



APPENDIX 4D, DIRECTORS' REPORT & FINANCIAL REPORT

For the Half Year Ended 31 December 2023



CONTENTS

Appendix 4D	3
Directors' report	5
Auditor's independence declaration	7
Directors' declaration	8
Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13
Independent auditor's review report to the members of Gale Pacific Limited	21

*All financial data in this report are represented in
Australian Dollars (AU\$) unless otherwise noted.*

1. COMPANY DETAILS

Name of entity: Gale Pacific Limited

ABN: 80 082 263 778

Reporting period: For the half-year ended 31 December 2023

Previous period: For the half-year ended 31 December 2022

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

		%	Half Year to 31 Dec 2023 \$'000	Half Year to 31 Dec 2022 \$'000
Revenues from continuing operations:	Down	16.9	77,002	92,637
Profit/(loss) from continuing operations after tax attributable to owners:	Down	5,700.0	(4,424)	79
Profit/(loss) for the period attributable to owners:	Down	5,700.0	(4,424)	79

Please refer to the accompanying Directors' announcement to the Australian Securities Exchange for further commentary.

3. DIVIDENDS

	Amount per security	Percentage franked
Interim dividend for the year ending 30 June 2024	Nil	n/a
Final dividend for the year ending 30 June 2023	Nil	n/a

	Amount per security	Percentage franked
Interim dividend for the half year		
In respect of 2024 financial year as at 31 December 2023	Nil	n/a
In respect of 2023 financial year as at 31 December 2022	1.0 cent	100%
Final dividend for the full year		
In respect of 2023 financial year as at 30 June 2023	Nil	n/a
In respect of 2022 financial year as at 30 June 2022	1.0 cent	75%

4. NET TANGIBLE ASSETS

	As at 31 Dec 2023	As at 30 Jun 2023	As at 31 Dec 2022
Net tangible asset per ordinary security ¹	26.84	29.92	30.95

¹ Net tangible assets include the right-of-use assets recognised under AASB 16 Leases.

5. SIGNED

The financial information provided in Appendix 4D is based on the half year condensed consolidated financial report attached.

The half year condensed consolidated financial report has been independently reviewed.

Signed  Date: 20 February 2024

John Paul Marcantonio
 Chief Executive Officer & Managing Director
 Charlotte NC, USA

The Directors present their report together with the condensed financial report of Gale Pacific Limited (the “Company”) and its subsidiaries (the “Group”), for the half-year ended 31 December 2023 and independent auditors review report thereon.

DIRECTORS

The following persons were Directors of Gale Pacific Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Name	Period of Directorship
Mr. David Allman (<i>Chairman Non Executive</i>)	Director since 17 November 2009
Mr. John Paul Marcantonio (<i>Chief Executive Officer & Managing Director</i>)	Director since 14 August 2020
Mr. Peter Landos (<i>Non Executive</i>)	Director since 01 May 2014
Mr. Thomas Stianos (<i>Non Executive</i>)	Director since 17 October 2017
Ms. Donna McMaster (<i>Non Executive</i>)	Director since 29 March 2018

PRINCIPAL ACTIVITIES

During the financial half-year the principal continuing activities of the Group consisted of marketing, sales, manufacture and distribution of branded screening, architectural shading, commercial agricultural / horticultural fabric products to domestic and global markets.

DIVIDENDS

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Final dividend for the year ended 30 June 2023 of nil per ordinary share (2022: 1.0 cents)	-	2,764

No dividends were paid in the reporting period ended 31 December 2023.

