GALE PACIFIC LIMITED 2013 ANNUAL GENERAL MEETING

18 OCTOBER 2013

CHAIRMAN'S ADDRESS

DAVID ALLMAN

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR'S ADDRESS

PETER MCDONALD

FY13 Results – Key Points

- Sales increased 9% to $120.0 million.
  - Sales increased by:
    - 8% in Australasia
    - 22% in the USA (US dollars)
    - 23% in the Middle East (US dollars).
  - International sales decreased by 27% (US Dollars) due to carry-over inventory in the Japanese distributor network following record sales in 2011/2012.
- EBITDA in line with last year at $18.0 million.
- EBIT up 4% to $12.9 million. EBIT is 10.8% to sales.
- NPAT up 7% to $9.1 million.

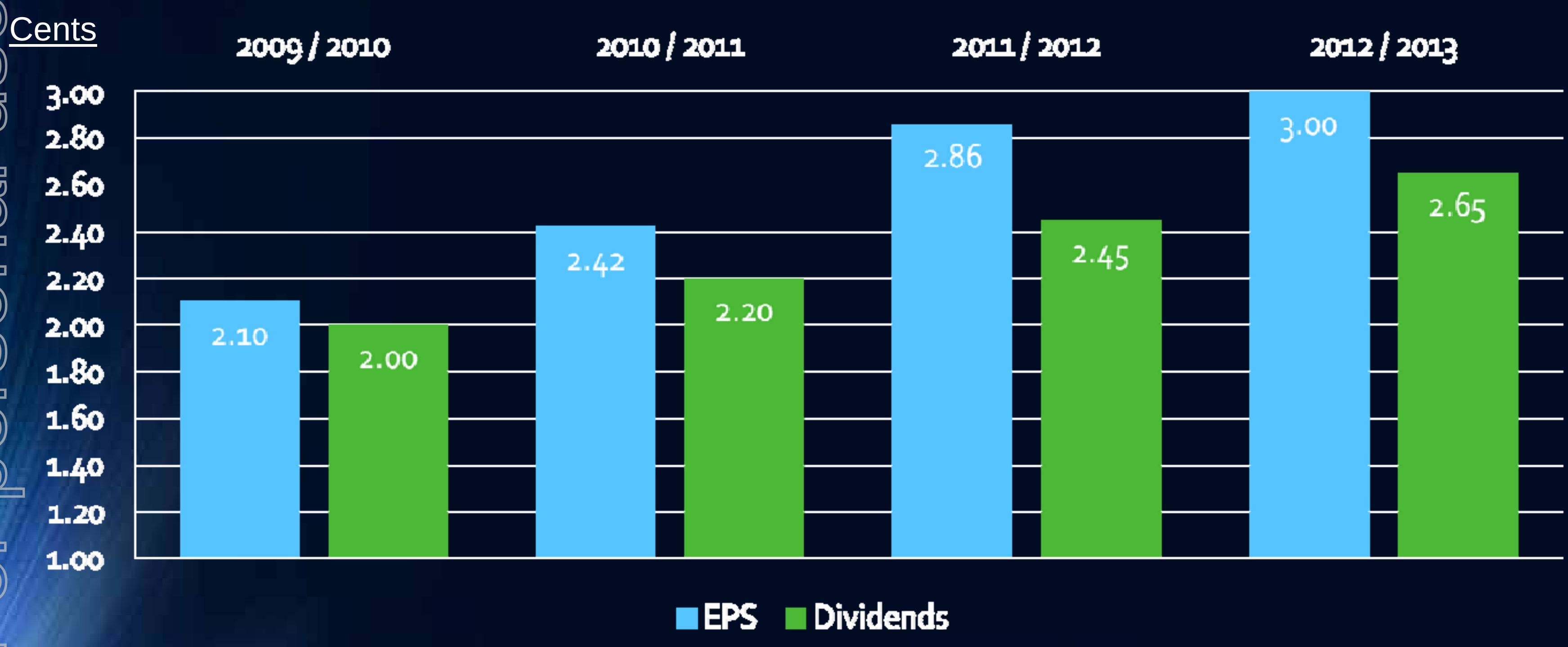
FY13 Results – Key Points

- Diluted earnings per share of 3.0 cents.
- Return on invested capital 14.9%.
- Net Debt of $3.2 million. Net debt / equity ratio 3.8%.
- Final dividend 1.35 cents franked to 80%. Full year dividend increased 8% to 2.65 cents per share.
- Cash from operations $11.5 million.
- Gale continues to generate very strong cash flows which have been used to reduce debt, pay growing dividends in the past three years (at an 88% payout ratio in FY13) and fund the Highgrove acquisition in December 2012 ($2.5 million) and the Zone acquisition ($12 million) in June 2011.

