


GALE
E A G I T O



World Class Manufacturer of Advanced Polymer Fabrics and Value Added Fabric Products

- Strong, growing sales and market position in selected world markets
 - Low cost manufacturing strategy implemented during FY06
 - A business with a sound underlying strategy and business platform
 - Unique technologies and innovative products to drive future growth
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2006 HIGHLIGHTS

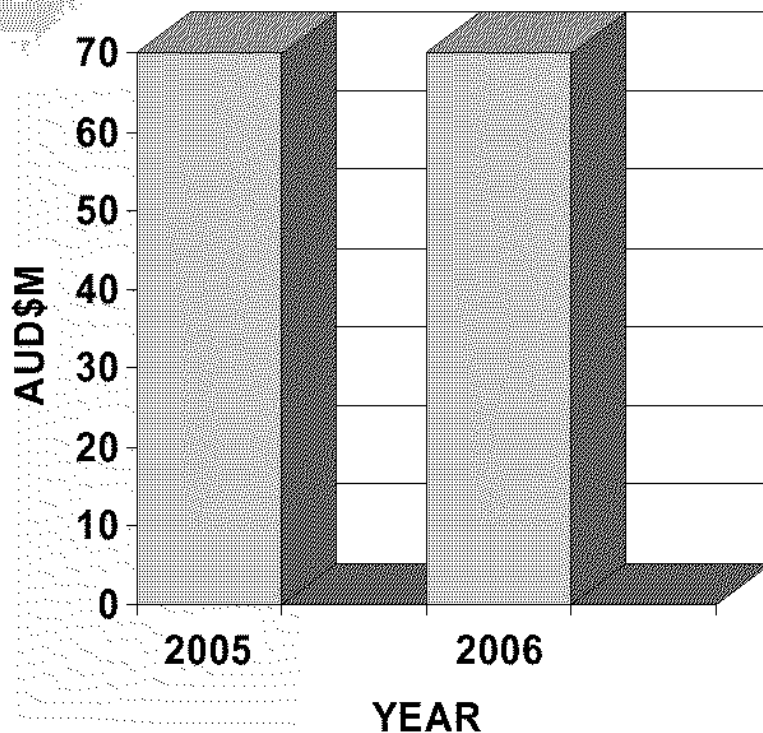
☐ Sales Growth

- ☐ Continued Strong Growth in USA, Europe and the Middle East-Sales Increase 10%

☐ Manufacturing Strategy

- ☐ China Plant Commissioning ► Execution and cost savings delayed but nearing completion
- ☐ Cost benefits to be delivered throughout FY07