REVIEW OF OPERATIONS

The loss for the Group after providing for income tax amounted to \$4,424K (31 December 2022 profit of \$79K).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

GALE Pacific has secured long-term debt financing and global treasury management services from HSBC Bank that will increase the Company's borrowing capacity to approximately \$85.0M from approximately \$60.0M under its existing borrowing arrangement with ANZ Bank. The streamlined, asset based lending structure enables the Company to reduce total borrowing and interest costs while providing the capacity for increased investments in new product innovation, capital expenditures and inventory to fuel the elements outlined in the Company's Growth Acceleration Plan. The U.S., Australia and China debt facilities will be fully closed following the settlement of outstanding ANZ Bank loan balances in the coming weeks.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

There are no matters that have arisen since 31 December 2023 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to rounding. Amounts in this report have been rounded in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 immediately follows this report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



David Allman
Chairman



John Paul Marcantonio
Chief Executive Officer & Managing Director

20 February 2024

Melbourne, Victoria, Australia

Charlotte, North Carolina, United States of America



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working world**

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Auditor's Independence Declaration to the Directors of Gale Pacific Limited

As lead auditor for the review of the half-year financial report of Gale Pacific Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Gale Pacific Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Joanne Lonergan'.

Joanne Lonergan
Partner
20 February 2024

In the Directors' opinion:

- the attached condensed financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached condensed financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



David Allman
Chairman



John Paul Marcantonio
Chief Executive Officer & Managing Director

20 February 2024
Melbourne

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME | FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	Consolidated	
		31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenue			
Sale of goods	3	77,002	92,637
Other income		697	450
Expenses			
Raw materials and consumables used		(37,412)	(47,283)
Employee benefits expense		(19,832)	(20,317)
Depreciation and amortisation expense		(6,457)	(5,790)
Marketing and advertising		(2,167)	(2,066)
Occupancy costs		(1,402)	(1,282)
Transport, warehouse and related costs		(5,869)	(7,472)
Other expenses		(8,510)	(6,730)
Finance costs		(2,107)	(1,576)
(Loss)/Profit before income tax benefit/(expense)		(6,057)	571
Income tax benefit/(expense)	4	1,633	(492)
(Loss)/Profit after income tax benefit/(expense) for the half-year attributable to the owners of Gale Pacific Limited		(4,424)	79
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax		(427)	(431)
Foreign currency translation		(784)	(1,158)
Other comprehensive loss for the half-year, net of tax		(1,211)	(1,589)
Total comprehensive loss for the half-year attributable to the owners of Gale Pacific Limited		(5,635)	(1,510)
		Cents	Cents
Basic (loss)/earnings per share	9	(1.56)	0.03
Diluted (loss)/earnings per share	9	(1.56)	0.03

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	Consolidated	
		31 Dec 2023 \$'000	30 Jun 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents		34,147	23,641
Trade and other receivables		28,052	43,169
Inventories		50,289	53,344
Income tax receivable		2,197	1,822
Prepayments		2,295	1,907
Total current assets		116,980	123,883
Non-current assets			
Property, plant and equipment		28,673	30,847
Intangibles		12,785	12,176
Right-of-use assets		25,099	28,429
Deferred tax asset		4,003	2,391
Total non-current assets		70,560	73,843
Total assets		187,540	197,726
Liabilities			
Current liabilities			
Trade and other payables		26,983	22,084
Borrowings	5	36,341	39,156
Lease liabilities		5,774	5,695
Derivative financial instrument - hedges	7	560	2,576
Current tax liabilities		22	789
Employee benefits		5,000	5,164
Provisions		468	624
Total current liabilities		75,148	76,088
Non-current liabilities			
Lease liabilities		23,037	26,405
Deferred tax liability		239	242
Employee benefits		112	112
Total non-current liabilities		23,388	26,759
Total liabilities		98,536	102,847
Net assets		89,004	94,879
Equity			
Issued capital		63,403	63,403
Reserves		8,381	9,821
Retained profits		17,220	21,655
Total equity		89,004	94,879

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Consolidated			
	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	63,403	10,335	24,238	97,976
Profit after income tax expense for the half-year	-	-	79	79
Other comprehensive loss for the half-year, net of tax	-	(1,589)	-	(1,589)
Total comprehensive loss for the half-year	-	(1,589)	79	(1,510)
Share-based payments (note 10)	-	672	-	672
Enterprise reserve transfers	-	423	(423)	-
Dividends paid (note 6)	-	-	(2,764)	(2,764)
Balance at 31 December 2022	63,403	9,841	21,130	94,374