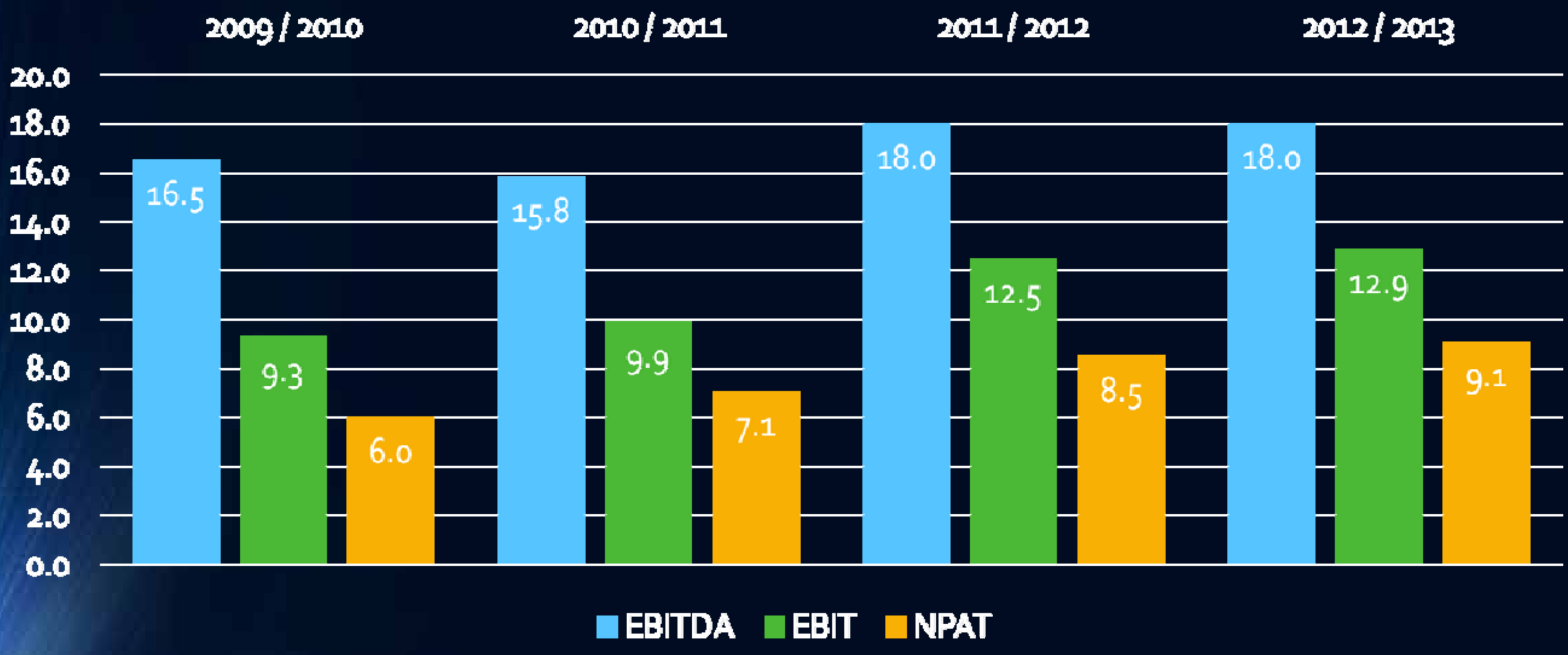
FY13 Review

	FY13	FY12		FY11
	A$M'S	A$M'S	% Variance	A$M'S
Sales	120.0	110.5	9%	95.6
EBITDA	18.0	18.0	0%	15.8
EBIT	12.9	12.5	4%	9.9
NPAT	9.1	8.5	7%	7.1
Earnings per share - cents	3.00	2.86	5%	2.42
Dividends per share - cents	2.65	2.45	8%	2.20
Cash from operations	11.5	9.5	21%	11.4
Net debt	(3.2)	(4.1)	22%	(5.7)