ASIA PACIFIC

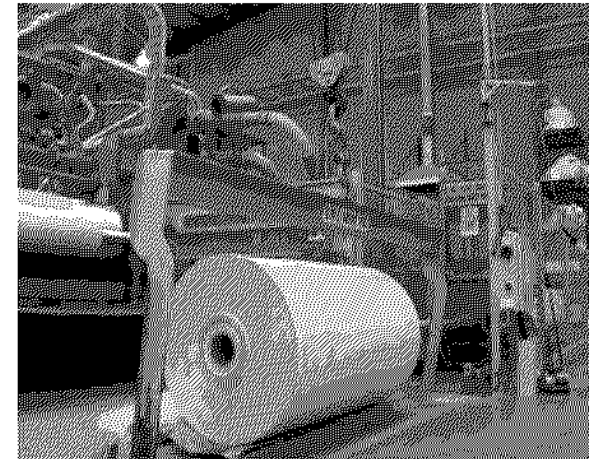
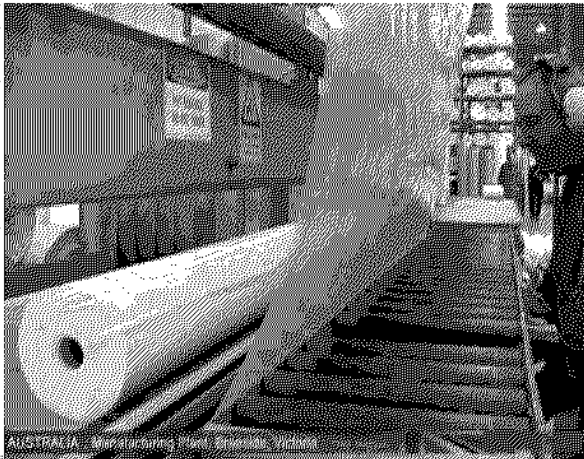
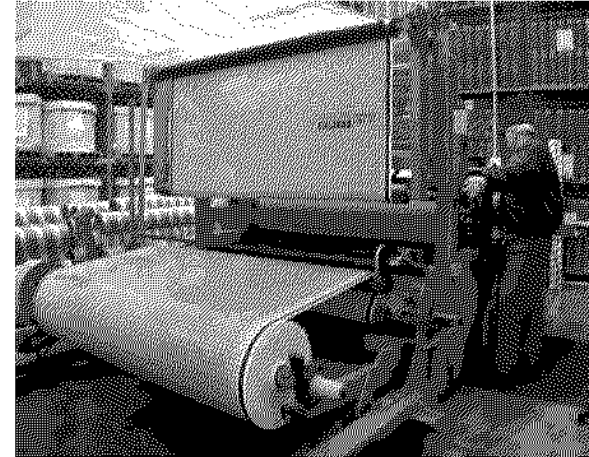
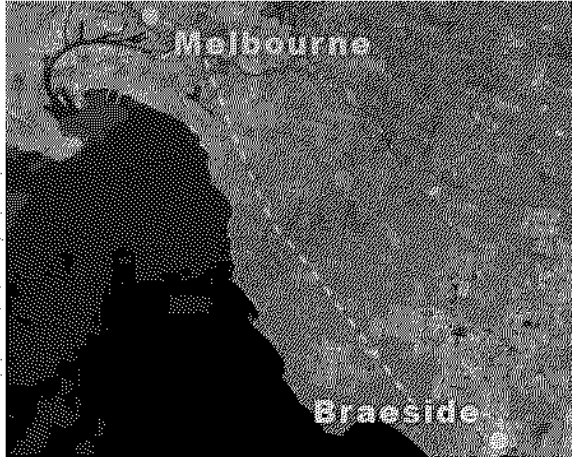


- Sales growth and market share maintained in Australian market
- Profitability to increase in FY07 from lower manufacturing costs
- Australian knitting operation now closed
- Overhead expenses to reduce in FY07
- Additional costs absorbed in FY06 due to delayed China plant commissioning



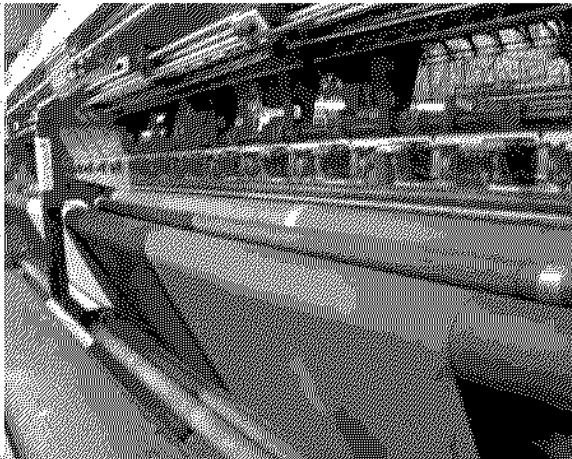
The estimating process involves a significant element of subjective judgement and assumptions as to future events which may or may not be correct. There are usually differences between estimated and actual results because events and circumstances frequently do not occur as anticipated, and these differences may be material.

