



ASX and Media Release – 19th May, 2016

Gazal FY2016 Trading Update

Following strong trading in the second half, the Board is pleased to advise that it expects Net Profit after tax from continuing operations for FY2016 as described below is likely to be in the range of \$7.0 million to \$8.0 million. This compares to the Net Profit after tax from continuing operations for FY2015 of \$2.4 million. Therefore, Net Profit after tax including discontinued operations for FY2016 is likely to be in the range of \$41.0 million to \$42.0 million. This compares to Net Profit after tax including discontinued operations for FY2015 of \$31.1 million.

In the PVH joint venture, with 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 so far for the financial year, the Board expects the share of profit contribution from the joint venture as well as the service fees earned by Gazal to be ahead of expectations.

Despite the challenging workwear market, the underlying improvements in the Bisley business achieved in the first half from the successful introduction of innovative products, an improved in-stock position and winning new tenders have so far been sustained in the second half and the Board expects the profit contribution from Bisley for the full year to be ahead of last year.

Continuing operations

By way of background, as previously announced:

- The PVH joint venture (the “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 brands operated as licensed or owned 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 Gazal group for FY2016 are made up of:

- 12 months profit contribution to the JV from:-
 - Calvin Klein, compared to 12 months for FY2015
 - Tommy Hilfiger, compared to 5 months for FY2015
 - Van Heusen, Nancy Ganz and other shirting, tailored and shapewear brands, compared to 5 months for FY2015
- 12 months of service fees earned by Gazal from the JV by:-
 - Calvin Klein, compared to 12 months for FY2015
 - Tommy Hilfiger, compared to 5 months for FY2015
 - Van Heusen, Nancy Ganz and other shirting, tailored and shapewear brands, compared to 5 months for FY2015
- 12 months of the Bisley workwear trading results, compared to 12 months for FY2015.

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, Inc. (NYSE: PVH) one of the largest branded lifestyle apparel companies in the world. The JV licenses and operates in Australia and New Zealand PVH's iconic lifestyle apparel brands led 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.

Contact

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

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.