	Consolidated			
	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023	63,403	9,821	21,655	94,879
Loss after income tax benefit for the half-year	-	-	(4,424)	(4,424)
Other comprehensive loss for the half-year, net of tax	-	(1,211)	-	(1,211)
Total comprehensive loss for the half-year	-	(1,211)	(4,424)	(5,635)
Share-based payments (note 10)	-	(240)	-	(240)
Enterprise reserve transfers	-	11	(11)	-
Balance at 31 December 2023	63,403	8,381	17,220	89,004

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	Consolidated	
		31 Dec 2023 \$'000	31 Dec 2022 \$'000
Cash flows from operating activities			
(Loss)/Profit before income tax benefit/(expense) for the half-year		(6,057)	571
Adjustments for:			
Depreciation and amortisation		6,457	5,790
Share-based payments		(240)	672
Foreign currency differences		600	(1,495)
Interest and other finance costs		2,107	1,576
		2,867	7,114
Change in operating assets and liabilities:			
Decrease in trade and other receivables		15,117	9,627
Decrease/(increase) in inventories		3,055	(20,847)
Decrease/(increase) in prepayments		(388)	1,413
Increase/(decrease) in trade and other payables		4,899	(1,288)
Decrease in derivative liabilities		(2,443)	(1,543)
Decrease in employee benefits		(164)	(1,416)
Increase/(decrease) in other provisions		(156)	248
Cash generated from operations		22,787	(6,692)
Interest and other finance costs paid		(2,107)	(1,576)
Income taxes paid		(1,124)	(3,433)
Net cash from/(used in) operating activities		19,556	(11,701)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,081)	(2,830)
Payments for intangibles		(1,175)	(329)
Proceeds from disposal of property, plant and equipment		6	1
Net cash used in investing activities		(2,250)	(3,158)
Cash flows from financing activities			
(Repayment)/proceeds from borrowings		(2,815)	17,451
Repayment of leases		(3,509)	(1,928)
Dividends paid	6	-	(2,764)
Net cash (used in)/from financing activities		(6,324)	12,759
Net increase/(decrease) in cash and cash equivalents		10,982	(2,100)
Cash and cash equivalents at the beginning of the financial half-year		23,641	28,465
Effects of exchange rate changes on cash and cash equivalents		(476)	367
Cash and cash equivalents at the end of the financial half-year		34,147	26,732

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTE 1. GENERAL INFORMATION

The financial report covers Gale Pacific Limited ('Company' or 'parent entity') and its controlled entities (referred to as the 'Group'). The consolidated financial statements are presented in Australian dollars, which is Gale Pacific Limited's functional and presentation currency.

Gale Pacific Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

145 Woodlands Drive
Braeside, VIC 3195
Australia

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The entity's principal activities are the marketing, sales, manufacture and distribution of branded screening, architectural shading, commercial agricultural / horticultural fabric products to domestic and global markets.

Basis of preparation

The consolidated financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 20 February 2024. The Directors have the power to amend and reissue the financial statements.

NOTE 2. MATERIAL ACCOUNTING POLICY INFORMATION

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Where necessary the comparatives have been reclassified for consistency with the current period disclosures.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

The Group is organised into three operating segments identified by geographic location (two anchor markets and developing markets), together with Other items which is related to the Corporate division. These operating segments are based on the internal reports that are reviewed and used by the Group Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Group operates predominantly in one market segment, being branded shading, screening and home improvement products.

The CODM reviews revenue and segment earnings, before interest, tax, depreciation and amortisation ('EBITDA'). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

To continuously improve the transparency of the Group's management reporting GALE Pacific Limited follows an activity-based allocation method of reporting. Intersegment sales/margin and central costs are allocated to external revenue generating segments where the final economic benefit is derived. This enhanced method of reporting is being used by the CODM, to target product costing, product line profitability analysis, customer profitability analysis, and service pricing structures.

The operating segments are as follows:

- **Americas (AMR)**

Main sales office is located in North Carolina. Custom blind assembly and distribution facilities are located in both California and Florida (the Florida operation moved to Spartanburg, South Carolina during 1H24) which service the North American region.

- **Australia / New Zealand (ANZ)**

Manufacturing and distribution facilities are located in Australia, and distribution facilities are located in New Zealand. Sales offices are located in all states in Australia.