GALE AUSTRALIA



GALE
PAPER

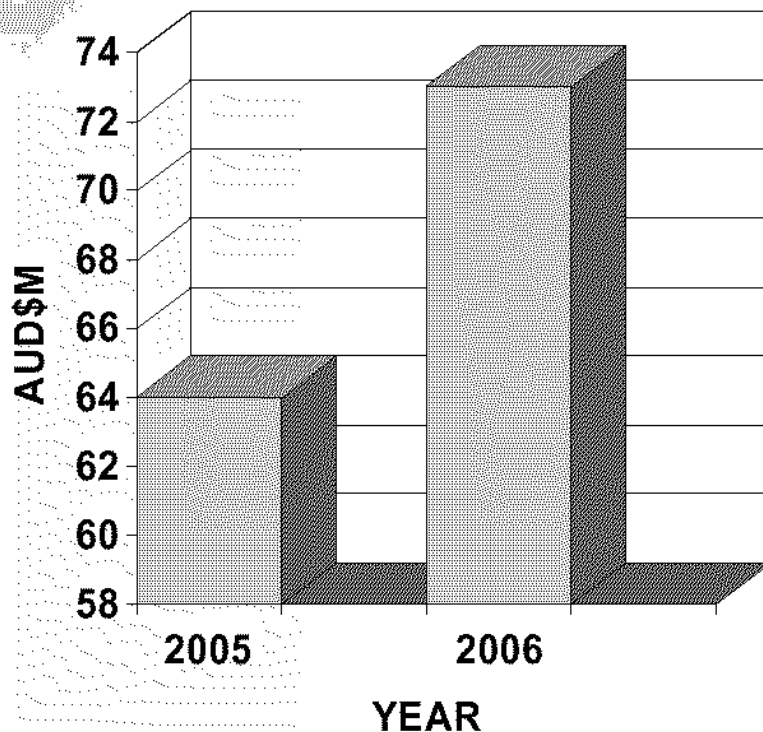
GALE NEW ZEALAND



GALE
P A S T E F I D

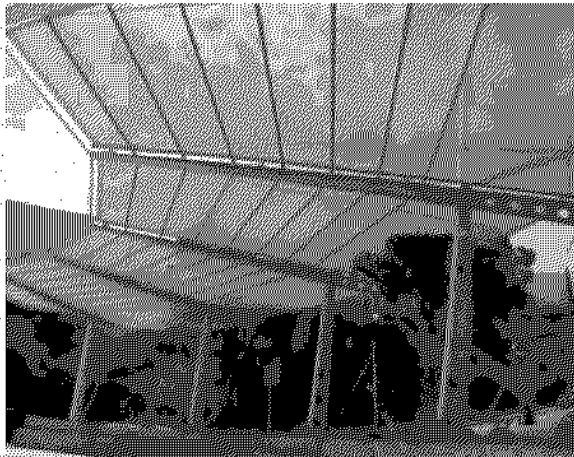
EUROPE & MIDDLE EAST

- Strong sales growth of Coolaroo product in both Europe and Middle East markets. Revenue up 14%
- Late start to Europe 2006 retail summer season due to cool weather
- Products now sold through > 1270 outlets compared with ~750 in 2005
- Significant expenses absorbed in FY06 relating to investment phase and non-recurring European marketing costs
- European commercial fabric launch being implemented



