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GALE PACIFIC LIMITED

(ASX: GAP)

ASX and Media Release

1 June 2011

- **Complementary acquisition of Zone Hardware and Riva Window Fashions**
- **Adds growth options and product diversification**
- **Funded from balance sheet capacity and shares**

Gale Pacific Limited (**GAP or the Company**) a leading manufacturer and marketer of branded shading and screening materials, announces that it has acquired the shares of Zone Hardware Pty Ltd and Riva Window Fashions Pty Ltd in a single transaction.

Zone Hardware Pty Ltd ACN 115 484 878 (**Zone**) is a privately owned business specialising in the marketing and distribution of branded home improvement products sold into the do-it-yourself home improvement market, mass merchants and specialty retail outlets. Riva Window Fashions Pty Ltd ACN 145 083 254 (**Riva**) is a recently established company specialising in a diverse range of custom made window furnishings made specifically to the consumer's window measurements and specifications, complementing the Company's offering in the USA market. This exciting new range is promoted and sold by Bunnings Warehouse with measure and installation services provided by professional authorised Riva representatives. This program has already been launched through all Melbourne metropolitan stores and will be rolled out nationally over the coming months.

"The acquisition of Zone and Riva is a great fit for the business giving GAP an expanded presence in the broader pre-packaged and custom window shade markets, an expanded product offer and distribution channels to further grow the combined GAP, Zone and Riva businesses. We are excited about the opportunity to enter the custom made window treatment market in Australia and the national roll out of this program", the Company's Chief Executive Officer, Mr Peter McDonald said.

Zone and Riva generate combined annual revenues of approximately $17 million. The acquisition cost of $13.5 million will be funded from existing banking facilities with $1.5 million of the purchase price being taken by the vendors in the form of GAP shares. The acquisition will be earnings per share accretive in FY12, before any potential operational synergies.

Mr Wayne Smart, part owner and Director of Zone and Riva will join the Company in a senior management role to oversee the growth plans for the Zone and Riva businesses, particularly the exciting new roll out of the Riva custom window furnishings business.

“We are very pleased that Wayne is coming across with the business to join GAP. Wayne has over twenty years’ experience in the window furnishings and home improvement market and will be a great addition to the GAP team. The Riva business in particular has enormous growth potential and Wayne’s involvement will be important to implementing the strategy and overseeing the growth of the business”, Mr McDonald added.

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For further information contact:

Peter McDonald
Chief Executive Officer
Gale Pacific Limited
+ 613 9518 3312
peter.mcdonald@galepacific.com

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