

**CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR'S ADDRESS**
Peter McDonald

FY11 Results – Key Points

- NPAT up 18% to \$7.1 million.
- Earnings per share of 2.4 cents. Return on invested capital (EBIT/shareholders funds plus net debt) improved to 13.5% in FY11 from 12.2% in FY10.
- Net Debt of \$5.7 million. Net debt / equity ratio 8%.
- Full year dividend – 2.2 cents per share fully franked.
- Gale continues to generate very strong cash flows which have been used to dramatically reduce debt, reintroduce the payment of dividends in the past two years and fund the Zone and Riva acquisition.

FY11 Results – Key Points

- Sales down 3% to \$95.6 million – poor summer, wet weather and flooding across many parts of the eastern states of Australia had a negative impact on sales of Coolaroo product. Consolidated sales also adversely impacted by the translation of foreign currency sales revenues to a stronger A\$.
- EBITDA down 4% to \$15.8 million – adverse impact of the translation of foreign currency earnings of offshore businesses to stronger A\$.
- EBIT up 6% to \$9.9 million. EBIT is 10% to sales.

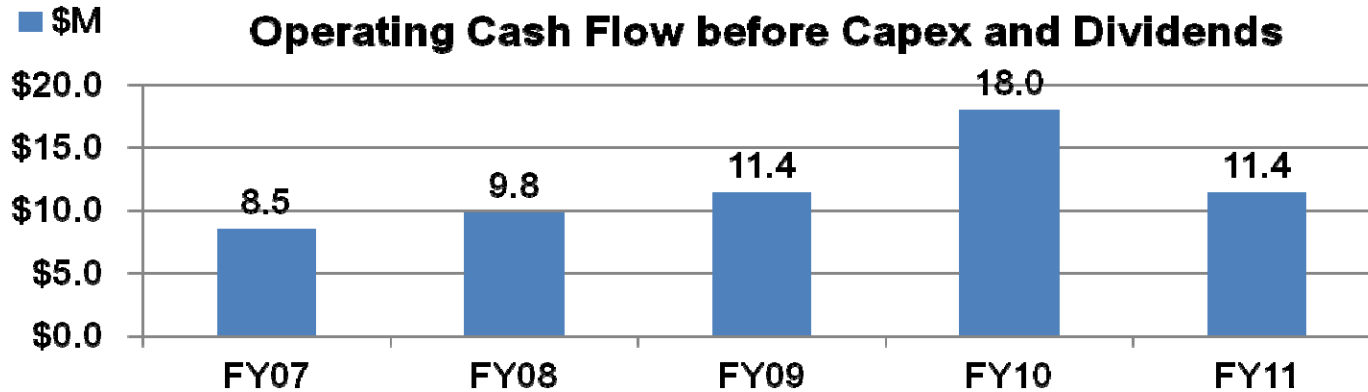
FY11 Results – Key Points

- Gale's manufacturing facility in China is operating efficiently and has excess capacity. Significant efficiency gains made in the Australian manufacturing operation which contributed positively to the result.
- Acquisition of Zone Hardware and Riva Window Fashions completed in June 2011.
- Gale's recent share price of 22 cents reflects an EPS multiple of 9 times FY11 actual earnings.
- Based on a 22 cent share price the FY11 fully franked dividend of 2.2 cents per share represents a 10% yield.
- New market opportunities being pursued in South Africa, South America, Europe and India.

FY11 Review

	FY11	FY10	
	A\$M'S	A\$M'S	% Variance
Sales	95.6	98.8	- 3%
EBITDA	15.8	16.5	- 4%
EBIT	9.9	9.3	+ 6%
NPAT	7.1	6.0	+18%
Earnings per share - cents	2.4	2.1	+14%
Dividends per share - cents	2.2	2.0	+10%
Cash from operations	11.4	18.0	-37%
Net cash on deposit/ (net debt)	(5.7)	3.1	