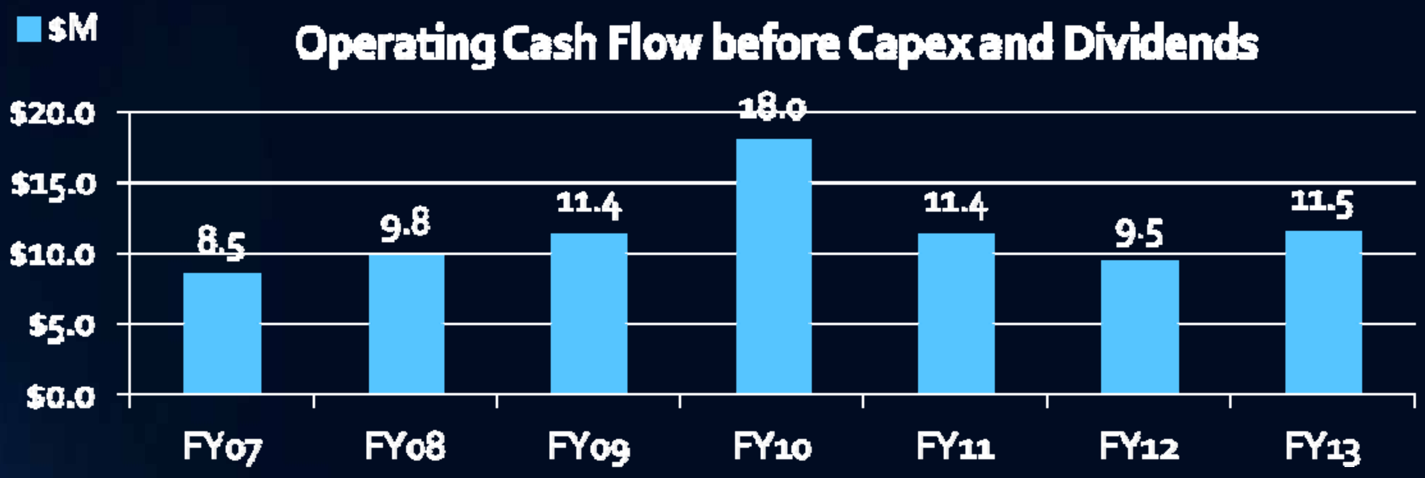
Earnings per Share and Dividends per Share



EBITDA / EBIT / NPAT (A$ Million)



Operating Cash Flow (A$ Million)



	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Capital Expenditure (Gross)	(4.0)	(3.4)	(1.0)	(1.2)	(0.6)	(1.4)	(1.5)
Dividends Paid	-	-	-	-	(8.4)	(6.9)	(7.6)

Cash Flow

- Continuation of the strong annual cash flows from operations. Operating cash generated of $11.5 million for FY13, an increase of 21% from $9.5 million in FY12.
- Low capital expenditure requirements due to plant capacity investments previously made. In addition, in FY13 $1+ million was invested for I.T. systems upgrade.
- Dividend payments comfortably below operating cash flow in FY13 after allowing for capital expenditure.
- $2.5 million cash paid for Highgrove acquisition in December, 2012. A further $0.8 million was paid in FY14.

