GALE PACIFIC LIMITED
(ASX:GAP)

ASX and Media Release

24th August 2012

- **Record NPAT of $8.5 million up 20% on previous year**
- **Revenue increase of 16% to $110.5 million**
- **Diluted Earnings per share of 2.86 cents (Basic EPS 2.95 cents)**
- **Continued strong cash flow generation from operations of $9.5 million**
- **Ordinary fully franked final dividend of 1.25 cents per share to be paid**
- **Further growth opportunities being assessed**

NPAT Increase Of 20% To $8.5 Million

Net profit after tax of $8.5 million for the financial year ended 30 June 2012 is the highest on record for the Company. This result is a 20% or $1.4 million increase on the reported result for the previous corresponding period.

Final Dividend Payment Of 1.25 Cents Fully Franked

Directors are pleased to announce to shareholders that the Company has increased the ordinary final dividend to 1.25 cents per share. Dividends for the full year of 2.45 cents per share have been declared on diluted earnings of 2.86 cents per share. This represents an 11% increase on full year ordinary dividends compared to last year. The final dividend payment of 1.25 cents per share will be fully franked and will be paid to shareholders on Wednesday 3 October 2012.

Revenue Increase Of 16% To $110.5 Million

Revenue for the year increased by 16% to $110.5 million which was impacted by the unfavourable effect of translating foreign currency revenues to a stronger Australian dollar. Sales revenues in local currencies grew by 10% in the USA and 27% in the Middle East. We continued to build our international business as we increased our market penetration into the Japanese, South African and European markets following the increase in international sales and marketing resources in 2010/2011. Lower sales were recorded in our traditional markets in Australia due to weaker consumer demand, competitive conditions and the strength of the Australian dollar which lead to significant price deflation, and another poor summer in most parts of the country. Sales to retail and commercial channels in New Zealand were 13% lower than the previous year due to weak consumer demand and another poor agricultural season in that market.

EBITDA Increase Of 14% To $18.0 Million

Earnings before interest, tax, depreciation and amortisation (EBITDA) was $18.0 million for the year compared to $15.8 million for the previous corresponding period. The increase over the prior year is due to the strong sales growth in the businesses outside of Australasia and includes the unfavourable impact of translating foreign currency EBITDA in the Middle East, USA and Chinese businesses to a stronger Australian dollar. The unfavourable impact of the year on year exchange rate variation equates to approximately A$0.5 million in the 2011 / 2012 financial year.

EBIT Increase Of 26% To $12.5 Million

Earnings before interest and tax (EBIT) was $12.5 million compared to $9.9 million for the previous corresponding period. The increase was achieved through sales growth in the USA, Middle East, Japan, South Africa and Europe and contribution from the Zone Hardware and Riva Window Fashions businesses which have now been fully integrated into the operations of the Australian business. Substantial yield and efficiency improvements and the benefits of additional production volume in the Company's Chinese and Australian manufacturing facilities also contributed to the increased earnings.

Cash From Operations $9.5 Million

The Company continued to generate strong cash flow from operations which is the result of strong profitability.

The business required only maintenance capital expenditure of $1.4 million for the year, an increase of $0.8 million on the prior year. Dividends of $6.9 million were paid to shareholders.

The company had net debt of $4.1 million as at 30 June 2012 compared to net debt of $5.7 million at 30 June 2011.

Regional Results (Local Currency)

	Sales Revenue			EBITDA		
$ Million (Local Currency)	**FY12**	**FY11**	**% Change**	**FY12**	**FY11**	**% Change**
Australasia (A$) (excl. China)	71.0	64.4	+ 10%	7.8	8.4	- 7%
Americas (US$)	21.2	19.3	+ 10%	1.6	0.5	+ 220%
Middle East (US$)	8.1	6.4	+ 27%	1.6	1.3	+ 23%
International Sales (US$)	10.4	5.1	+ 104%	Included in China		
China (US$) Internal Sales	23.0	22.7	+ 1%	7.0	5.8	+ 21%

Australasia (Australian Dollars)

A sales increase over the prior year of 10% (reported in Australian dollars) includes the full year contribution from the Zone Hardware and Riva Window Fashions businesses. Consumer demand in Australia was weak, and cool, wet summer conditions prevailed across most of Australia. Sales of Coolaroo branded products sold to retail channels in Australia were down due to the poor summer in Australia and the reduced selling prices passed on to customers due to the strength of the Australian dollar and competitive market forces. Sales of some of the newer products including weed control fabrics and synthetic grass increased as these branded product programs had a full year of sales and are growing categories in the retail market.

Sales of Synthesis branded coated fabrics were lower than the previous year due to softer market conditions and price pressure across most market segments due to the stronger Australian dollar and strong market competition. Significant efficiency gains were again made in the Australian manufacturing operation during the year which contributed positively to the overall result.

The continued weak horticultural market in New Zealand resulted in lower sales of commercial shade cloth and protective nets. Sales of Coolaroo products sold through retail channels in New Zealand decreased by 9% over the prior year due to weaker consumer demand and a poor summer season which affected sales of outdoor sun protection products.

