



**GALE PACIFIC LIMITED  
(ASX:GAP)**

**ASX and Media Release**

**27<sup>th</sup> August 2010**

- **\$6.0 million NPAT**
- **EBITDA of \$16.5 million**
- **Strong cash flow generation resulting in net funds on deposit**
- **Company well positioned to pursue future growth opportunities**
- **Fully franked dividend of 2 cents to be paid**

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**Reported NPAT up \$18.0 million to \$6.0 million**

The Directors of Gale Pacific Limited (“Gale” or “the Company”), a trusted global marketer and manufacturer of branded screening and shading products, today reported a net profit after tax of \$6.0 million for the financial year ended 30 June 2010. This result is \$18.0 million ahead of the reported result for the previous corresponding period.

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**Turnaround completed - Dividend payments resume**

Directors are pleased to confirm to shareholders that the major restructuring of the Company is complete and announce the resumption of the payment of dividends. An ordinary fully franked dividend of 1 cent per share has been declared on earnings of 2.2 cents per share.

As a consequence of the excellent result and significant cash generation from operations, the Directors have further declared a special dividend, fully franked of 1 cent per share.

A total dividend payment of 2 cents per share fully franked will be paid to shareholders on Friday 22 October 2010.

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**Revenue increase of 1% to \$98.8 million**

Revenue for the year grew by 1% to \$98.8 million, resulting from strong growth in the Australian and USA markets in local currencies, offset by weaker sales in the New Zealand and Middle East markets.

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## EBITDA increase of 17% to \$16.5 million

Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$16.5 million for the year compared to \$14.1 million for continuing operations for the previous corresponding period. The improved margins are a result of new product introductions, leaner operating costs, and ongoing yield and efficiency improvements in the Company's Chinese manufacturing facility.

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## EBIT increase of 58% to \$9.3 million

Earnings before interest and tax (EBIT) was \$9.3 million compared to \$5.9 million for continuing operations (and excluding FY09 New Zealand goodwill impairment) for the previous corresponding period.

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## Cash from operations increase of 58% to \$18.0 million

The Company continued to generate strong cash flows from operations which is the result of the strong profitability and also from improvements in working capital management, particularly in the management of inventory levels and production planning. Inventory reduced by \$3.4 million to \$20.3 million.

The strong cash generation from operations and the business requiring only maintenance capital expenditure of \$1.2 million for the year, has resulted in the company having \$3.1 million net cash on deposit at 30 June 2010. This compares to net debt of \$14.1 million as at 30 June 2009.

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## Regional Results (Local Currency)

\$ Million (Local Currency)	Sales Revenue			EBITDA		
	FY10	FY09	% Change	FY10	FY09	% Change
Asia Pacific (A\$) (excl. China)	71.4	66.3	+8%	9.3	6.5	+43%
Americas (US\$)	18.7	17.7	+6%	0.8	(0.5)	
Middle East(US\$)	5.4	6.1	-11%	0.9	1.0	-10%
China (US\$) Internal Sales	26.5	28.4	-7%	4.3	5.1	-16%

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## Asia Pacific (Excluding China)

Sales growth of 8% was generated from new products and the strong sell through of consumer products in Australia and New Zealand. The continued weak horticultural market in New Zealand resulted in lower sales of commercial shade cloth and protective nets. Sales to Japanese customers increased by more than 20% on the previous year. Improved margins resulted from the stronger Australian dollar and new product sales growth.

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## Americas

The 6% sales growth rate is pleasing given that market conditions continue to be subdued. New products and category expansion were the drivers of growth. Leaner infrastructure costs and lower product costs resulted in improved margins.

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## Middle East

Subdued (construction) market conditions particularly in Dubai and Kuwait remain a challenge. Excellent growth was recorded in the Saudi market. Selling prices and margins have been steady. The company has maintained the market leading position and has recently added waterproof fabrics and high end architectural PVC products to the range.

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## China

We are extremely pleased with the progress that has been made in our Chinese manufacturing operation. Plant yields have increased and scrap rates have reduced throughout the year as part of the continuous manufacturing improvement program. The margin decline was due to higher prices on some inputs and lower production volumes resulting mainly from the group inventory reductions achieved.

