

APPENDIX 4D & FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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APPENDIX 4D

HALF YEARLY REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2019

Name of Entity:	Gale Pacific Limited
ABN or Equivalent Company Reference:	80 082 263 778
Report for the Half Year Ended:	31 December 2019
Previous Full Year Period is the Financial Year Ended:	30 June 2019
Previous Corresponding Period is the Half Year Ended:	31 December 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				Half Year to 31 December 2018 \$'000		Half Year to 31 December 2019 \$'000
Revenues from continuing operations:	Down	8	67,836	To		62,342
Profit from continuing operations after tax attributable to members:	Down	282	1,457	To		(2,648)
Net profit for the period attributable to members:	Down	282	1,457	To		(2,648)
Please refer to the accompanying Directors' announcement to the Australian Securities Exchange for further commentary.						

DIVIDENDS

	Amount per security	Percentage franked
Interim dividend for the year ending 30 June 2020	0 cents	0%
Final dividend for the year ending 30 June 2019	1.0 cents	0%

Date dividend is payable	n/a
Record date for determining entitlements to the dividend	n/a
Trading ex dividend	n/a

DIVIDENDS

	Amount per security	Percentage franked
Interim dividend for the year ending 30 June 2020		
- In respect of 2019 financial year as at 31 December 2019	0 cents	0%
- In respect of 2018 financial year as at 31 December 2018	1.0 cents	0%
Final dividend for the year ending 30 June 2019		
- In respect of 2018 financial year as at 30 June 2019	1.0 cents	0%
- In respect of 2017 financial year as at 30 June 2018	1.0 cents	0%

NET TANGIBLE ASSET PER SECURITY

	As at 31 December 2019	As at 30 June 2019	As at 31 December 2018
Net tangible asset per ordinary security	26.9 cents	28.9 cents	27.2 cents

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. THE FINANCIAL REPORT IS NOT SUBJECT TO A QUALIFIED INDEPENDENT REVIEW REPORT.

Signed:

Name:

Title:

Date:



John Paul Marcantonio

Chief Executive Officer

24 February 2020

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Directors' Report

The Directors present their report together with the condensed financial report of the consolidated entity consisting of Gale Pacific Limited and the entities it controlled, for the half-year ended 31 December 2019 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	Director since 17 November 2009
Mr Nick Pritchard ¹	Director since 22 August 2014
Mr Peter Landos	Director since 01 May 2014
Mr Thomas Stianos	Director since 17 October 2017
Ms Donna McMaster	Director since 29 March 2018

¹ Mr Nick Pritchard resigned on the 29th of November 2019

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 global markets.

DIVIDENDS

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

	Consolidated 31 Dec 2019 \$'000	31 Dec 2018 \$'000
Final dividend for the year ended 30 June 2019 of 1.0 cent per ordinary share (2018: 1.0 cent).	<u>2,822</u>	<u>2,872</u>

REVIEW OF OPERATIONS

The loss for the Group after income tax benefit amounted to \$(2,648,000) (31 December 2018: profit \$1,457,000).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial half-year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

The current COVID-19 outbreak has adversely impacted global economic activity in the period subsequent to the reporting date. To date, this outbreak has resulted in disrupted manufacturing operations in China. The extent of this impact cannot be reliably quantified or estimated as at the reporting date. There has not been any matter or circumstance occurring after the end of the financial six-month period, other than COVID 19, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

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-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S 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



Mr David Allman
Chairman
24 February 2020



Mr John Paul Marcantonio
Chief Executive Officer
24 February 2020

Auditor's Independence Declaration



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24 February 2020

The Board of Directors
Gale Pacific Limited
145 Woodlands Drive
Braeside VIC 3195

Dear Board Members

Auditor's Independence Declaration to Gale Pacific Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Gale Pacific Limited.

As lead audit partner for the review of the financial statements of Gale Pacific Limited for the half year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "Geneva Cavallo".

Geneva Cavallo
Partner
Chartered Accountants

Member of Deloitte Touche Tohmatsu Limited
Liability limited by a scheme approved under Professional Standards Legislation.