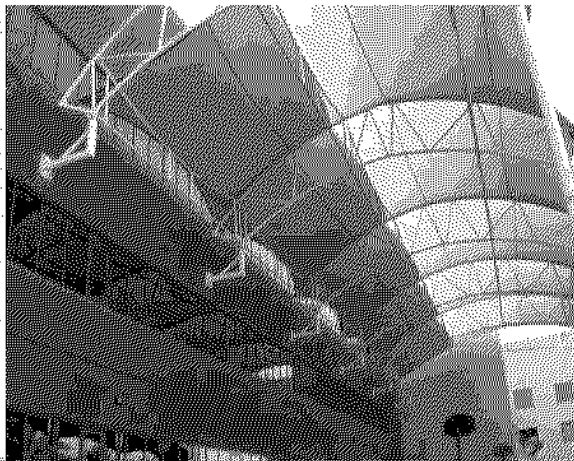
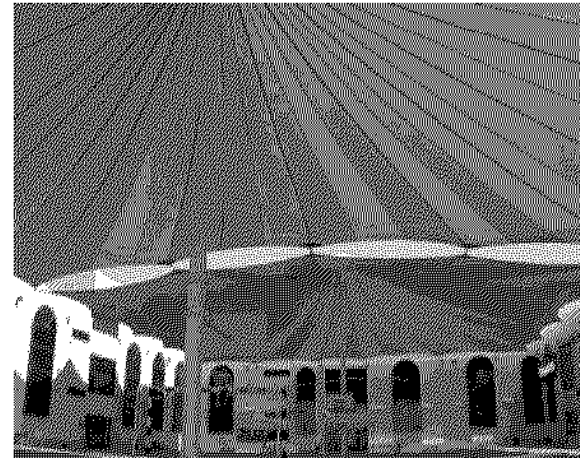
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GALE EUROPE



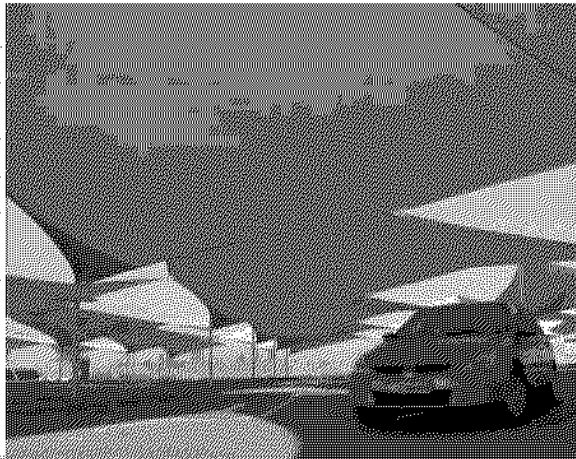
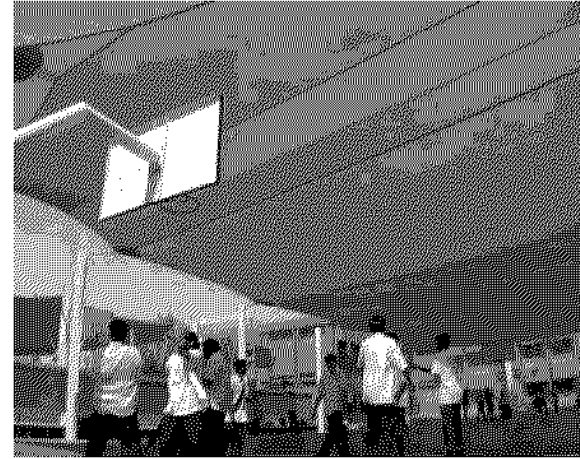
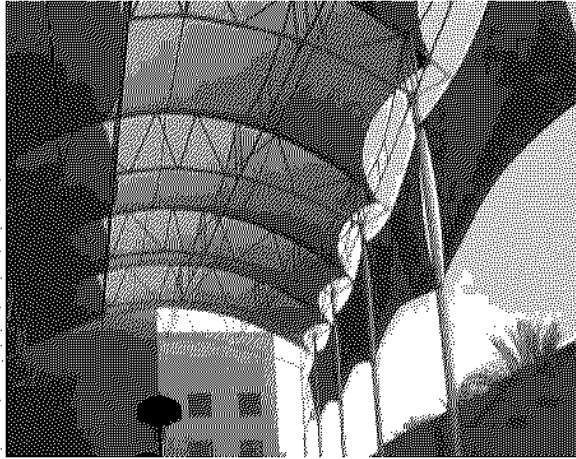
GALE
D A S I F I D