EBITDA for the Australasia region fell 7% year on year which was a very disappointing result in tough market conditions and another poor summer in key markets.

Americas (US Dollars)

Whilst market conditions in the USA continue to be extremely challenging and remain subdued, we are very pleased to report a positive uplift in sales of 10% year on year in local currency. Most parts of the USA experienced hot weather conditions in spring and summer which boosted demand for outdoor shading and screening products. During the year we have expanded our retail sales and marketing resources to drive product range expansion and future sales growth.

Sales of commercial fabrics increased by more than 25% due to strengthened field sales resources and increased activity in commercial markets also driven by the hot weather. We have launched a full range of fire retardant architectural commercial knitted fabrics along with the release of the waterproof Synthesis Commercial 95 range in the USA market.

EBITDA increased in the USA by US$1.1 million for the year due to the sales growth and improved margins partially offset by increased freight and selling costs.

Middle East (US Dollars)

The Middle East business performed extremely well throughout the year and recorded sales growth of 27% over the prior year in local currency. This result was achieved despite the political and social turmoil in parts of the region. Construction activity has been patchy, but the demand for Gale commercial fabrics has been enhanced by the well earned and long held reputation in the market for quality and long lasting products which is essential in the extreme weather conditions of the region.

Another major source of sales growth has been building on the successful market launch of our new waterproof range of Synthesis Commercial 95 fabric which has gained wide market acceptance in a very short period of time.

EBITDA increased by a healthy US$300,000 or 23% in our Middle East business due to the increased sales activity and tight expense controls in place. Debtor collections in the Middle East have been excellent and we continue to operate with very tight trading terms in the region.

China (US Dollars)

Our Chinese manufacturing operation has again been able to deliver improved results on top of the efficiency improvements generated over the past two years. Scrap rates have continued to reduce throughout the year as part of the continuous manufacturing improvement program. Higher production volumes, continuing labour efficiencies, and improved yields have more than offset the negative impact of higher wage rates and labour on costs in China. We have also increased the resources for China based product sourcing operations with the objective of securing higher quality and lower cost sourced products which are becoming an increasing part of the business. We plan to establish a trading company in the coming months to improve the process of sourcing from third party Chinese suppliers.

International Markets (US Dollars)

International market sales increased by 104% to $10.4 million driven by increases in sales to Japan, South Africa and European markets. Sales to Japanese customers increased by more than 100% on the previous year by expanding the retail product offering and also assisted by government targets set to encourage homeowners to reduce energy consumption which has increased demand for exterior window shade products. Sales to South Africa also increased by more than 100% as extended range offerings were listed in several major DIY retailers during the 2011 / 2012 summer season. Strong sales of commercial fabrics into Israel and increased retail product offering through our distributors in Europe were also key elements of the 2011 / 2012 growth for the business.

Outlook

Trading conditions are expected to remain challenging with consumer and business confidence levels low in most markets. Retail conditions in Australia are difficult, but on a positive note we do expect good conditions in the agricultural market in Australia for the coming season and there are predictions of the return to more normal summer weather patterns in Australia.

Further sales expansion of Coolaroo, Zone, Riva and Synthesis branded products is expected to deliver another solid financial result in 2012/2013 in what is expected to be a volatile global market environment.

Gale continues to generate strong positive cash flows and operates with a solid balance sheet with the capacity to support further growth opportunities which we continue to explore.

Mr Peter McDonald
Managing Director and Chief Executive Officer

For further information contact the Managing Director, Mr Peter McDonald on 03 9518 3312.

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 2012
Previous Corresponding Period is the Financial Year Ended:	30 June 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		%	$'000		$'000
Revenues from continuing activities:	Up	15.6%	14,893	To	110,473
Profit from continuing activities after tax attributable to members:	Up	19.4%	1,377	To	8,477
Net profit for the period attributable to members:	Up	19.2%	1,367	To	8,477
Please refer to the accompanying Directors' announcement to the Australian Securities Exchange for further commentary.					

DIVIDENDS

	Amount Per Security	Percentage Franked
Final Dividend for the year ending 30 June 2012	1.25 cents	100%

Date dividend is payable:	3 October 2012
Record date for determining entitlements to the dividend:	14 September 2012
Trading ex dividend:	10 September 2012

NET TANGIBLE ASSET PER SECURITY

	As at 30 June 2012	As at 30 June 2011
Net tangible asset per ordinary security:	19.3 cents	17.7 cents

EARNINGS PER SECURITY (EPS)

	2011 / 2012	2010 / 2011
Earnings used in the calculations of basic and diluted earnings per share:	$8,477,000	$7,110,000
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	287,191,658	280,287,548
Performance rights on issue:	735,000	13,940,000
Weighted average number of performance rights issued during the year:	-	2,545,315
Weighted average number of share options lapsed during the year:	-	-
Weighted average number of performance rights lapsed during the year:	(2,742,486)	-
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:	298,389,172	293,832,863

Name: Peter McDonald
Title: Managing Director & Chief Executive Officer
Date: 24 August 2012