Directors' Declaration

In the Directors' opinion:

- the attached 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 financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company 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



Mr David Allman
Chairman
24 February 2020



Mr John Paul Marcantonio
Chief Executive Officer
24 February 2020

Statement of Profit or Loss and Other Comprehensive Income For The Half Year Ended 31 December 2019

	Note	Consolidated 31 Dec 2019 \$'000	31 Dec 2018 \$'000
Revenue			
Sale of goods		62,342	67,836
Other income		769	692
Expenses			
Raw materials and consumables used		(29,708)	(33,547)
Employee benefits expense		(16,154)	(16,086)
Depreciation and amortisation expense	2c	(5,924)	(2,912)
Marketing and advertising		(1,368)	(1,162)
Occupancy costs		(1,585)	(3,047)
Warehouse and related costs		(5,626)	(5,059)
Other expenses		(5,226)	(4,466)
Finance costs		(1,090)	(907)
Profit/(loss) before income tax benefit		(3,570)	1,342
Income tax benefit		922	115
Profit/(loss) after income tax benefit for the half-year attributable to the owners of Gale Pacific Limited		(2,648)	1,457
Other comprehensive income			
<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		(147)	(18)
Foreign currency translation		(647)	1,504
Other comprehensive income for the half-year, net of tax		(794)	1,486
Total comprehensive income for the half-year attributable to the owners of Gale Pacific Limited		(3,442)	2,943
		Cents	Cents
Basic earnings per share	5	(0.95)	0.51
Diluted earnings per share	5	(0.95)	0.50

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

Statement of Financial Position

As At 31 December 2019

	Consolidated	
	31 Dec 2019 \$'000	30 Jun 2019 \$'000
Assets		
Current assets		
Cash and cash equivalents	17,020	29,846
Trade and other receivables	29,851	28,152
Inventories	50,773	46,196
Derivative financial instrument - cash flow hedges	9	-
Prepayments	2,788	2,124
Total current assets	<u>100,441</u>	<u>106,318</u>
Non-current assets		
Property, plant and equipment	33,736	35,492
Intangibles	8,133	8,392
Right-of-use assets	21,736	-
Deferred tax	5,960	4,345
Total non-current assets	<u>69,565</u>	<u>48,229</u>
Total assets	<u>170,006</u>	<u>154,547</u>
Liabilities		
Current liabilities		
Trade and other payables	19,705	15,958
Borrowings	20,995	25,793
Lease liabilities	2,825	-
Derivative financial instrument - cash flow hedges	-	127
Current tax liabilities	985	2,169
Employee benefits	2,816	3,230
Provisions	307	457
Total current liabilities	<u>47,633</u>	<u>47,734</u>
Non-current liabilities		
Borrowings	19,656	14,956
Lease liabilities	19,190	-
Deferred tax	1,430	1,473
Employee benefits	177	187
Total non-current liabilities	<u>40,453</u>	<u>16,616</u>
Total liabilities	<u>88,086</u>	<u>64,350</u>
Net assets	<u>81,920</u>	<u>90,197</u>
Equity		
Issued capital	63,084	65,097
Reserves	3,488	4,070
Retained profits	15,348	21,030
Total equity	<u>81,920</u>	<u>90,197</u>

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

Statement of Changes in Equity

For The Half Year Ended 31 December 2019

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2018	67,641	1,752	18,087	87,480
Profit after income tax benefit for the half-year	-	-	1,457	1,457
Other comprehensive income for the half-year, net of tax	-	1,486	-	1,486
Total comprehensive income for the half-year	-	1,486	1,457	2,943
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	41	-	41
Enterprise Reserve Transfers	-	342	(342)	-
Share Buy Back	(554)	-	-	(554)
Dividends paid (note 4)	-	-	(2,872)	(2,872)
Balance at 31 December 2018	67,087	3,621	16,330	87,038
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2019	65,097	4,070	21,030	90,197
Loss after income tax benefit for the half-year	-	-	(2,648)	(2,648)
Other comprehensive income for the half-year, net of tax	-	(794)	-	(794)
Total comprehensive income for the half-year	-	(794)	(2,648)	(3,442)
<i>Transactions with owners in their capacity as owners:</i>				
Enterprise Reserve Transfers	-	212	(212)	-
Share Buy Back	(2,013)	-	-	(2,013)
Dividends paid (note 4)	-	-	(2,822)	(2,822)
Balance at 31 December 2019	63,084	3,488	15,348	81,920

