holders of New Shares will participate equally with holders of all other Shares in all respects.

The rights attaching to Shares are set out in the Constitution. The following paragraphs contain a summary of the principal rights attaching to Shares and New Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of holders of New Shares, which can involve complex questions of law arising from the interaction of the Constitution and statutory and common law requirements.

(a) Voting

At a general meeting every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll has one vote for each Share held. The number of votes to which a holder of partly paid Shares is entitled on a poll is equivalent to the proportion that the amount paid on the Share is of the issue price of the New Share (ignoring amounts paid in advance).

(b) Dividends and Reserves

The profits of the Company, which the Directors from time to time determine to distribute by way of dividend, are divisible amongst the Shareholders in proportion to the amounts paid up on the Shares held by them.

(c) Issue of further Shares

The Directors may (subject to the Constitution, the Listing Rules and the Corporations Act) allot or otherwise issue further shares in the capital of the Company on such terms and conditions as they see fit.

(d) Transfer of Shares

A member may transfer Shares by a proper Securities Clearing House (“SCH”) transfer within the meaning of the Corporations Act or by an instrument of transfer in writing in the form approved by the Directors. The Directors may refuse to register a transfer if the transfer is not in registrable form, where the Company is permitted or required to do so under the Listing Rules, or except for proper SCH transfers, under the conditions of issue of the Shares, where the Company has a lien on the Shares being transferred or where the registration of the transfer will result in a contravention of or failure to observe a law of a State or Territory of the Commonwealth.

(e) General meetings and notices

General meetings may be convened in the manner provided for in the Corporations Act and the Listing Rules.

(f) Winding up

Subject to any special or preferential rights attaching to any class or classes of Shares, if the Company is wound up, the property of the Company available for distribution among the members shall be divided among the members in proportion to the Shares held by them irrespective of the amounts paid up or credited as paid up on the Shares. The Company may deduct from any such distribution to a member all sums of money payable by the member to the Company on account of calls or otherwise in relation to Shares in the Company (to the extent not previously paid).

6.5 Information for Shareholders in New Zealand and Singapore

The Rights are offered in New Zealand pursuant to the Securities Act (Australian Issuers) Exemption Notice 2002 (New Zealand) and, in Singapore, pursuant to the Securities & Futures Act (Chapter 289).

Prospective investors resident or located in New Zealand and Singapore should note the following:

(a) Investors should satisfy themselves as to the taxation implications of investing in New Shares.

(b) An investment in the Company may carry with it currency exchange risk.

(c) The financial reporting standards applicable to the Company may differ from the financial reporting standards of New Zealand and Singapore companies and the financial statements of the Company may

not be compatible in all respects with the financial statements prepared in accordance with the securities and financial reporting standards and requirements in those countries.

- (d) The offer and allotment of New Shares will be governed by this Prospectus and will be made in accordance with the laws of the Commonwealth of Australia under which the Prospectus has been lodged.
- (e) The Company may not be subject in all respects to New Zealand law or Singapore law, respectively.
- (f) The contract created in respect of the offer to issue and allot New Shares may not be enforceable in New Zealand courts or Singapore courts, respectively.

6.6 Overseas Shareholders

This Prospectus and accompanying Entitlement and Acceptance Form does not, and is not intended to, constitute an offer of New Shares in any place outside Australia, New Zealand and Singapore in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or that form. The distribution of this Prospectus and the accompanying form in jurisdictions outside Australia, New Zealand and Singapore may be restricted by law and persons who come into possession of this Prospectus and the accompanying form should seek advice on and observe those restrictions.

Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The Company has decided that it is unreasonable to make offers under this Prospectus to Shareholders with registered addresses outside Australia, New Zealand and Singapore having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Rights Issue is not being extended to, and does not qualify for distribution or sale, and no New Shares will be issued to Shareholders having registered addresses outside Australia, New Zealand and Singapore. This Prospectus is sent to those Shareholders for information purposes only.

The Directors will offer the Rights, which would otherwise have been offered to each of those Shareholders to a nominee appointed by the Company and approved by ASIC. If there is a viable market in the Rights and a premium over the expenses of the sale of those Rights can be obtained, the nominee will sell the Rights. Any sale will be at prices and otherwise in a manner determined by the nominee in its sole discretion.