Operating Cash Flow

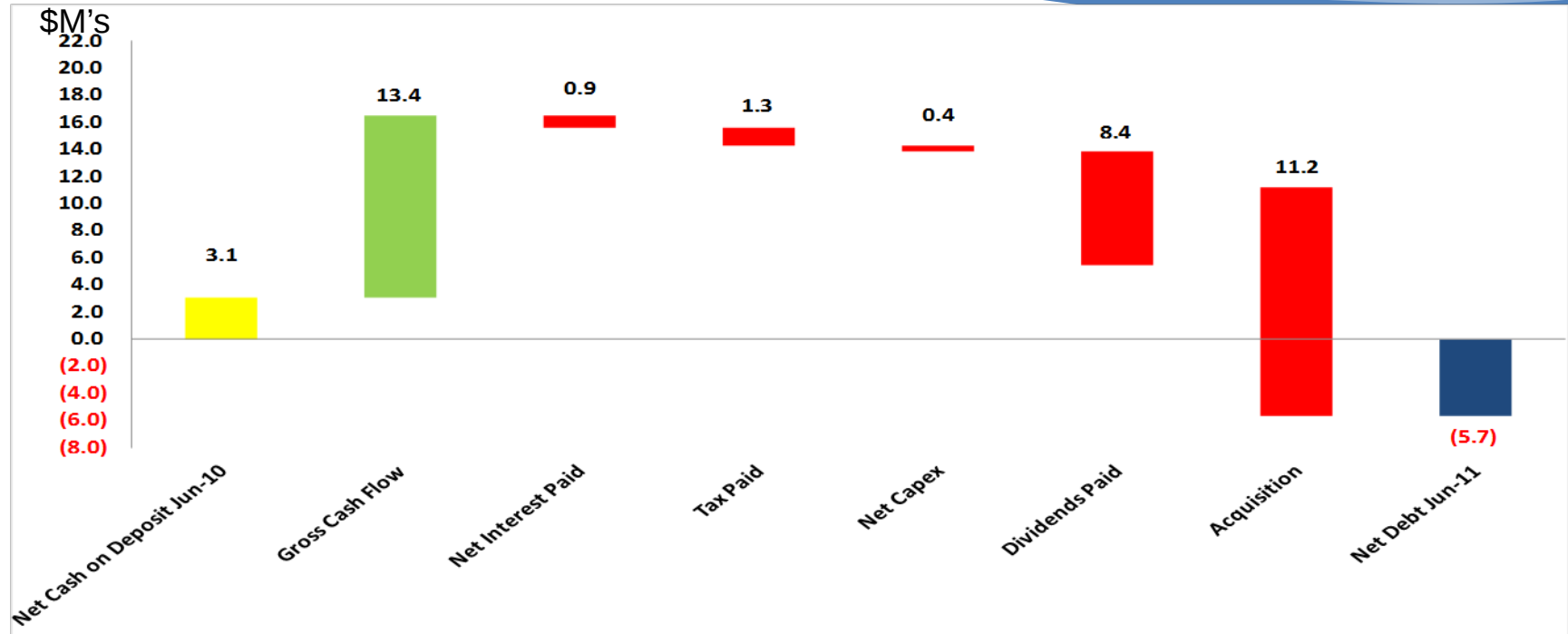


Capital Expenditure (Gross)	(4.0)	(3.4)	(1.0)	(1.2)	(0.6)
Dividends Paid	-	-	-	-	(8.4)

Operating Cash Flow

- Operating cash generated of \$11.4M for FY11.
- Annual operating cash flow average of \$11.8M per annum over last 5 years.
- Operating cash flow down in FY11 due to higher inventory levels from poor summer conditions in Australia and higher tax payments.
- Low capital expenditure requirements due to plant capacity investments previously made. Maintenance capex on existing businesses likely to be in the range of \$1.5 million per year going forward.
- Dividend payments comfortably below operating cash flow in FY11 after allowing for capital expenditure.

