



ASX and Media Release – Wednesday 31 August, 2016

Gazal announces FY16 full year profit

Full year NPAT including the profit on the sale of discontinued operations increased to \$43.1m
Full year NPAT from continuing operations increased to \$9.0m
Final dividend of 7 cents per share fully franked

Commentary on Results

Gazal Corporation Limited today posted a 38.4% rise in Profit After Tax from \$31.1 million last year to \$43.1 million for the 12 months ended 30th June 2016. The after-tax profit includes profit from continuing operations, as well as the profit resulting from the sale of businesses during the period. Profit After Tax for continuing operations have increased from \$2.4 million last year to \$9.0 million for the 12 months ended 30 June 2016.

In line with the group's forward strategy, the existing joint venture ("JV") with PVH Corp ("PVH") was significantly expanded in February 2015 through the acquisition of the Tommy Hilfiger business in Australia from PVH and the acquisition of the Van Heusen, Nancy Ganz and other shirting, tailored and shapewear businesses (collectively known as "Heritage Brands") from Gazal. In FY16, these businesses have operated for a full 12 months.

Continuing operations

By way of background, as previously announced:

- the PVH JV was formed and commenced trading with the Calvin Klein brand in February 2014.
- the JV was expanded in February 2015 through the acquisition of the Tommy Hilfiger Australian operations and the sale by Gazal to the JV of Van Heusen, Nancy Ganz and other shirting, tailored and shapewear businesses (collectively "Heritage Brands").
- the sale of the Midford Schoolwear business was completed in June 2015.
- the sale of the Trade Secret off-price retail business was completed in October 2015.

Accordingly, the continuing operations of the group and the number of months contribution to the FY16 and FY15 results are described in the following table :

Continuing Operations	FY16	FY15
PVH joint venture		
Calvin Klein	12 months	12 months
Tommy Hilfiger	12 months	5 months
Heritage Brands	12 months	5 months
Bisley Workwear		
	12 months	12 months

Wholesale Group - Bisley Workwear

In FY16, workwear net revenue improved by 16.9% to \$59.6 million as a result of the successful introduction of new products, a superior ‘in-stock’ position of replenishable lines compared to its competitors and winning new tenders. The higher revenue and good control of overheads led to a much improved profit position.

PVH Brands Australia Joint Venture (“JV”)

In FY16, the JV completed the integration of the Heritage Brands and Tommy Hilfiger operations into the overall Gazal shared services and logistics platform. The continued strength of the Calvin Klein underwear business as well as the development of new product categories across both Calvin Klein and Tommy Hilfiger with our key trading partners Myer and David Jones, and the ongoing development and improved trading results from our retail channel all contributed to the JV generating an increase in Profit After Tax from \$1.8m last year to \$10.2 million. Gazal’s share of profits from the JV is recorded using the equity method of accounting.

Sale of Trade Secret

In October 2015, Gazal completed the sale of its Trade Secret off-price retail business to The TJX Companies, Inc. Based in Framingham, Massachusetts, USA, TJX is the leading off-price retailer of apparel and home fashions in the U.S. and worldwide.

Gross proceeds from the sale of shares of the Trade Secret entity were \$83.1 million on a cash and debt free basis, resulting in an accounting profit on sale of \$34.7 million. At 30 June, the Trade Secret division has been disclosed as a discontinuing operation.

Banksmeadow Property

In June 2016, CBRE were commissioned to undertake an independent valuation of the Banksmeadow warehouse and office property. The valuation increased to \$45.7 million, up from \$40.2 million book value last year. The directors have adopted the new valuation in the balance sheet as at June 30 2016.

Final Dividend and Proposed Distribution to Shareholders

The directors resolved to pay a final dividend of 7 cents per share fully franked based on the FY16 continuing operations. The record date for determining the shareholders' entitlement to the final dividend is 16 September 2016 and the final dividend is payable on 4 October 2016.

As previously announced, the Directors currently intend to pay a second special dividend of 30 to 35 cents per share fully franked (in addition to the first special dividend of 35 cents which was paid in December 2015) following from the sale of Trade Secret to The TJX Companies, Inc. To that end, the Company has requested from its bankers Westpac a temporary increase in the Company's loan facility to enable it to better manage cash flows anticipated in the second and third quarters of FY17. Following Westpac's review of the completed FY16 financial statements (expected mid September) the Company will update shareholders on the second special dividend.

Outlook

In FY17, the results of the Gazal Group will reflect the continuing wholesale operations comprising of work-wear and corporate uniforms, the share of the JV profit and revenue from providing corporate services and logistics support.

The JV and wholesale operations have started well in FY17. For the wholesale operations, results for the month of July were in line with plan. For the JV, results for July were ahead of plan driven by the sales from retail stores.

At this stage, the Directors believe it is too early to give shareholders any guidance on the half or full year earnings. However, it is expected that a trading update will be provided at the AGM in November 2016.

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

About Gazal Corporation Limited

Based in Sydney and listed on the Australian Securities Exchange, Gazal is a leading apparel supplier and retailer in Australasia. The Company jointly owns and manages PVH Brands Australia Pty Limited, a joint venture company ("the JV") in partnership with PVH Corp (NYSE: PVH) one of the largest branded lifestyle apparel companies in the world. The JV licenses and operates PVH's iconic lifestyle apparel brands lead by Calvin Klein and Tommy Hilfiger as well as other licensed and JV owned brand names such as Van Heusen, Pierre Cardin, Bracks, Nancy Ganz, Spanx and HoldmeTight. In addition, Gazal owns and operates the Bisley Workwear brand.

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.