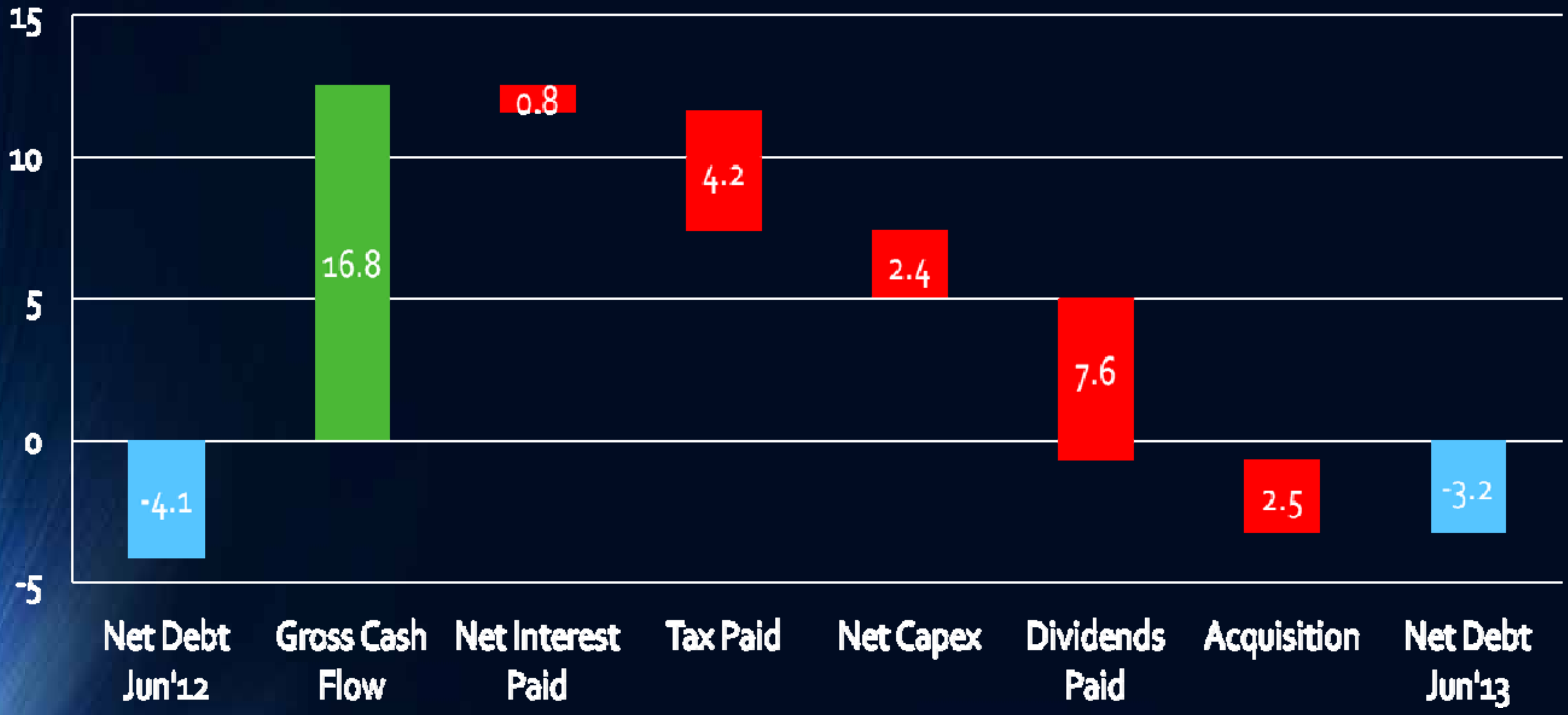
Debt Position

- Net debt at 30 June of $3.2 million compared to $4.1 million at 30 June 2012. This low net debt position at year end was after paying out $7.6 million to shareholders in dividend payments.

- Net debt to equity at 3.8%.

- Interest cover of 15.0 times (EBIT/interest).

Changes in Net Debt (A$ Million)



Regional Business Unit Update

GALE PACIFIC

coolaroo MADE FOR LIFE

Synthesis Advanced Polymer Fabrics

HIGHGROVE

ZONE hardware

Australasia

- Sales increased 8% over the prior year to A$76.9 million.
  - Part year contribution from the Highgrove Glass Solutions business acquired in December 2012.
  - Sales declined in Gale's traditional Australasian markets due to weak consumer demand, price deflation, significant reductions in the retail channel inventory levels and highly competitive trading conditions. Lower demand of fabrics for grain storage and the mining industry were experienced.
  - The Riva Window Fashions business model proved to be extremely challenging and the decision to exit this business has been made. Trading losses and exit costs were included in FY13 results.
  - New management resources for the Australasian business have been introduced in FY14.
- EBITDA declined by 21% to A$6.2 million due to selling price reductions, product cost increases and increased warehouse and freight costs.

Americas

- Sales increased 22% to US$25.9 million.
  - Strong sales growth and ranging achieved with most major accounts.
  - Good summer conditions aided the sale of outdoor shading and screening products in the USA and Canada.
  - Sales of commercial fabrics slightly down on record sales result from previous year as construction project expenditure has been tight.
  - Benefit from last years investment in additional retail sales and marketing resources to drive product range expansion and future sales growth.
  - Expanded range commitments in hand for next season from two largest wholesale clubs in the USA.
- EBITDA increased 31% to US$2.1 million.

Middle East

- Sales increased 23% to US$9.7 million.
  - Increased sales in key markets of United Arab Emirates and Qatar. Solid sales again for Saudi market.
  - Construction activity has shown steady improvement in the region.
  - Increased sales and demand for Synthesis Commercial 95 and Waterproof Commercial 95 architectural fabrics.
- EBITDA increased 19% to US$1.9 million.

China

- Strong, stable management and technical support teams.
- Record volumes, increased efficiencies, improved yields and reduced waste levels contributed to our strongest result from the China operation to date. These efficiency gains have all helped offset higher wage rates and labour on costs and the ongoing unfavourable impact from the strength of the Chinese renminbi.
- EBITDA increased 6% to US$7.6 million. EBITDA includes the margin on sales direct to international customers and a commercial margin on intercompany sales.
- Ongoing plant modification has enabled us to increase capacity and flexibility to support growth in the business.