Neither the Company nor the nominee will be held liable for failure to sell all or any of the Rights or to sell all or any of the Rights at any particular price. The proceeds of the sale will be distributed to Shareholders for whose benefit the Rights are sold in proportion to their shareholdings (after deducting costs).

If there is no viable market for the Rights, Your Entitlement will be allowed to lapse and the New Shares will be acquired by the Underwriter.

6.7 Underwriting agreement

The Underwriter is Chiang Meng Heng.

The Underwriter and the Company entered into an underwriting agreement dated 31 August 2004 (the "Underwriting Agreement").

Under the Underwriting Agreement the Underwriter is committed to underwrite any shortfall up to 8,999,907 shares at \$0.15 per share. The Underwriting Agreement is a binding agreement. There are no circumstances under which the Underwriter may withdraw from the underwriting commitment.

The Underwriter is entitled to an underwriting fee of 2.5% of the amount underwritten in respect of the Rights Issue.

The underwriter is a non-resident. There is no restriction under the Foreign Acquisition and Takeovers Act 1975 which would prevent the Underwriter from taking up any or all of any shortfall in take-up of the Underwritten Shares.

6.8 Expenses

The expenses of the Rights Issue payable by the Company, including the underwriting commission, legal and accounting fees, advertising and communication and share registry costs are estimated to amount to approximately \$65,000

6.9 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director, and no firm in which a Director or proposed Director is a partner, holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Rights Issue; or
- the Rights Issue.

In addition, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or proposed Director of the Company:

- to induce them to become, or to qualify them as, a Director; or
- for services rendered by them in connection with the formation or promotion of the Company or in connection with the Rights Issue, except as disclosed in this Prospectus.

At the date of this Prospectus,

Neville Thomas Cleary has a relevant interest in 80,000 shares: 30,000 shares are registered in his name while 50,000 shares are in the name of Neville Thomas Cleary as trustee for Cleary Superannuation Fund.

Chiang Meng Heng has a relevant interest in 1,493,604 shares: 1,162,760 are registered in his name while 330,844 shares are in the name of Eng Kim Low.

Christopher Elmore Campbell has a relevant interest in 1,321,770 shares: 2,000 shares are registered in his name, 75,760 shares are in the name of Jilcy Pty Ltd as trustee for Cazzylou Unit Trust, and 1,244,010 shares are in the name of Jilcy Pty Ltd as trustee for Jilcy Superannuation Fund.

Other information relevant to Directors' interests includes:

- (a) Directors' relevant interests total 2,895,374 shares representing about 24.3% of the Company's equity.
- (b) Directors have confirmed that all the Rights in respect to those 2,895,374 shares will be taken up.
- (c) Chiang Meng Heng has underwritten the take-up of the remaining 8,999,907 New Shares.
- (d) In February 2004, as part of the refinancing arrangements for the Company's repayment of Convertible Notes, parties related to the following Directors extended loans to the Company on arm's length terms: Chiang Meng Heng - \$2,000,000; Christopher Elmore Campbell - \$400,000. \$720,000 of the \$852,000 referred to in Section 3.2(b) of this Prospectus, representing 30% of the amounts owed to the parties

related to Chiang Meng Heng (\$600,000) and Christopher Elmore Campbell (\$120,000), will go towards repayments of those loans. Following the repayments, those loans will be reduced to \$1,400,000 (parties related to Chiang Meng Heng) and \$280,000 (parties related to Christopher Elmore Campbell), respectively.

- (e) At the date of this Prospectus, in addition to the \$400,000 borrowed from parties related to Christopher Elmore Campbell referred to in (d) above, the Company has interest-free borrowings totalling approximately \$170,000 from such parties.

6.10 Underwriter's Interest

The Underwriter, Chiang Meng Heng, has a relevant interest in 1,493,604 shares, representing 12.56 % of the Company's equity at the date of this Prospectus.

6.11 Adviser's Interests

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no promoter of the Company named in this Prospectus holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Rights Issue, or
- (c) the Rights Issue,

and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of the Company or in connection with the Rights Issue.

The Underwriter has received or will receive the fees and other benefits described in Section 6.7 of this Prospectus.