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

Statement of Cash Flows

For The Half Year Ended 31 December 2019

	Consolidated	
Note	31 Dec 2019 \$'000	31 Dec 2018 \$'000
Cash flows from operating activities		
Profit/(loss) before income tax benefit for the half-year	(3,570)	1,342
Adjustments for:		
Depreciation and amortisation	5,924	2,913
Share-based payments	-	41
Foreign currency differences	(20)	361
Interest and other finance costs	1,090	907
	<u>3,424</u>	<u>5,564</u>
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,699)	2,086
Increase in inventories	(4,577)	(6,550)
Increase in derivative assets	(9)	(169)
Decrease/(increase) in prepayments	(664)	85
Increase/(decrease) in trade and other payables	3,747	(6,617)
Decrease in derivative liabilities	(274)	(498)
Increase/(decrease) in employee benefits	(424)	984
Increase/(decrease) in other provisions	(150)	120
	<u>(626)</u>	<u>(4,995)</u>
Interest and other finance costs paid	(1,090)	(907)
Income taxes paid	(1,920)	(1,312)
	<u>(3,636)</u>	<u>(7,214)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(1,692)	(7,804)
Payments for intangibles	(446)	(349)
Proceeds from disposal of property, plant and equipment	240	196
	<u>(1,898)</u>	<u>(7,957)</u>
Cash flows from financing activities		
Proceeds from borrowings	6,582	14,110
Proceeds/(repayment) of leases	(2,378)	-
Payments for share buy-backs	(2,013)	(554)
Dividends paid	(2,822)	(2,872)
Repayment of borrowings	(6,680)	(906)
	<u>(7,311)</u>	<u>9,778</u>
Net cash from/(used in) financing activities	<u>(7,311)</u>	<u>9,778</u>
Net decrease in cash and cash equivalents	(12,845)	(5,393)
Cash and cash equivalents at the beginning of the financial half-year	29,846	22,991
Effects of exchange rate changes on cash and cash equivalents	19	636
	<u>17,020</u>	<u>18,234</u>
Cash and cash equivalents at the end of the financial half-year	<u>17,020</u>	<u>18,234</u>

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

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2019

Note 1. General information

The financial statements cover Gale Pacific Limited ('Company' or 'parent entity') and controlled entities (referred to as the 'Group'). The 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 is:

145 Woodlands Drive
Braeside, VIC 3195

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 financial statements were authorised for issue, in accordance with a resolution of Directors, on 24 February 2020. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 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'.

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 2019 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 principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Other amending accounting standards

Other amending accounting standards issued are not considered to have a significant impact on the financial statements of the Group as their amendments provide either clarification of existing accounting treatment or editorial amendments.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2019

Note 2. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Interpretation 23 Uncertainty over Income Tax Treatments

AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments

Interpretation 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ('tax amounts'), when there is uncertainty over income tax treatments under AASB 112 *Income Taxes*.

The Interpretation requires an entity to:

- Use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together
- Assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so
- Determine tax amounts on a basis that is consistent with the tax treatment included in its income tax filings if an entity concludes that it is probable that a particular tax treatment will be accepted by the taxation authorities
- Determine tax amounts using the most likely amount or expected value of the tax treatment (whichever provides better predictions of the resolution of the uncertainty) where an entity concludes that it is not probable that a particular tax treatment will be accepted by the taxation authorities.

The group has assessed the impact of Interpretation 23 and determined there is no impact to the financial statements.

AASB 16 Leases

In the current year, the Group has applied AASB16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 July 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of AASB 16 on the Group's consolidated financial statements is described below.

The date of initial application of AASB 16 for the Group is 1 July 2019.

The Group has applied AASB 16 using the cumulative catch-up approach which:

- Requires the Group to recognise the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2019

Note 2. Significant accounting policies (continued)

(b) Impact on Lessee Accounting

Former operating leases

AASB 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying AASB 16, for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii)
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under AASB 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

The Group has applied a single discount rate to a portfolio of leases with reasonably similar lease periods.

- The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Financial impact of initial application of AASB 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 July 2019 is 3.6%.

Statement of financial position	Consolidated 1 July 2019 \$'000
Total Right of Use Assets (ROUA)	24,324
Lease liability	(23,866)
Lease rental prepayments	(458)
Statement of profit or loss	Consolidated 31 Dec 2019 \$'000
Depreciation expense on ROUA	(2,248)
Interest expense on lease liability	(435)

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2019

Note 2. Significant accounting policies (continued)

	Consolidated 31 Dec 2019 \$'000	Consolidated 31 Dec 2018 \$'000
Depreciation and amortisation expense		
Depreciation expense on ROUA	(2,248)	-
Depreciation and amortisation expense on other non-current assets	<u>(3,676)</u>	<u>(2,912)</u>
	<u>(5,924)</u>	<u>(2,912)</u>

Comparatives

Where necessary, the comparative statement of profit or loss and other comprehensive income has been reclassified and repositioned for consistency with the current period disclosures.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into four operating segments identified by geographic location and identity of the service line manager, together with Corporate. These operating segments are based on the internal reports that are reviewed and used by the Group Managing Directory (who is identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Group operates predominantly in one business 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.