GALE MIDDLE EAST



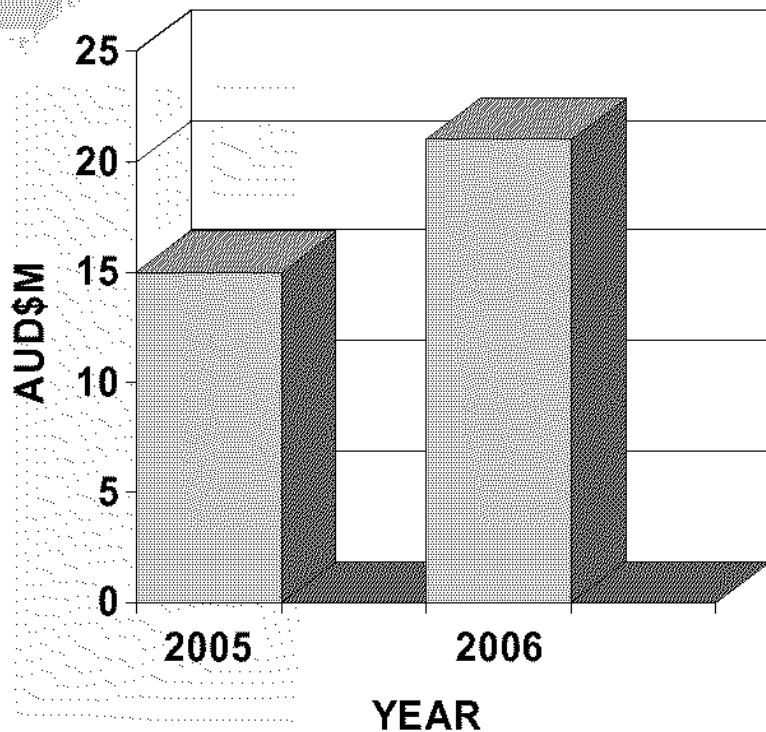
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P A S T E F I D

GALE MIDDLE EAST



GALE
P A S T I F I C

USA

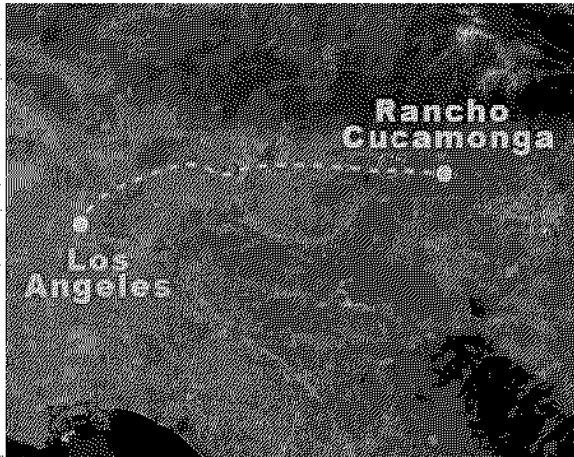


- Revenue up 40% on prior year
- New window shade range successfully launched
- Store expansion at Lowe's with window shade range – 416 stores in 2005 to 850 stores in 2006
- Store expansion at Lowe's with shade fabric range – 360 stores in 2005 to 448 stores in 2006
- New 'Designer' range trialled in key Home Depot stores. Opportunity for 2007
- Commercial fabric sales up 98% on prior year.
- New US manager to be appointed to replace Peter McDonald



