

Important Note

As a result of GLG becoming the holding company from 31 December 2009, the statutory results for the previous financial year ending 30 June 2010, reflect the six month period from 1 January 2010 rather than a 12 month financial year.

For the purpose of this announcement, GLG has prepared pro forma financial results for the company for FY10 on a full year basis which have been calculated consistent with the pro forma information presented in GLG's Prospectus. The company believes that the FY10 pro forma results enable a more meaningful comparison to the performance of the company for the year ending 30 June 2011, and comparisons to the Prospectus forecasts. All references in this release to FY10, or comparisons to prior year, are to the FY10 pro forma results unless otherwise stated.

GERARD LIGHTING GROUP NPAT \$19.5 MILLION, 6% ABOVE PROSPECTUS FORECAST

Adelaide, August 22, 2011

Gerard Lighting Group (ASX: GLG) today announces its first full year financial results as an ASX listed company. For the year ending 30 June 2011 the Group achieved a net profit after tax of \$19.5 million, \$1.1 million (or 6%) higher than the Prospectus forecast and \$8.8 million (or 81%) higher than pro forma actual NPAT in FY10. The results represent earnings per share for the year of 11.37 cents.

Commenting on the results, GLG Chairman, Robert Gerard AO said "This is an outstanding result for the company in the current economic environment. We have lived up to our investor promise and delivered earnings that have exceeded the Prospectus forecast."

Results Highlights:

- Net sales revenue of \$404.4 million, with all Australian businesses showing margin improvement
- EBITDA of \$42.2 million, up 19% on prior year pro-forma actual result for FY10 and ahead of the Prospectus forecast of \$40.2 million.
- Net profit of \$19.5 million, up 81% on prior year pro-forma (Prospectus forecast \$18.4 million)
- Earnings per share of 11.37 cents
- Final fully franked dividend of 2.8 cents per share, representing total dividends for the full year of 5.5 cents per share.
- Gearing reduced to 35% (40 % at 30 June 2010)

GLG Managing Director, Simon Gerard said, "The inherent competitive advantage provided by our business model means that the Group was able to continue to grow earnings and market share in a soft market."

All of our Australian businesses continued to improve margins in a tough and challenging operating environment. This is a reflection of their strength, capability and the leading positions they have in their respective market sectors.

"As a result of the weakness in the Australian commercial construction sector during the year, a number of building projects were delayed, industrial infrastructure upgrades were put on hold and there was a low rate of development in the hospitality and retail sectors due to a lack of available funding. On the positive side, residential construction and Federal and State government spending generated counter-cyclical demand from which the Group has benefited," Mr Gerard said.

Innovation

Technology continues to be a fundamental driver of competition in the lighting industry and GLG continues to lead product development in Australia. The Group's commitment to research and development is today international in scope. The Australian roll-out of the intelligent Lighting Products (iLP) division continues at a steady pace as the Group reinforces its rationale of bringing together in one place the many concepts in the area of intelligent lighting design.

"As a Group we are in a better position to capture the gains resulting from the energy-saving demands of the future than ever before," said Mr Gerard. "We will be incorporating more world-leading new technology into our product offering throughout FY2012, and following the success of the Group's LED MR16 replacement down-light in FY2011 we are excited at the prospect of the dozens of new iLP products scheduled for release during FY2012."

"Our recent investment in USA-based Illumitex, a developer of world leading LED light sources, will allow GLG to incorporate this leading edge technology and componentry into a number of our LED lighting products, enhancing the range of high-end iLP lighting solutions available to our customers," he said.

Financial Performance

In the table below we have provided a summary of pro forma results for FY2009 (as disclosed in the Prospectus) and FY2010 (unaudited) as well as the Group's financial results for FY2011.

Year to 30 June (\$000's)	Forecast*	Actual	Actual Proforma	Actual Proforma*
	FY2011	FY2011	FY2010	FY2009
Sales	399,850	404,414	362,112	368,997
EBITDA	40,234	42,211	35,380	30,112
Depreciation and amortisation	(4,691)	(4,030)	(3,792)	(3,747)
EBIT	35,543	38,181	31,588	26,365
Financing costs	(8,370)	(8,533)	(13,915)	(17,710)
Loss of equity accounted investee	-	(36)	-	-
Profit before tax	27,173	29,612	17,673	8,655
Income tax (expense)/ benefit	(8,773)	(10,093)	(6,913)	(1,672)
Profit/ (loss) for the period	18,400	19,519	10,760	6,983

* Forecast and Proforma information is unaudited.

