

APPENDIX 4D & FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

CONTENTS

APPENDIX 4D	3
FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018	5
Directors' Report	5
Auditor's Independence Declaration	7
Directors' Declaration	8
Statement of Profit or Loss and Other Comprehensive Income For The Half Year Ended 31 December 2018	9
Statement of Financial Position As At 31 December 2018	10
Statement of Changes in Equity For The Half Year Ended 31 December 2018	11
Statement of Cash Flows For The Half Year Ended 31 December 2018	12
Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2018	13
Independent Auditor's Review Report	18

APPENDIX 4D

HALF YEARLY REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2018

Name of Entity:	Gale Pacific Limited
ABN or Equivalent Company Reference:	80 082 263 778
Report for the Half Year Ended:	31 December 2018
Previous Full Year Period is the Financial Year Ended:	30 June 2018
Previous Corresponding Period is the Half Year Ended:	31 December 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				Half Year to 31 December 2017 \$'000		Half Year to 31 December 2018 \$'000
Revenues from continuing operations:	Up	5	64,320	To		67,836
Profit from continuing operations after tax attributable to members:	Down	29	2,065	To		1,457
Net profit for the period attributable to members:	Down	29	2,065	To		1,457
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 2019	1.0 cents	0%
Final dividend for the year ending 30 June 2018	1.0 cents	0%

Date dividend is payable	9 April 2019
Record date for determining entitlements to the dividend	26 March 2019
Trading ex dividend	22 March 2019
The Company's Dividend Reinvestment Plan was suspended in September 2006 and the Directors have determined that the plan is to remain suspended.	

DIVIDENDS

	Amount per security	Percentage franked
Interim dividend for the year ending 30 June 2019		
- In respect of 2018 financial year as at 31 December 2018	1.0 cents	0%
- In respect of 2017 financial year as at 31 December 2017	1.0 cents	0%
Final dividend for the year ending 30 June 2018		
- In respect of 2017 financial year as at 30 June 2018	1.0 cents	0%
- In respect of 2016 financial year as at 30 June 2017	1.0 cents	0%

NET TANGIBLE ASSET PER SECURITY

	As at 31 December 2018	As at 30 June 2018	As at 31 December 2017
Net tangible asset per ordinary security	27.2 cents	27.8 cents	25.2 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:



Nick Pritchard

Group Managing Director

19 February 2019

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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 2018 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	Director since 22 August 2014
Mr John Murphy	Director since 24 August 2007
Mr Peter Landos	Director since 01 May 2014
Mr Thomas Stianos	Director since 17 October 2017
Ms Donna McMaster	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 global markets.

DIVIDENDS

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

Final dividend for the year ended 30 June 2018 of 1.0 cent per ordinary share (2017: 1.0 cent).

Consolidated	
31 Dec 2018	31 Dec 2017
\$'000	\$'000
2,872	2,968

REVIEW OF OPERATIONS

The profit for the Group after providing for income tax amounted to \$1,457,000 (31 December 2017: \$2,065,000).

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

No matter or circumstance has arisen since 31 December 2018 that has 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-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
19 February 2019



Mr Nick Pritchard
Group Managing Director
19 February 2019

Auditor's Independence Declaration



Deloitte Touche Tohmatsu
ABN 74 490 121 060
550 Bourke Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

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

19 February 2019

Dear Board Members

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 2018, 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 sincerely

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

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 2018 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
19 February 2019



Mr Nick Pritchard
Group Managing Director
19 February 2019

Statement of Profit or Loss and Other Comprehensive Income For The Half Year Ended 31 December 2018

	Note	Consolidated 31 Dec 2018 \$'000	31 Dec 2017 \$'000
Revenue			
Sale of goods		67,836	64,320
Other income		692	603
Expenses			
Raw materials and consumables used		(35,962)	(31,730)
Employee benefits expense		(13,359)	(13,007)
Depreciation and amortisation expense		(2,912)	(2,978)
Marketing and advertising		(1,162)	(1,103)
Occupancy costs		(3,047)	(2,612)
Warehouse and related costs		(4,600)	(5,089)
Other expenses		(5,237)	(5,998)
Finance costs		(907)	(677)
Profit before income tax benefit		1,342	1,729
Income tax benefit		115	336
Profit after income tax benefit for the half-year attributable to the owners of Gale Pacific Limited		1,457	2,065
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		(18)	214
Foreign currency translation		1,504	674
Other comprehensive income for the half-year, net of tax		1,486	888
Total comprehensive income for the half-year attributable to the owners of Gale Pacific Limited		2,943	2,953
		Cents	Cents
Basic earnings per share	5	0.51	0.70
Diluted earnings per share	5	0.50	0.69