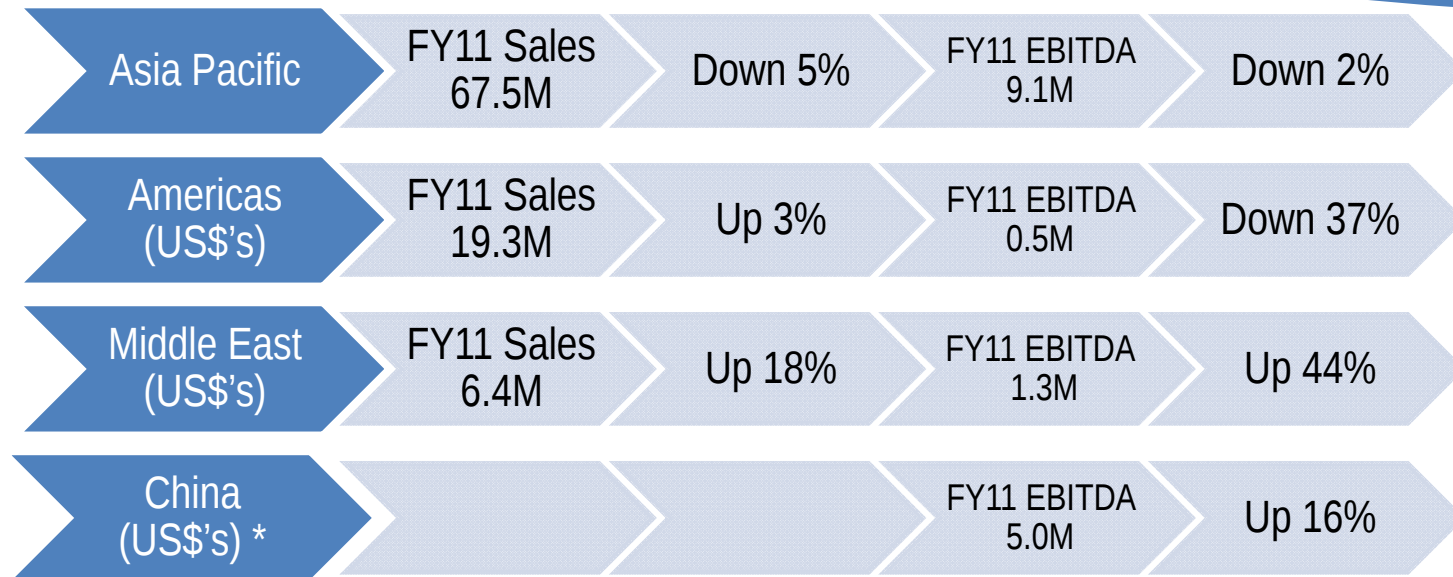
Changes in Net Debt



Debt Position

- Net debt at 30 June 2011 of \$5.7 million. This low net debt position at year end was after paying out \$8.4 million to shareholders in dividend payments and \$11.2 million to fund acquisitions.
- Net debt to equity at 8%.
- Interest cover of 11.5 times (EBIT/interest).

Regional Business Unit Results



* Commercial Margin on Intercompany Sales

Regional Results

- Asia Pacific (excluding China)
 - Sales decline of 5% due to mild and wet summer conditions on the east coast of Australia which had a negative impact on sales of Coolaroo product. Some price deflation has also occurred in Australia due to the strength of the A\$ and increased competition in the home improvement market.
 - Sales of coated fabrics in Australia up year on year due to good market conditions in some agricultural markets.
 - Lower commercial sales in New Zealand but sales of Coolaroo product sold through retail channels increased by more than 10%.
 - Sales to Japan increased more than 20%.
 - Significant efficiency gains made in the Australian manufacturing operation.
 - EBITDA down 2% (A\$200,000) to A\$9.1 million. Improved margins (FX), tight expense control and manufacturing performance helped offset impact of sales decline.