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GALE USA



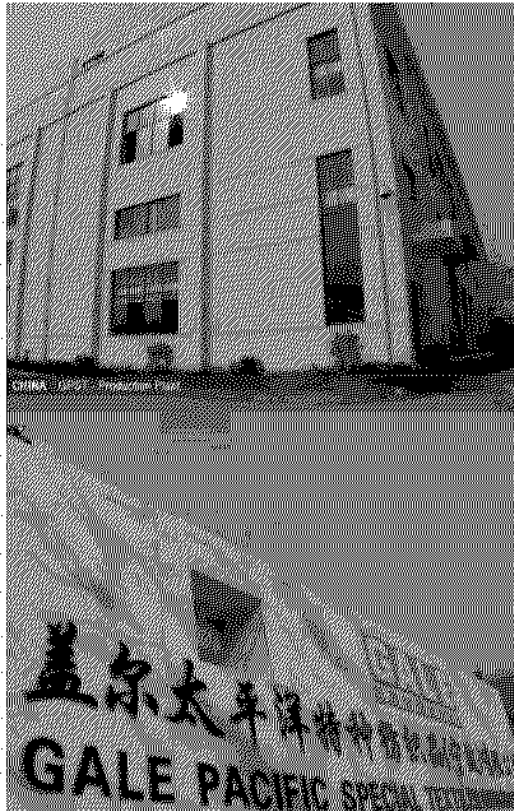
GALE
PACIFIC

GALE USA



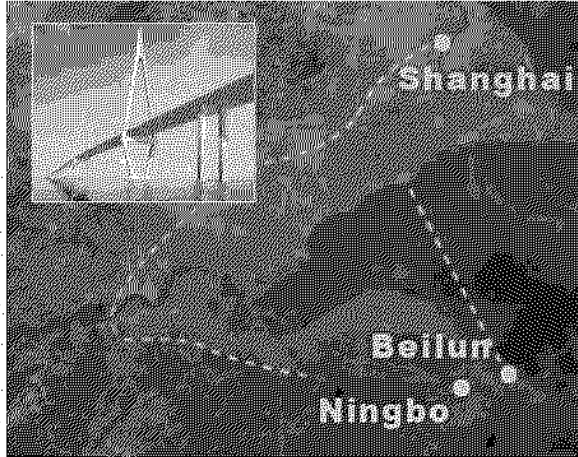
GALE
P A S T I D

GALE CHINA



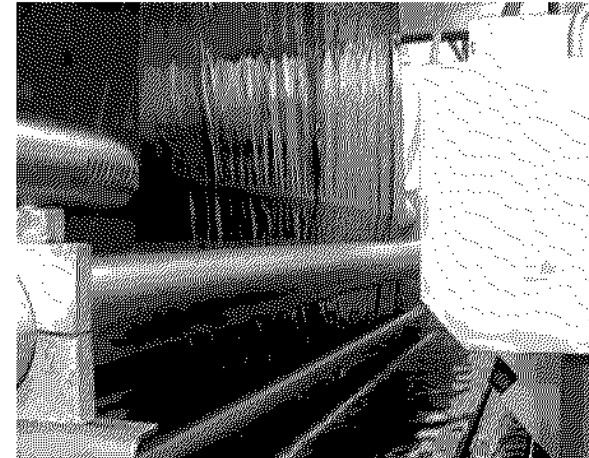
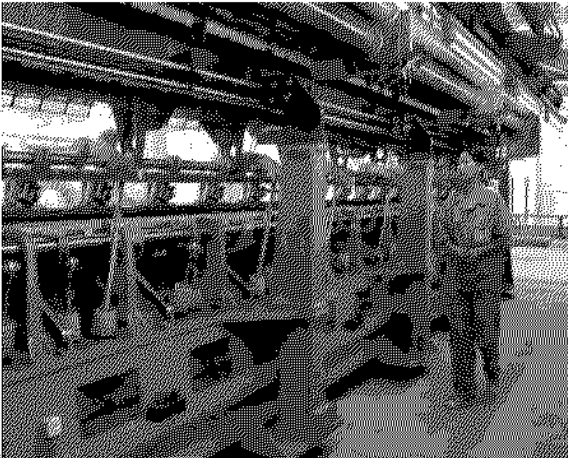
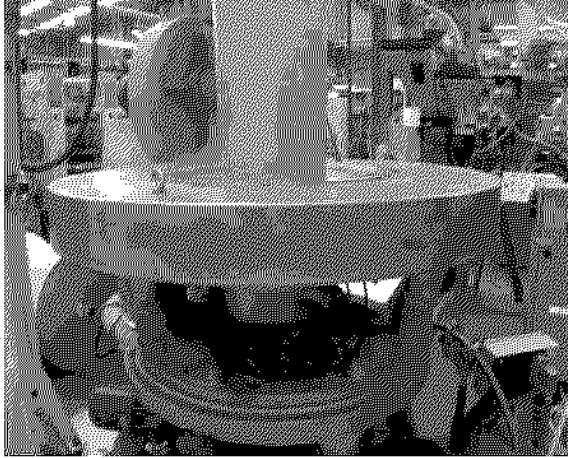
- Integrated Manufacturing Plant
 - Knitted Fabric
 - PVC Coated Polyester Fabrics
 - Aluminium Production & Extrusion
 - Powder Coating
 - Cut, Sew & Assembly