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

Statement of Financial Position

As At 31 December 2018

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Assets		
Current assets		
Cash and cash equivalents	18,234	22,991
Trade and other receivables	31,776	33,862
Inventories	53,286	46,736
Derivative financial instrument - cash flow hedges	169	-
Current tax asset	285	-
Prepayments	1,460	1,493
Total current assets	105,210	105,082
Non-current assets		
Prepayments	6	58
Property, plant and equipment	34,480	30,123
Intangibles	8,558	7,364
Deferred tax	3,487	2,468
Total non-current assets	46,531	40,013
Total assets	151,741	145,095
Liabilities		
Current liabilities		
Trade and other payables	16,536	23,153
Borrowings	26,163	16,195
Derivative financial instrument - cash flow hedges	-	480
Current tax liabilities	415	171
Employee benefits	2,791	1,825
Provisions	595	475
Total current liabilities	46,500	42,299
Non-current liabilities		
Borrowings	16,756	13,520
Deferred tax	1,312	1,679
Employee benefits	135	117
Total non-current liabilities	18,203	15,316
Total liabilities	64,703	57,615
Net assets	87,038	87,480
Equity		
Issued capital	67,087	67,641
Reserves	3,621	1,752
Retained profits	16,330	18,087
Total equity	87,038	87,480

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 2018

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2017	71,365	(2,591)	14,623	83,397
Profit after income tax benefit for the half-year	-	-	2,065	2,065
Other comprehensive income for the half-year, net of tax	-	888	-	888
Total comprehensive income for the half-year	-	888	2,065	2,953
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	40	-	40
Enterprise Reserve Transfers	-	(52)	52	-
Other	-	-	(336)	(336)
Share Buy Back	(1,935)	-	-	(1,935)
Dividends paid (note 4)	-	-	(2,968)	(2,968)
Balance at 31 December 2017	69,430	(1,715)	13,436	81,151
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

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 2018

	Consolidated	
Note	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax benefit for the half-year	1,342	1,729
Adjustments for:		
Depreciation and amortisation	2,913	2,978
Share-based payments	41	40
Foreign currency differences	361	503
Interest and other finance costs	907	677
	<u>5,564</u>	<u>5,927</u>
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	2,086	(640)
Increase in inventories	(6,550)	(9,070)
Increase in derivative assets	(169)	(308)
Decrease in prepayments	85	205
Increase/(decrease) in trade and other payables	(6,617)	2,505
Decrease in derivative liabilities	(498)	(257)
Increase in employee benefits	984	253
Increase in other provisions	120	96
	<u>(4,995)</u>	<u>(1,289)</u>
Interest and other finance costs paid	(907)	(677)
Income taxes paid	<u>(1,312)</u>	<u>(1,481)</u>
Net cash used in operating activities	<u>(7,214)</u>	<u>(3,447)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(7,804)	(3,556)
Payments for intangibles	(349)	(353)
Proceeds from disposal of property, plant and equipment	196	107
Net cash used in investing activities	<u>(7,957)</u>	<u>(3,802)</u>
Cash flows from financing activities		
Proceeds from borrowings	14,110	10,415
Payments for share buy-backs	(554)	(1,935)
Movements in equity - other	-	(336)
Dividends paid	4 (2,872)	(2,968)
Repayment of borrowings	(906)	(1,683)
Net cash from financing activities	<u>9,778</u>	<u>3,493</u>
Net decrease in cash and cash equivalents	(5,393)	(3,756)
Cash and cash equivalents at the beginning of the financial half-year	22,991	24,974
Effects of exchange rate changes on cash and cash equivalents	636	(219)
Cash and cash equivalents at the end of the financial half-year	<u>18,234</u>	<u>20,999</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 2018

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 19 February 2019. 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 2018 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 2018 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.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard will eliminate the classifications of operating leases and finance leases for lessees. Subject to exceptions (short-term leases of 12 months or less and leases of low-value assets), a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset and an interest expense on the recognised lease liability. In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117 'Leases'. However EBITDA results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

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 2018

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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2018 and are not expected to have any significant impact for the full financial year ending 30 June 2019.