China

- Polymer prices have recorded a small increase over FY12.
- Safety statistics (LTI's) improved by 50% year on year.
- Further improved our sourcing from third party Chinese suppliers to procure high quality and lower cost sourced products which continue to become an increasing part of our business.
- Focus continues on improving automation to reduce labour units to continue to offset rising labour costs where possible.

International Markets

- Sales decreased by 27% to US$7.6 million.
  - Reduction in sales to the Japanese market due to a carry over of seasonal inventory by our Japanese distributor following record sales in FY12. Gale products are sold through approximately 60 retail groups and approximately 1800 outlets in Japan.
  - Sales into South Africa declined as FY12 pipe line sales were not repeated.
  - Gale Pacific products now being sold in 26 countries serviced by the international market team.
  - Further market development resources have been added in Europe and China to support future growth initiatives.

Regional Business Unit Results

	Australasia (A$'s)	Americas (US$'s)	Middle East (US$'s)	International (US$'s)	China (US$'s)
FY13 Sales	76.9M	25.9M	9.7M	7.6M	28.6M*
	Up 8%	Up 22%	Up 23%	Down 27%	Up 24%
FY13 EBITDA	6.2M	2.1M	1.9M	Included in China	7.6M**
	Down 21%	Up 31%	Up 19%	Included in China	Up 6%

* Intercompany Sales

** Commercial Margin on Intercompany Sales

Business Update & Outlook

- Economic conditions to remain below trend and trading conditions are expected to remain highly competitive in all markets.
- Retail conditions in Australasia and the USA have been weak but are showing some signs of improving. Construction activity in the Middle East remains strong.
- New management is now in place for the Australasian business unit for FY14. Upgraded senior leadership position with the hire of Nick Pritchard to the position of Managing Director – Australia and New Zealand.
- Restructured Australian operations to create a single and more integrated supply chain model. Recently appointed Mike McCormack to the newly created position of Supply Chain Manager.

Business Update & Outlook

- The first quarter has been challenging:
  - Australian grain harvest not as strong as first anticipated, particularly in Queensland and northern NSW.
  - Increased operating costs continued into the first quarter in Australia as we implement operational improvements and streamline our supply chain.
  - Additional costs associated with the implementation of a new IT system in Australia.
  - For the first time in many years we have experienced a significant number of power outages in China due to the extreme record hot weather. Power supply has returned to normal and second and third quarter volumes in the plant will be significantly higher than prior year.
  - Currency devaluation (A$:US$) will increase our cost of sales in the Australian business but price increases have been passed on to the markets.

Business Update & Outlook

- We have faced some challenges in the first quarter that have us behind last year and where we had planned to be. In addition, our business phasing has changed with greater revenue and profits being more skewed to the second half as a result of stronger sales growth in the USA, the Middle East and International. As a result we expect earnings per share for the half year period to be approximately 25% less than last year.

- While it is too early to provide accurate guidance, with a stronger sales outlook for the second half and planned cost reductions and efficiency improvements, management is forecasting growing sales and earnings per share for the full year.

Disclaimer

Statements contained in this presentation, particularly those regarding possible or assumed future performance, estimated company earnings, potential growth of the company, industry growth or other trend projections are or may be forward looking statements. Such statements relate to future events and expectations and therefore involve unknown risks and uncertainties. Actual results may differ materially from those expressed or implied by these forward looking statements.

BUSINESS OF THE MEETING

Financial and Related Reports

To lay before the Annual General Meeting the Financial Report of the Company and its controlled entities and the related Directors' and Auditor's reports for the year ended 30 June 2013 for shareholders to receive and consider.

Adoption of Remuneration Report
(Non Binding Vote)

That the Remuneration Report of the Company and its controlled entities for the year ended 30 June 2013 be adopted.

The vote on this item is advisory only and does not bind the Directors or the Company.

Proxies for resolution for the Adoption of the Remuneration Report

For:	**97,049,878**
Against:	790,994
Open-Useable:	9,153,446
Open-Conditional:	0
Open-Unusable:	0
Abstain:	64,904
Excluded:	7,689,989
Total:	114,749,211

Re-Election of Director

Mr George Richards retires as a director of the Company by rotation in accordance with rule 7.1(f) of the constitution of the Company and, being eligible, offers himself for re-election.

Proxies for resolution for the Re-election of Director

For:	**104,896,122**
Against:	129,244
Open-Useable:	9,153,446
Open-Conditional:	0
Open-Unusable:	0
Abstain:	570,399
Excluded:	0
Total:	114,749,211

QUESTIONS