GALE CHINA



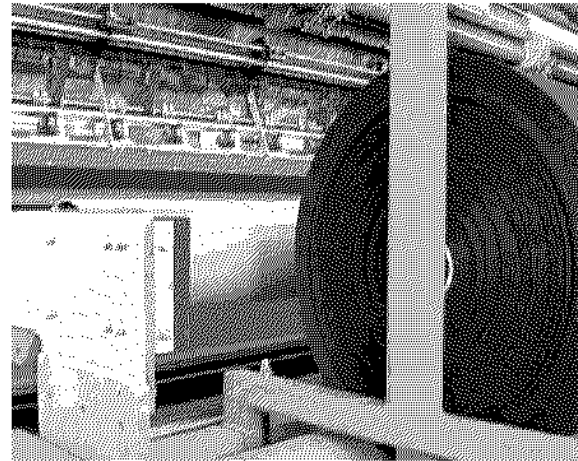
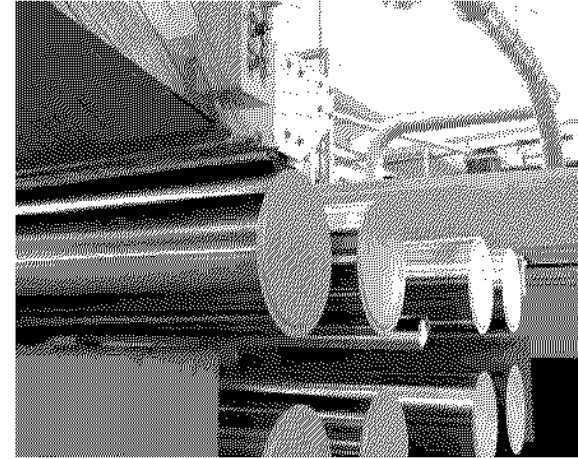
GALE
PACIFIC

GALE CHINA



GALE
P A S T E F I D

GALE CHINA



GALE
D A S I F I D

2006 NPAT

	April 12 Announcement AUD\$M	May Year end Expectation AUD\$M
Underlying NPAT	4.8	4.8
One Off	2.3	2.3
•Late European Summer		0.8
•Retirement Cost- G.Gale		0.4
•Other Cost-		0.3
Forecast NPAT	2.5	1.0

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2006 WHERE WE FELL SHORT

- China move delayed
 - Increased cost (Melbourne plant open longer) and China savings / profit impact delayed
- First season European start-up marketing costs
- Late European season due to poor weather
- Supply chain issues ► increased inventories
- Increased debt and interest cost
- Business development did not deliver forecast sales and profit

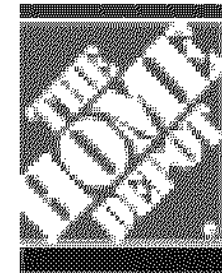


2007 PRIORITIES TO DELIVER RESULTS

**FOCUS ON ORGANIC
GROWTH
AND
OPERATIONAL EFFICIENCIES**

ORGANIC SALES GROWTH

- ❑ Continue to grow sales base and capitalise on further range expansion opportunities with blue chip customer base