- **Developing Markets (DEV)**

A sales office and distribution facility is located in the United Arab Emirates to service the countries in that region. Additional sales team members located in Europe and Asia are responsible for servicing the applicable countries in their respective geographic area.

The 'Other Items' represents Corporate, Intersegment eliminations and total net assets of our manufacturing operations in China.

The results from our manufacturing operations in China are allocated to the operating segments of Americas, Australia / New Zealand and Developing Markets.

Discrete financial information about each of these segments is reported on a monthly basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

Major Customers

As at 31 December 2023 approximately 39% (31 December 2022: 44%) of the Group's external revenue was derived from sales to two customers, one customer located in the ANZ region and one customer located in the AMR region.

Operating segment information

	Consolidated - 31 Dec 2023				
	Americas \$'000	Australia / New Zealand \$'000	Developing Markets \$'000	Other Items \$'000	Total \$'000
Revenue					
Sales to external customers	29,730	42,608	4,664	-	77,002
Total revenue	29,730	42,608	4,664	-	77,002
Segment EBITDA					
Depreciation and amortisation	(4,341)	(1,918)	(190)	(8)	(6,457)
Finance costs	(1,315)	(720)	(70)	(2)	(2,107)
(Loss)/Profit before income tax benefit	(6,179)	2,201	95	(2,174)	(6,057)
Income tax benefit					1,633
Loss after income tax benefit					(4,424)
Assets					
Segment assets	65,111	54,310	5,891	62,228	187,540
Total assets					187,540
Liabilities					
Segment liabilities	32,825	24,631	1,182	39,898	98,536
Total liabilities					98,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

	Consolidated - 31 Dec 2022				
	Americas \$'000	Australia / New Zealand \$'000	Developing Markets \$'000	Other Items \$'000	Total \$'000
Revenue					
Sales to external customers	37,630	50,203	4,804	-	92,637
Total revenue	37,630	50,203	4,804	-	92,637
Segment EBITDA					
Depreciation and amortisation	(3,735)	(1,819)	(236)	-	(5,790)
Finance costs	(1,038)	(437)	(58)	(43)	(1,576)
(Loss)/Profit before income tax expense	(3,450)	5,845	950	(2,774)	571
Income tax benefit					(492)
Profit after income tax expense					79

	Consolidated - 30 Jun 2023				
	Americas \$'000	Australia / New Zealand \$'000	Developing Markets \$'000	Other Items \$'000	Total \$'000
Assets					
Segment assets	85,360	43,370	7,896	61,100	197,726
Total assets					197,726
Liabilities					
Segment liabilities	39,907	26,024	745	36,171	102,847
Total liabilities					102,847

NOTE 4. INCOME TAX (BENEFIT)/EXPENSE

	Consolidated	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate</i>		
(Loss)/Profit before income tax benefit/(expense)	(6,057)	571
Tax at the statutory tax rate of 30%	(1,817)	171
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Disallowed items (Share-based payments, entertainment and sundry items)	(102)	356
	(1,919)	527
Difference in overseas tax rates	286	(35)
Income tax (benefit)/expense	(1,633)	492

NOTE 5. BORROWINGS

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Current liabilities - Bank loans	36,341	39,156

GALE Pacific has secured long-term debt financing and group-wide global treasury management services from HSBC Bank that will increase the Company's borrowing capacity to approximately AUD \$85.0m, up from roughly AUD \$60.0m under its existing borrowing arrangement with ANZ Bank.

The streamlined, asset-based lending structure enables GALE to reduce total borrowing and interest costs while providing the capacity for increased investments in new product innovation and capital expenditure, as well as inventory to fuel the elements outlined in the Company's Growth Acceleration Plan.

The United States, Australia, and China debt facilities will be fully closed following the settlement of outstanding ANZ Bank loan balances in the coming weeks.

NOTE 6. EQUITY - DIVIDENDS

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Final dividend for the year ended 30 June 2023 of nil per ordinary share (2022: 1.0 cent)	-	2,764

No dividends were paid in the reporting period ended 31 December 2023.