Aequitas Attorneys has provided various legal services and has received or will receive professional fees of approximately \$9,000 (including GST) for legal work undertaken by it in connection with the Rights Issue and this Prospectus.

6.12 Group Managing Director

At the date of this Prospectus, the Group Managing Director is Christopher Elmore Campbell. His contract of employment was extended from 1 July 2004 to 30 June 2005, on existing terms and conditions.

6.13 Impact of New International Reporting Standards

The Garratt's Limited Group will be required to implement 'Accounting Standard AASB 3 – Business Combinations' for the financial year commencing 1 July 2005 and following periods.

Had this standard been applied for the year ended 30 June 2004, and been applied to past business combinations:

- (a) There would have been no amortisation of Goodwill and, as such, expenses would have been reduced by about \$181,000.
- (b) The Goodwill would have been tested for impairment, and any shortfall between its recoverable amount and its carrying amount would have been expensed. This has effectively been done under the requirements of current standards.

6.14 Contingent Assets

The following contingent assets have not been recognized in the financial statements of Garratt's Limited for the year ended 30 June 2004 in accordance with AASB 137. The realisation of these assets is contingent upon the events noted below.

(a) Future Income Tax Benefit

The Company has a future income tax benefit of \$1,721,000 in respect of both taxation losses and timing differences which have not been recognised in these financial statements as the recovery of the benefit is not virtually certain in accordance with AASB 1020. The benefit of this asset will only be recouped if:

- the Company earns sufficient assessable income to utilize the value of the losses in the future; and
- no changes in taxation legislation occur which would adversely affect the ability of the Company to enjoy the benefit.

(b) Thanga Thangathurai Debt

In December 2003, the Company filed a claim in the Superior Court of California, County of Sonoma, USA, against Mary Lynn Thangathurai ('MLT') for US\$1,900,000 plus costs, interest, attorney's fees, and other amounts. MLT is the surviving spouse of the late Thanga Thangathurai. The action is being brought against her pursuant to, among other laws, the California Probate Code that provides, inter alia, that upon the death of a married person, the surviving spouse is personally liable for the debts of the deceased person in relation to certain property.

The realisation of this benefit is dependent upon a successful outcome of the litigation exercise or, alternatively, a suitable settlement being agreed between the parties.

6.15 Going Concern

The Company's financial statements continue to be prepared on a going concern assumption, which contemplates the orderly realisation of assets and payment of liabilities in the ordinary course of business.

The appropriateness of this assumption is dependent upon:

- the continued support of the Company's shareholders who have extended loans to the Company;
- the continued support of the Company's bankers;
- the expected return to profitability of the education operations; and
- the ability of the Company to raise additional equity.

The Board is currently satisfied that these issues have been addressed and that there are reasonable grounds to assume that the Company will meet its future financial obligations as and when they fall due.

6.16 Consents

Each of the parties referred to in this Section:

- has not authorised or caused the issue of this Prospectus;

- does not make, or purport to make, any statement in this Prospectus other than as specified in this Section;
- has not made any statement on which a statement in this Prospectus is based, other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus other than the reference to its name and the statement (if any) included in this Prospectus with the consent of that party as specified in this Section.

Subject to the foregoing:

Chiang Meng Heng has given and, at the time of lodgment of this Prospectus, has not withdrawn his written consent to be named in this Prospectus as the underwriter to the Rights Issue in the form and context in which he is named;

Aequitas Attorneys has given and, at the time of lodgement of this Prospectus, has not withdrawn its written consent to being named in this Prospectus as legal advisers to the Company in respect of the Rights Issue in the form and context in which it is named; and

Computershare Investor Services Pty Limited has given and, as at the date hereof, not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

7. Definitions

“**ASIC**” means the Australian Securities and Investments Commission.

“**ASX**” means Australian Stock Exchange Limited (ACN 008 624 691) or the market conducted by it.

“**Board**” means the Board of Directors.

“**Closing Date**” means 28 September 2004, subject to the Company varying this date in compliance with the Listing Rules.

“**Company**” means Garratt’s Limited ABN 93 000 003 725.

“**Constitution**” means the constitution of the Company, as amended from time to time.

