GALE PACIFIC LIMITED

(ASX: GAP)

ASX and Media Release

28 November 2014

2014 ANNUAL GENERAL MEETING - CHAIRMAN'S ADDRESS TO SHAREHOLDERS

2014 FINANCIAL RESULTS

The reported financial results for the 2014 financial year were disappointing in relation to our key financial objectives:

- Earnings per share decreased by 9% to 2.72 cents per share
- Cash flow from operations at $4.2M was only 51% of reported net profit
- Return on funds employed (defined as earnings before interest and tax as a percentage of average shareholder's equity plus net debt) at 13.3% was below the previous year's level of 14.9%. However, importantly the return on funds employed remained above the Company's weighted average cost of capital.

Dividends paid of 2.65 cents were the same as for the previous year and are franked to 37%.

In order to deal with tough trading conditions and competitive pressures, the Board undertook a major organisational restructure in August of this year including the appointment of Mr Nick Pritchard as Group Managing Director. The restructure is aimed at streamlining the Group's operations, reducing overhead expense and creating a more focused innovative company.

OUTLOOK

Trading for the 2014/15 year remains challenging, particularly in Australia, where pressure on margins continues to impact profitability. Because of this, and due to changes in geographical mix causing a higher proportion of annual earnings to be generated during the second half of the financial year, underlying profit for the first half is expected to be below last year.

However we do expect the second half to be more profitable than the prior year, due in part to the positive impact of many of the initiatives that are being undertaken and that our Group Managing Director, Nick Pritchard presented to the meeting earlier. Overall we expect underlying profit for the full year to be broadly in line with the prior year. As previously announced the statutory results will include non-recurring costs of approximately $2.5 million pre-tax ($1.75 million after tax) relating to the organisational restructure and the transformation process that the Group Managing Director described. This includes costs associated with the refresh and relaunch of the Company's Zone window furnishing range and the rebranding and marketing program relating to the Company's pool fencing and balustrade range. This non-recurring cost will be brought to account during the first half.

We are strongly of the view that the transformation process being undertaken will place the Company in a much stronger strategic position.

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