Sales revenue in FY11 was positively impacted by the Federal Government's fiscal stimulus package. However, not all of the Group's business units benefited from the effect of this stimulus spending. The impact of financial stimulus on the Group's results was essentially confined to the first half of the financial year and represented approximately 5% of total Group sales.

The market for lighting products is heavily dependent on the construction sector and the high-end architectural and commercial sectors experienced relatively subdued conditions throughout the year. Consequently the Group's retail, commercial and industrial business was affected by constraints in projects being awarded and work commencing.

Increased competitive activity resulted in reduced wholesale prices which offset the benefit of currency gains on imported products and components.

Net profit for the period was \$19.5 million, ahead of the Prospectus forecast of \$18.4 million, representing an 81% increase on the prior year's pro forma result.

During the year, the company made a number of strategic bolt-on acquisitions totalling \$9.7million.

The Group generated operating cash flow of \$28.2 million for the financial year. This cash flow performance, partly offset by costs of acquired businesses and \$5.3 million in capex, enabled the group to decrease net debt to \$64.3 million at 30 June 2011 (vs \$71.9 million at 30 June 2010). GLG's gearing ratio (net interest bearing debt divided by equity plus net debt) reduced to 35 per cent, as at 30 June 2011 (vs 40 per cent at 30 June 2010).

Activities Since Balance Date

On 9 August 2011 the Group announced it had completed a \$2.75 million investment in Illumitex Inc, a leading US-based LED technology firm. Under the strategic agreement, the Group will become the exclusive general lighting integrator and distributor of Illumitex's innovative LED products in Australia, New Zealand and the Pacific Islands.

Mr Gerard noted that the strategic alliance with Illumitex is consistent with the Group's approach of working with the world's best suppliers of lighting components, in this case an innovative light source, that can be integrated with many of our existing and future luminaires.

The Group also announced on 9 August that Australia and New Zealand Banking Group Limited will join St George Bank as the company's new banking partner. Under the new facility agreement, the Group has appointed two financiers (severally) to provide in aggregate all of the Group's finance requirements. The total available credit under the new facility will be \$100 million, approximately equal to that available under its existing facility, but with lower finance charges and secured for a period of 5 years.

Commenting on the new facility Mr Gerard said, "I am absolutely delighted with the enthusiastic responses we received from all banks who participated in the tender process."

"The improved terms we achieved on the new banking facility reflects our solid financial performance and the support by the Bankers for our longer-term strategies."

Dividend and Outlook

The Directors have declared a fully franked final dividend of 2.8 cents per share for the year ended 30 June 2011, in line with the Prospectus forecast. The dividend will be paid on 14 October 2011 to shareholders on the register as at 5 October 2011. The full year dividends totalling 5.5 cents per share represents a payout ratio of approximately 50%, consistent with the Prospectus forecast.

The Group's dividend policy remains to distribute between 40% and 60% of net profit after tax.

The Gerard Lighting Group is entering FY2012 with order books at healthy levels. After adjusting for the declining impact of Australian Government stimulus spending, our order book shows improvement over June 2010 and we are encouraged by the current level of quoting activity.

"Overall, current market conditions can at best be described as patchy and challenging," said Mr Gerard. As a Group we anticipate growth in the specific categories of roadway, mining and healthcare. However, high-end commercial and architectural markets are expected to remain challenging as these sectors compete for a share of the limited funding that is available.

With strong cash flows and well-recognised brands, all our major business units are well-positioned to continue to grow in FY12 assuming economic conditions recover. We are a customer-driven enterprise and are committed to staying ahead of the demand curve by offering innovative, energy-efficient and technically advanced lighting products both in the Australasian market and internationally.

Beyond the 2012 financial year, we expect the introduction of a carbon price in Australia and other global markets, and continued rising energy costs, will provide a material benefit to the company as our customers seek low energy lighting solutions, such as those provided by Gerard Lighting.

Gerard Lighting continues to have significant competitive advantage which will assist the Group to achieve sales and profit growth in our existing businesses. These factors include:

- our deep understanding of the lighting industry;
- decades of management experience;
- an integrated business model;
- unique relationships with wholesalers and contractors (including 'The TRIBE' loyalty program);
- a distribution network without peer in Australia; and
- our established global network.

"As detailed in our Prospectus, GLG will be pursuing growth through a combination of product innovation, technology products (iLP), international expansion and local acquisition," Mr Gerard said.

The Preliminary Report Appendix 4E can be viewed at www.gerardlighting.com.au

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