“**Corporations Act**” means The Corporations Act 2001 (Cth).

“**Director**” means a director of the Company.

“**Disclosing Entity**” means the meaning given by Section 11AC of the Corporations Act.

“**Entitlement and Acceptance Form**” means the Entitlement and Acceptance Form accompanying this Prospectus.

“**Issue Price**” means \$0.15 per New Share.

“**Listing Rules**” means the Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

“**New Shares**” means the Shares to be issued pursuant to this Prospectus.

“**Prospectus**” means this Prospectus dated 2 September 2004.

“**Record Date**” means 10.00pm (Sydney time) 10 September 2004.

“**Registry**” means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

“**Rights**” means the right to subscribe for New Shares in the course of the Rights Issue pursuant to this Prospectus.

“**Rights Issue**” means the issue to Shareholders by way of Rights to New Shares pursuant to this Prospectus.

“**Share Registrar**” means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

“**Shares**” means fully paid ordinary Shares in the capital of the Company.

“**Shareholders**” means the holders of Shares on issue at the Record Date.

“**Underwriter**” means Chiang Meng Heng.

“**Your Entitlement**” means the number of New Shares to which Shareholders are entitled.

8. Directors' Consents

Each Director has consented to the lodgement and issue of this Prospectus.

Christopher Campbell
Group Managing Director

9. Corporate Directory

BOARD OF DIRECTORS

Neville Thomas Cleary
Chiang Meng Heng
Christopher Elmore Campbell

***LAWYERS**

Aequitas Attorneys
Level 12, 31 Market Street
Sydney NSW 2000

COMPANY SECRETARY

Ian David Bloodworth

***SHARE REGISTRAR**

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Phone: +61 2 8234 5000
Toll Free (Australia only) 1300 855 080
Facsimile: +61 2 8234 5050

REGISTERED OFFICE

Suite 1401, Level 14
33 Bligh Street
Sydney NSW 2000
Phone: +61 2 9224 5555
Fax: +61 2 9224 5550
Website: www.garratts.com.au

ASX CODE

GRT

*The names of these parties appear for information purposes only.

This page has been left blank intentionally

Please return completed form to:
 Computershare Investor Services Pty Limited
 GPO Box 7115 Sydney
 New South Wales 2001 Australia
 Enquiries (within Australia) 1300 850 505
 (outside Australia) 61 2 8234 5000
 Facsimile 61 2 8234 5050
 web.queries@computershare.com.au
 www.computershare.com

A

Use a black pen.
 Print in CAPITAL letters
 inside the grey areas.

A	B	C	1	2	3
---	---	---	---	---	---

Entitlement and Acceptance Form

Renounceable Rights Issue closing 5:00 pm (Sydney Time) on 28 September 2004

Renounceable Rights Issue of approximately 11,895,281 new Ordinary Shares on the basis of one new Ordinary Shares for every one Ordinary Share registered and entitled to participate at the record date at an issue price of A\$0.15 per new Ordinary Share.

Important:

- This document is of value and requires your immediate attention. If you do not understand it, or are in doubt as to how to deal with it, you should consult your accountant, stockbroker, solicitor or other professional adviser immediately.
- The rights referred to in this Entitlement and Acceptance Form may be transferred electronically in CHESS without surrendering this Entitlement and Acceptance Form.
- This Entitlement and Acceptance Form should not be relied upon as evidence of the current entitlement of the person named in this Entitlement and Acceptance Form.
- Receipt of this form by 5:00 pm (Sydney Time) on 28 September 2004 with your payment will constitute acceptance in accordance with the terms of the Prospectus dated 2 September 2004.
- Rights trading commenced on 6 September 2004 and is expected to close on 21 September 2004.

Securityholder Entitlement details

Subregister	<input type="text"/>
Ordinary Shares entitled to participate at Record Date on 10 September 2004	<input type="text"/>
Entitlement to new Ordinary Shares on a one for one basis	<input type="text"/>
Amount payable on full acceptance at A\$0.15 per new Ordinary Share	<input type="text"/>
Entitlement Number	<input type="text"/>

To be completed by securityholder

B Number of new Ordinary Shares accepted

C Amount enclosed at A\$0.15 per new Ordinary Share

A\$

I/We enclose my/our payment for the amount shown above being payment of A\$0.15 per new Ordinary Share. I/We hereby authorise you to register me/us as the holder(s) of the new Ordinary Shares allotted to me/us, and I/we agree to be bound by the Constitution of the Company.