Regional Results

- Americas

- Small but positive uplift in sales of 3% year on year in local currency.
- Consumer confidence low and retail customers taking a cautious approach on seasonal programs and reducing inventory levels.
- Regulatory changes in the window furnishings industry which has led to a number of product deletions, industry wide product recalls and forcing widespread changes to product design. New product design initiatives being finalised for next season.
- Sales of commercial fabrics increased by more than 50%.
- EBITDA fell 37% (US\$300,000) to US\$500,000 due to increased margin pressure from rising product costs, increased freight costs and costs associated with range changes resulting from regulatory changes in window furnishings industry.

Regional Results

- Middle East
 - Sales growth of 18% over the prior year in local currency.
 - Sales in Saudi Arabia increased 40% year on year. Year on year sales increases also achieved in United Arab Emirates, Kuwait and Qatar.
 - Shipped over 300,000 m2 of knitted shade fabric for our largest ever project in Oman for the Saud Bahwan Group.
 - Successful launch of the new range of Synthesis Waterproof Commercial 95 architectural fabrics.
 - EBITDA increased 44% (US\$400,000) to US\$1.3 million.
 - Debtor collections in the Middle East have been excellent and we continue to operate with very tight trading terms in the region.

Regional Results

- China
 - Excellent results have been achieved by our Chinese operation with EBITDA increasing by 16% year on year (US\$700,000) to US\$5 million.
 - Improved plant yields and reduced scrap rates have been maintained throughout the year as part of our ongoing continuous improvement program in the plant.
 - Wage rate pressures are being experienced in the Chinese market but these are still off a relatively low comparable base.
 - Cost control, efficient use of labour and maintaining our efficiencies are the key areas of focus.
 - Polymer prices have stabilised at around our FY12 budget levels.

Regional Results

- International

- Dedicated resources have been added to the team to drive international market development and expand opportunities with existing customers.
- Entered the South African market in February 2011 by aligning with a distributor focussing exclusively on Coolaroo and Synthesis products. Coolaroo product being rolled out across 57 retail DIY stores through Makro, Builders Warehouse and Builders Express.
- Appointment of a new wholesale distributor in Spain and France with product now sold through more accounts including Castorama.
- Exclusive commercial fabric distributor appointed in India.
- Sales and ranging continue to expand through our Japanese distributor who is now managed by our dedicated international sales team. A very solid order book for 2012 is already in hand.



Zone

Zone Hardware markets branded DIY home improvement products including pre-packaged interior and exterior window furnishings, folding doors, insect screening products, cable management products and bathroom and kitchen storage products.



Riva

Riva Window Fashions markets a broad range of custom made interior and exterior window furnishings.

- Riva and Bunnings will offer a comprehensive range at competitive prices with a full product range displayed in over 180 Bunnings retail outlets.
- Measure and quote, and installation by dedicated Riva installer network.
- Represents a significant opportunity to establish one of the largest custom made window shade businesses in Australia.
- In the USA market approximately 50% of window shades sold by the two largest home improvement retailers are custom made products.



Outlook

- Gale has a strong management team in place across all regions of the business.
- Gale has an exciting range of branded products established in several world markets.
- Gale has expanded the business strategy to offer a much broader range of branded industrial and consumer shading, screening and home improvement products.
- FY12 will see a full year contribution from the recently acquired Zone Hardware business. The national roll out of the Riva Window Fashions business through the Bunnings network is underway and should be completed by March 2012. The operational integration of the Zone and Riva businesses with the Gale business has commenced and should be completed by the end of the financial year.
- New products and category expansions is a key focus and will drive future growth. In addition to developing new manufactured product, we plan to add more outsourced product under company brands managed by our recently established sourcing group in China.



Outlook

- Foreign exchange positions have been secured in the Australian business for the majority of FY12 US\$ purchases at around parity.
- Whilst trading conditions in many of our markets remains challenging, particularly in the retail market, FY12 is off to a positive start. With the addition of the Zone and Riva businesses and planned sales expansion in our core businesses we expect to deliver an increase in sales of approximately 20% and another solid profit result this financial year.
- Further acquisitions are being pursued to add to the well established Gale infrastructure and business model to provide growth and additional scale.
- The considerable cash generation from the business will provide funding for these growth plans while maintaining dividend payments to shareholders and a conservative debt position.

