



GAZAL SELLS MIDFORD SCHOOLWEAR BUSINESS

Friday, 6 February 2015

Today Gazal Corporation Limited announces that it has entered into an agreement to sell its Midford wholesale and retail Schoolwear business to schoolwear specialist Georges Apparel and associated entities. The Midford sale is in line with Gazal's recent statements to focus on the Group's forward strategy and consider strategic opportunities to grow shareholder value.

Georges Apparel has been in the schoolwear market for over 30 years and has the credentials necessary to continue to deliver the Midford brand product and service that our customers and consumers have come to know and trust over the many years we have operated the business.

Although the deal was signed today, the business will not formally transfer to Georges Apparel until 30 June 2015. The extended period from exchange of contracts today to the eventual transfer in June was agreed between the parties in order to facilitate as smooth a changeover as possible.

Subject to final adjustments, Gazal expects to receive sale proceeds for the business of approximately \$10.0 million to \$11million, which is expected to realise a profit on the sale of approximately \$5.1 million.

Gazal expects that from FY 2016, the earnings impact of the sale of the Midford business is expected to be neutral.

For further information please contact the Company Secretary, Peter Wood on +61 2 9316 2801.

Based in Sydney and listed on the Australian Securities Exchange, Gazal is a leading apparel supplier and retailer in Australasia, marketing both

company owned and licensed brand names such as Calvin Klein, Van Heusen, Bisley, Nancy Ganz, Spanx, HoldmeTight, Bracks and Trade Secret.

This release includes “forward-looking statements” within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks uncertainties and other factors, many of which are outside the control of Gazal, and its officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and Gazal assumes no obligation to update such information.