D Enter your contact details

Contact Name

Telephone Number - Business Hours / After Hours
 ()

Cheque details - Make your cheque or bank draft payable to Garratt's Limited - Rights Issue

E Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>
Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

The directors reserve the right to make amendments to this form where appropriate. Please refer to the lodgement instructions overleaf. This form may not be used to effect an address change. Please contact Computershare Investor Services Pty Limited on 1300 850 505 for an appropriate form, or download a Change of Address Notification form from www.computershare.com. **CHESS holders must contact their Controlling Participant.**

See back of form for completion guidelines



How to complete the Entitlement and Acceptance form

Please complete all relevant sections of the Entitlement Form using BLOCK LETTERS in black ink. Note that photocopies will not be accepted. These instructions are cross referenced to each section of the Entitlement Form.

<p>A Registration Name(s)</p> <p>The Ordinary Shares will be registered in the name(s) printed on the form. A standard (gold coloured) Renunciation Form must be used for an off market transfer of rights.</p> <p>B New Securities Accepted</p> <p>Enter the number of Ordinary Shares you wish to accept.</p> <p>C Acceptance Monies</p> <p>Enter the amount of Acceptance Monies. To calculate the amount payable, multiply the number of Ordinary Shares applied for by the issue price.</p> <p>D Contact Details</p> <p>Enter your contact details. These are not compulsory but will assist us if we need to contact you.</p>	<p>E Payment Details</p> <p>Make your cheque or bank draft payable to Garratt's Limited - Rights Issue in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.</p> <p>Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box C.</p> <p>Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Acceptance being rejected. Pin (do not staple) your cheque(s) to the Entitlement and Acceptance Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.</p>
---	---

Lodgement of Acceptance

Acceptance Forms must be received at the Sydney office of Computershare Investor Services Pty Limited by no later than 5:00 pm (Sydney Time) on 28 September 2004. Return the Acceptance Form with cheque(s) attached to:

Computershare Investor Services Pty Limited GPO Box 7115 Sydney NSW 2001	OR	Computershare Investor Services Pty Limited Level 3 60 Carrington St Sydney NSW 2000
--	----	---

Sale of your Entitlement in full by your Stockbroker

If you wish to sell your rights entitlement in full, you should either:

- Contact your Stockbroker verbally and provide details as requested which appear overleaf, **OR**
- Complete the "Instructions to your Stockbroker" panel below and forward this Entitlement and Acceptance Form to your Stockbroker.

Do not forward your requests for sale to the registry

Sale of your Entitlement in part by your Stockbroker/Agent and acceptance of the balance

If you wish to sell part of your rights entitlement and accept the balance you should either:

- Contact your Stockbroker verbally and provide details as requested which appear overleaf.
- Complete the form overleaf for the number of new Ordinary Shares you are accepting and return this form together with your payment (A\$0.15 per new Ordinary Share) directly to the registry, Computershare Investor Services Pty Limited, **OR**
- Complete the "Instructions to your Stockbroker" panel below and forward this Entitlement and Acceptance Form to your Stockbroker.

Instructions to your Stockbroker

I/We have accepted	<input type="text"/>	new Ordinary Shares as per reverse side
And attach hereto a cheque/bank draft for	A\$ <input type="text"/>	being acceptance monies at A\$0.15 per new Ordinary Share
I/We wish to sell	<input type="text"/>	rights to new Ordinary Shares

This instruction *has/has not previously been notified to you.

(*Delete whichever does not apply.)

Disposal of your Entitlement other than through a Stockbroker for Rights held on the Issuer Sponsored Subregister

A standard (gold coloured) Renunciation form must be used for all other transactions. These forms may be obtained from your Stockbroker or the registry, Computershare Investor Services Pty Limited.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning your entitlement, please contact Computershare Investor Services Pty Limited on 1300 850 505.

008048 - V2

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 7115
Sydney NSW 2001
Australia

I R E
G R T