NOTE 7. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** Unobservable inputs for the asset or liability

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2023

	Consolidated - 31 Dec 2023			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Forward foreign exchange contracts	-	560	-	560
Total liabilities	-	560	-	560

	Consolidated - 30 Jun 2023			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Forward foreign exchange contracts	-	2,576	-	2,576
Total liabilities	-	2,576	-	2,576

There were no transfers between levels during the financial half-year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

NOTE 8. RELATED PARTY TRANSACTIONS

Parent entity

Gale Pacific Limited is the parent entity.

Transactions with related parties

There were no transactions with non-KMP related parties and the nature of transactions with KMPs are consistent with that disclosed in the reporting period ended 30 June 2023.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTE 9. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
(Loss)/Profit after income tax attributable to the owners of Gale Pacific Limited	(4,424)	79
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	284,014,642	276,393,042
Adjustments for calculation of diluted earnings per share:		
Performance rights	-	6,770,400
Weighted average number of ordinary shares used in calculating diluted earnings per share	284,014,642	283,163,442
	Cents	Cents
Basic (loss)/earnings per share	(1.56)	0.03
Diluted (loss)/earnings per share	(1.56)	0.03

NOTE 10. SHARE-BASED PAYMENTS

In the current reporting period 7,621,600 rights relating to the CEO&MD, which vested in the prior reporting period ended 30 June 2023, were converted to ordinary shares and 7,921,400 rights relating to Senior Executive Share Scheme and the remaining rights of the CEO&MD issued in prior years were forfeited.

In this reporting period, a new long term incentive plan was granted to the CEO&MD and the senior executives of the Company which consists of 3,152,000 and 5,860,000 rights respectively. The vesting conditions of the long term incentive plan are as follows.

Performance hurdle - The number of Rights issued that will vest will be determined proportionately from zero Rights vesting if an EPS of less than 3 cents is achieved for the year ended 30 June 2026 to 100% of Rights vesting if the EPS for the year ended 30 June 2026 is 3.3 cents.

Time hurdle - Remaining in continuous employment until 30 September 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

Summary of performance rights as at 31 December 2023

Type of rights	Grant Date	Fair Value
Senior executive and senior manager bonus rights scheme	23/12/2021	\$0.28
Senior executive scheme (CFO)	06/04/2022	\$0.28
Senior executive scheme	17/03/2023	\$0.24
Senior executive scheme (CEO&MD)	19/10/2023	\$0.16
Senior executive scheme	18/12/2023	\$0.16

Total expense of \$200,000 (31 December 2022: \$672,000) was recognised for the above schemes and performance rights for the half-year ended 31 December 2023. Further a total expense of \$439,000 relating to a prior unvested scheme was written back to the income statement in the current reporting period.

Set out below is the movement summary of the outstanding rights during the half-year reporting period ended 31 December 2023:

	Number of rights 31 Dec 2023	Weighted average fair value per right 31 Dec 2023	Number of rights 31 Dec 2022	Weighted average fair value per right 31 Dec 2022
Outstanding at the beginning of the financial half-year	20,640,000	\$0.26	18,980,338	\$0.20
Granted - Senior executive scheme	9,012,000	\$0.16	-	\$0.00
Forfeited	(7,921,400)	\$0.27	(559,338)	\$0.26
Exercised	(7,621,600)	\$0.27	-	\$0.00
Outstanding at the end of the financial half-year	14,109,000	\$0.19	18,421,000	\$0.20

Fair value of performance rights granted

The fair value of the performance rights granted in this reporting period is \$1,447,886 (31 December 2022 : Nil).

NOTE 11. EVENTS OCCURRING AFTER REPORTING DATE

There are no other matters or circumstances, other than those disclosed elsewhere in this interim condensed financial report, have risen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.



**Building a better
working world**

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Independent Auditor's Review Report to the Members of Gale Pacific Limited

Conclusion

We have reviewed the accompanying half-year financial report of Gale Pacific Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF GALE PACIFIC LIMITED**



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst + Young

Ernst & Young

Joanne Lonergan
Partner
Melbourne
20 February 2024



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