14 June 2005

Australian Stock Exchange
Company Announcements Office
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Re: Announcement and Media Release

Please find following an Australian Stock Exchange announcement together with a copy of the Company's media release to be made available today.

Yours sincerely

Sophie Karzis
Company Secretary

GALE PACIFIC

Announcement to the Australian Stock Exchange

14 June 2005

Gale Pacific Positions Itself for Continuing Northern Hemisphere Growth

A rapid increase in demand from customers in the northern hemisphere has resulted in Gale Pacific Limited deciding to restructure part of its Braeside manufacturing operation.

Gale Pacific is the leading producer of advanced polymer fabrics and related value-added products, with approximately 1500 employees worldwide.

The Board of Gale Pacific Ltd has approved a proposal to restructure the Company's global operations so it can continue to grow and meet increasingly demanding lead times from its rapidly growing northern hemisphere customer base.

The restructure will involve the redundancy of approximately 100 Braeside manufacturing positions, with a significant portion of production being transferred to Gale Pacific's wholly owned China facility. Following the restructure, the Company will retain and grow the significant production capability of Gale Pacific's remaining industrial fabrics plants in Braeside and New Zealand.

Gale Pacific will honour all staff entitlements and provide significant outplacement and counselling services to help staff find new employment.

This restructure is no way a product of Australian economic, industrial or political factors – Gale Pacific values the strong support it has received from its staff, governments and the local community.

It is a result of rapid sales growth from customers in the northern hemisphere (expected to account for 70% of sales of value added consumer products within three years), and the realisation that we must improve our lead times to outperform our competitors.

This year the Company could not fully take advantage of significant sales opportunities due to its long lead times in both the European and US markets. With this restructure we can expect improved earnings from increased revenue, and a dramatically improved supply chain operation for our northern hemisphere markets.

Gale Pacific is confident the restructure will ensure the Company can continue to grow and strengthen its position as the world's leading manufacturer and exporter of advanced polymer fabrics and related value-added products.

The financial effect of the restructure will be both earnings and cash flow positive in the 2005-2006 transition year after expensing approximately $2.3M (before tax) of redundancy and relocation costs, with the full benefits of the restructure to be realised in 2006/2007.

The Company is highly confident of an effective implementation due to the successes of its Chinese operations to date, which have facilitated the rapid expansion of Gale's Coolaroo product range. In the Company's first year of European operations, the Coolaroo product range is being distributed in over 700 major home centres in Europe.

Mr. Gary S. Gale
Managing Director
14 June 2005

For further information please contact the Managing Director, Mr Gary Gale or the Chief Operating Officer, Mr Peter McDonald on 9518 3312.

GALE PACIFIC LIMITED

Media Release

Tuesday 14 June 2005

Gale Pacific Positions Itself for Continuing Northern Hemisphere Growth

A rapid increase in demand from customers in the northern hemisphere has resulted in Gale Pacific Limited (ASX: GAP) deciding to restructure part of its Braeside manufacturing operation.

Gale Pacific is the leading producer of advanced polymer fabrics and related value-added products, with approximately 1500 employees worldwide.

The restructure will involve the redundancy of approximately 100 Braeside manufacturing positions (which will take effect over the next three months), with a significant portion of production being transferred to Gale Pacific's wholly owned China facility. Following the restructure, the Company will retain and grow the significant production capability of Gale Pacific's remaining industrial fabrics plants in Braeside and New Zealand.

Gale Pacific will honour all staff entitlements and provide significant outplacement and counselling services to help displaced staff find further employment.

Gale Pacific Managing Director Gary Gale said whilst the restructure is regrettable, it is imperative so the Company can meet increasingly demanding supply deadlines from its rapidly growing base of customers in the northern hemisphere.

"We are in a situation where within three years, 70 per cent of our sales of value- added consumer products will come from customers in the northern hemisphere, who are demanding shorter lead times," Mr Gale said.

"Australia is simply too distant from the large majority of our customers who demand shorter lead times. We cannot expect our customers to adjust to our lead times, so the only practical solution is for us to better locate a significant portion of our production to our wholly owned facility in China."

Gale Pacific's present delivery time for northern hemisphere customers is approximately 14-16 weeks, with competitors located in the northern hemisphere offering superior delivery of six-eight weeks.

"To sustain our recent growth, we must outperform our competitors. Improved lead times will enable us to grow our business more rapidly," Mr Gale said.

Mr Gale said with the restructure the Company would realise significant sales opportunities due to its improved lead times in both the European and US markets.

"With this restructure we can expect improved earnings from increased revenue and a dramatically improved supply chain operation for our northern hemisphere markets."

"The financial effect of the restructure will be both earnings and cash flow positive in the 2005-2006 transition year after expensing approximately $2.3M (before tax) of redundancy and relocation costs, with the full benefits of the restructure to be realised in 2006/2007," Mr Gale said.

The Company is highly confident of an effective implementation due to the successes of its Chinese operations to date, which have facilitated the rapid expansion of Gale's Coolaroo product range. In the Company's first year of European operations, the Coolaroo product range is being distributed in over 700 major home centres in Europe.

Mr Gale said the need to restructure was in no way a product of local economic, industrial or political factors, and that the Company values the support it has received from staff, and state and local governments.

Ends…

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or

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