- ❑ Continue to grow commercial and industrial fabric sales and distribution channels



DELIVER OPERATIONAL EFFICIENCIES

- ❑ Focus on operational efficiencies
 - ❑ Cost Down through China plant productivity
 - ❑ New Head of Manufacturing (Paul Ducray) appointed in GPST (China) operation
 - ❑ New Head of Europe (Frank Albertsmeier)
 - ❑ Improved supply chain and working capital management
 - ❑ Tight focus on cost throughout organization
 - ❑ Increased accountability through new senior management team

DELIVER OPERATIONAL EFFICIENCIES

(cont)

- Finalise launch of new product developments and tighten up R&D processes
- Price/Margin increases
- Detailed product portfolio analysis to review all under-performers freeing up 'LAZY' working capital
- Focus and accountability in all areas of the business

2007 OUTLOOK

- ❑ Organic sales growth (10%+)
- ❑ Improved cost and margin position
- ❑ Reduce inventories (AUD\$4M-\$5M reduction targeted)
- ❑ Improve operational efficiencies through focus on production process management

2007 OUTLOOK

- Reduce debt and strengthen balance sheet position
- Deliver results as planned cost reductions and efficiencies flow through
- Dramatically reduced capital expenditure

2008 OUTLOOK

- ❑ Continue to expand ranging through blue chip global customer base, particularly in Northern Hemisphere Markets. Organic sales growth rates projected to continue at approximately 10%
- ❑ Continue to innovate with new fabric developments and low cost value added product opportunities
- ❑ Focused R&D projects flowing through
- ❑ Higher percentage of sales growth falling to bottom line

PROFIT OUTLOOK

AUD\$M	2006	2007	2008
Sales	164	180	200
2006 Underlying NPAT	4.8		
NPAT -Guidance	1.0	7.2	10.3

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Net Debt/Net Assets

AUD\$M	June 05 Actual	Dec 05 Actual	June 06 Estimate	After Recap June 06 Estimate	June 07 Estimate
Net Debt	79	93	97	63	55
Equity/Net Assets	55	56	61	95	102
Net Debt to Equity/Net Assets.	1.4	1.7	1.6	0.7	0.54
Other Data.					
Receivables	33	25	36	36	-
Inventory	51	58	55	55	-
Fixed Assets	58	70	70	70	-



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PROPOSED CAPITAL RAISING

- ❑ To significantly strengthen the Company's balance sheet and put us in a much better position to implement our business strategy
 - ❑ Propose to raise AUD\$20M via a combination of private placement and share purchase plan
 - ❑ Propose to retire debt associated with AUD\$15.5M of unsecured notes by converting the majority of the notes to ordinary shares

SUMMARY

- ❑ This is an exciting Company that has taken some very bold steps
 - ❑ Excellent technologies and technical development opportunities
 - ❑ Recent capital expenditure programs providing us with significant capacity for future sales growth
 - ❑ Low-cost manufacturing base nearing completion
 - ❑ Tremendous 'Value Added' product opportunities with vertically integrated plant in China
 - ❑ Access to an enviable global customer base with some of the world's largest retailers
 - ❑ An expanding commercial fabric market opportunity as we broaden our offshore market focus

SUMMARY (cont)

- ❑ Our reported results for FY06 are disappointing but with the manufacturing restructure nearing completion, management changes and disciplines to deliver the necessary business efficiencies, we expect to:
 - ❑ deliver a solid profit performance in FY07 and beyond
 - ❑ create future value for our shareholders
- ❑ The proposed capital injection and balance sheet restructure, coupled with a return to profitable operations, will also give us the added opportunity to look for further upside opportunities for the business