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

To continuously improve the transparency of GALE Pacific's management reporting, in FY 2019 GALE Pacific Limited initiated an activity-based allocation method of reporting. Intersegment sales/margin and central costs have allocated to external revenue generating segments where the final economic benefit is derived. This enhanced method of reporting is being used by the Group Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')), to target product costing, product line profitability analysis, customer profitability analysis, and service pricing structures. From July 1st, 2018, the Group is organised into five operating segments identified by external revenue generating geographic locations. These operating segments will be based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources.

The operating segments are as follows:

Australasia	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 and in New Zealand.
Eurasia	Sales distribution based in China and Australasia, servicing European and Asian countries.
Americas	Sales offices are located in Florida and custom blind assembly and distribution facilities are located in California which service the North American region.
MENA - Middle East / North Africa	A sales office and distribution facility is located in the United Arab Emirates to service this market.

The 'Other Segments' represents Corporate and Intersegment eliminations.

Major Customers

As at 31 December 2019 approximately 44% (FY2019: 38%) of the Group's external revenue was derived from sales to two customers (FY2019: Two), one customer located in the Australasian region and one customer located in the Americas region.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2019

Note 3. Operating segments (continued)

Operating segment information

	Australasia \$'000	Americas \$'000	MENA \$'000	EurAsia \$'000	Other segments \$'000	Total \$'000
Consolidated - 31 Dec 2019						
Revenue						
Sales to external customers	36,757	17,461	5,791	2,333	-	62,342
Total revenue	36,757	17,461	5,791	2,333	-	62,342
Segment EBITDA	3,993	(1,139)	1,521	623	(1,554)	3,444
Depreciation and amortisation	(2,343)	(3,121)	(299)	(161)	-	(5,924)
Finance costs	(416)	(538)	(55)	(24)	(57)	(1,090)
Profit/(loss) before income tax benefit	1,234	(4,798)	1,167	438	(1,611)	(3,570)
Income tax benefit						922
Loss after income tax benefit						(2,648)
Assets						
Segment assets	53,431	45,842	16,404	39,245	15,084	170,006
Total assets						170,006
Liabilities						
Segment liabilities	21,650	20,633	607	13,985	31,211	88,086
Total liabilities						88,086
Consolidated - 31 Dec 2018						
Revenue						
Sales to external customers	34,708	24,043	6,975	2,110	-	67,836
Total revenue	34,708	24,043	6,975	2,110	-	67,836
Segment EBITDA	2,843	1,751	2,000	360	(1,793)	5,161
Depreciation and amortisation	(837)	(1,854)	(81)	(124)	(16)	(2,912)
Finance costs	(325)	(480)	(75)	(27)	-	(907)
Profit/(loss) before income tax benefit	1,681	(583)	1,844	209	(1,809)	1,342
Income tax benefit						115
Profit after income tax benefit						1,457
Consolidated - 30 Jun 2019						
Assets						
Segment assets	36,095	45,937	16,994	35,601	19,920	154,547
Total assets						154,547
Liabilities						
Segment liabilities	6,806	19,507	617	12,712	24,708	64,350
Total liabilities						64,350

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2019

Note 4. Equity - dividends

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

	Consolidated 31 Dec 2019 \$'000	31 Dec 2018 \$'000
Final dividend for the year ended 30 June 2019 of 1.0 cent per ordinary share (2018: 1.0 cent).	<u>2,822</u>	<u>2,872</u>

Note 5. Earnings per share

	Consolidated 31 Dec 2019 \$'000	31 Dec 2018 \$'000
Profit/(loss) after income tax attributable to the owners of Gale Pacific Limited	<u>(2,648)</u>	<u>1,457</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	279,950,350	288,298,253
Adjustments for calculation of diluted earnings per share:		
Performance rights ¹	<u>-</u>	<u>4,638,120</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>279,950,350</u>	<u>292,936,373</u>

¹The following potential ordinary shares are anti-dilutive and therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

	Cents	Cents
Basic earnings per share	(0.95)	0.51
Diluted earnings per share	(0.95)	0.50

Independent Auditor's Review Report



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

We have reviewed the accompanying half-year financial report of Gale Pacific Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising Gale Pacific Limited and entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility 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 Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2019 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*. As the auditor of Gale Pacific Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Gale Pacific Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Independent Auditor's Review Report



Conclusion

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 Gale Pacific Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its 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*.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "Geneva Cavallo".

Geneva Cavallo
Partner
Chartered Accountants
Melbourne, 24 February 2020