GREGORY AUSTRALIA LIMITED
MARKET UPDATE

Placement of Shares

The Directors of Gregory Australia Limited have approved the placement of 1,850,000 ordinary shares under section 708 (1) of the *Corporations Act* to raise approximately $611,000 (net of fees).

The placement with nine investors is at 35 cents per share (the current market price is 32 cents per share). The issue of the ordinary shares is within the 15% limit set out in Listing Rule 7.1 and accordingly does not require shareholder approval.

The funds raised from the issue will be used for working capital to enable the Company to capitalise and take advantage of the opportunities presented by the reorganisation.

Director Appointment

The Board has pleasure in announcing the appointment of Mr John Scutt as an Executive Director of the company effective today. Mr Scutt was appointed CEO in May 2004 and will continue in that position. Mr Scutt has been responsible for the recent reorganisation of the Company.

Company Secretary Resignation and Appointment

The Board wishes to advise that Mr Kevin Pitt resigned as Company Secretary effective 24th March 2005 and that Mr Nicholas Barnitt has been appointed Company Secretary in his place.

Revised Profit Forecast

The ongoing reorganisation of the Company has significantly expanded the production capacity of the Company through outsourcing component manufacturing to lower cost environments both in Australia and China. This has allowed the Company to reduce its current workforce from 75 to 57.

These and the many other changes are now beginning to show financial benefits however they have not come without a cost and the one off costs now stand at $950,000. Accordingly, the Directors advise that the Company is now projecting a loss of between $250,000 and breakeven in respect of the 2005 financial year.

Richard Sealy
Chairman
31st of March 2004