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## Positioned for Growth

The turnaround of the Company after substantial restructuring was announced to shareholders at last year results presentation. The results for 2010 confirm and reinforce this position. The Company has built and maintains a strong continuous improvement culture, skilled and motivated employees and management, and effective and efficient infrastructure. Innovation and product development continues to be a main focus of organic growth. Complementary acquisitions are also a growth imperative of the Company, which are being actively pursued.

During the year management completed a review of the business which has given us a clearer view of where we see our growth opportunities. Historically the business has been defined with a technical focus on advanced polymer fabrics which has limited our growth in the markets we service. By redefining our strategy to be more market driven in branded shading and screening products, we now have a much broader view to leverage off our core capabilities to grow the business.

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## New Products – “Xceltex” Waterproof Outdoor Fabric

After several years of research and development, the company has successfully trialed a new outdoor waterproof fabric in a range of umbrellas during the 2009/10 summer season. The trial was very successful and quickly sold out. Listings for an expanded range of products have been won for the 2010/11 summer sales season in both Australia and New Zealand and presentations are underway in the USA and European markets. This exciting new fabric also provides the company with further opportunities in the commercial markets which are currently being explored.

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## New Product Categories – “Coolaroo” Synthetic Grass

Gale has further expanded its product offerings and product sourcing capabilities and has won new listings of product into the fast growing synthetic grass market. While Gale does not manufacture these products, the production techniques and technologies are well understood by Gale particularly in the important product benefits of colorfastness and UV stability for these outdoor polymer based products. These products will be sourced from carefully selected supply partners through the newly established company sourcing operations in China. A number of other new product categories for expansion are also being considered.

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## Outlook

Trading conditions in most markets are expected to remain subdued. The strength of the Company’s brands, Coolaroo for retail consumer products and Synthesis for the commercial products, will continue to provide a positive competitive position. Exciting new product initiatives and the expansion of ranges into the existing distribution network provide growth opportunities for the company.

In view of global market volatility it is difficult to provide firm guidance of the future profitability of the company. On the basis of current economic conditions, raw material prices, and exchange rates, the company expects to achieve moderate sales and profit growth in FY11.

Mr Peter McDonald  
Managing Director and Chief Executive Officer

For further information contact the Managing Director, Mr Peter McDonald on 9518 3312.

**Gale Pacific is a trusted global marketer and manufacturer  
of branded screening and shading products**

APPENDIX 4E  
PERIOD ENDING 30 JUNE 2010

FULL YEARLY REPORT

Name of Entity:	Gale Pacific Limited
ABN or Equivalent Company Reference:	80 082 263 778
Report for the Year Ended:	30 June 2010
Previous Corresponding Period is the Financial Year Ended:	30 June 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		%	\$'000		\$'000
Revenues from continuing activities:	Up	0.6%	560	To	98,811
Profit from continuing activities after tax attributable to members:	Up		6,501	To	6,011
Net profit for the period attributable to members:	Up		17,973	To	6,022
Please refer to the accompanying Directors' announcement to the Australian Securities Exchange for further commentary.					

DIVIDENDS

	Amount \$000	Amount Per Security	Franked Amount per Security	Amount per Security of Foreign Source
<b>Final &amp; Special Dividends</b>				
Current year payable	5,594	2.0 cents	100%	N/A
Previous corresponding period	-	-	-	N/A

Date dividend is payable	Friday 22 October 2010
Record date for determining entitlements to the dividend	Friday 24 September 2010
Trading ex dividend	Monday 20 September 2010
The Company's Dividend Reinvestment Plan was suspended in September 2006 and the Directors have determined that the plan is to remain suspended.	

## NET TANGIBLE ASSET PER SECURITY

	As at 30 June 2010	As at 30 June 2009
Net tangible asset per ordinary security	26.0 cents	24.3 cents

## EARNINGS PER SECURITY (EPS)

	2009 / 2010 (\$)	2008 / 2009 (\$)
Earnings used in the calculations of basic and diluted earnings per share	6,022,000	(11,951,000)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	279,691,658	177,147,627
Share options on issue	-	-
Performance rights on issue	11,000,000	9,450,000
Weighted average number of performance rights issued during the year	1,734,000	-
Weighted average number of share options lapsed during the year	-	(371,918)
Weighted average number of performance rights lapsed during the year	(1,225,411)	(130,890)
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	289,875,494	178,244,819



Name: Peter McDonald  
 Title: Managing Director & Chief Executive Officer  
 Date: 27 August 2010