The Group has adopted AASB 15 Revenue from Contract with Customers.

AASB 15 Revenue from Contracts with Customers

AASB 15 established a single comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 superseded prior revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts.

The five steps in the model are:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Assessment of Impact

The Group assessed the impact of adopting AASB 15 on its key revenue streams and notes the following impacts:

Rebates and discounts payable to customers: The Group provides both fixed and variable rebates and discounts to its customers. As the consideration payable to these customers does not relate to distinct goods or services provided to the customer, it is required to be recorded as a reduction of revenue. This resulted in some rebates requiring reclassification from cost of goods sold to revenue. AASB 15 did impact the measurement of the Group's rebates and discounts. The comparative year was restated consistent with current period disclosure.

Return of goods: AASB 15 required the Group to factor into the transaction price an estimate of probable returns from franchisees and wholesale customers. The Group's existing treatment of returns was not impacted as a result of the new standard.

Other than the disclosure impacts above, there has been no change to the revenue accounting policy.

AASB 9 Financial Instruments

This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

Assessment of Impact

The Group assessed the new standard and based on its financial assets and liabilities, the key impact of the standard on the Group was in relation to trade debtors and the assessment of the provision for doubtful debtors under the expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes. The Group has assessed the impact of applying the expected credit loss model and has concluded that the provision for impairment of trade receivables did not materially change based upon the adoption of AASB 9 on 1 July 2018.

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.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2018

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 Director (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.

As a result the comparative disclosure has been restated

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 personnel located in Europe, China and South East Asia.
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.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2018

Note 3. Operating segments (continued)

Operating segment information

	Australasia \$'000	Americas \$'000	MENA \$'000	EurAsia \$'000	Other segments \$'000	Total \$'000
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	2,479	1,438	1,997	1,040	(1,793)	5,161
Depreciation and amortisation	(784)	(1,761)	(150)	(201)	(16)	(2,912)
Finance costs	(313)	(467)	(85)	(42)	-	(907)
Profit/(loss) before income tax benefit	1,382	(790)	1,762	797	(1,809)	1,342
Income tax benefit						115
Profit after income tax benefit						1,457
Assets						
Segment assets	44,678	39,663	14,775	39,498	13,127	151,741
Total assets						151,741
Liabilities						
Segment liabilities	8,654	9,142	539	18,535	27,833	64,703
Total liabilities						64,703
Consolidated - 31 Dec 2017						
Revenue						
Sales to external customers	39,469	15,750	7,387	1,714	-	64,320
Total revenue	39,469	15,750	7,387	1,714	-	64,320
Segment EBITDA	3,671	959	2,183	265	(1,696)	5,382
Depreciation and amortisation	(1,172)	(1,473)	(302)	(11)	(18)	(2,976)
Finance costs	(343)	(231)	(83)	(20)	-	(677)
Profit/(loss) before income tax benefit	2,156	(745)	1,798	234	(1,714)	1,729
Income tax benefit						336
Profit after income tax benefit						2,065
Consolidated - 30 Jun 2018						
Assets						
Segment assets	29,107	50,043	13,961	33,341	18,643	145,095
Total assets						145,095
Liabilities						
Segment liabilities	9,944	12,891	531	13,968	20,281	57,615
Total liabilities						57,615

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2018

Note 4. Equity - dividends

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

	Consolidated 31 Dec 2018 \$'000	31 Dec 2017 \$'000
Final dividend for the year ended 30 June 2018 of 1.0 cent per ordinary share (2017: 1.0 cent).	2,872	2,968

Note 5. Earnings per share

	Consolidated 31 Dec 2018 \$'000	31 Dec 2017 \$'000
Profit after income tax attributable to the owners of Gale Pacific Limited	1,457	2,065
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	288,298,253	296,495,132
Adjustments for calculation of diluted earnings per share:		
Performance rights	4,638,120	4,388,708
Weighted average number of ordinary shares used in calculating diluted earnings per share	292,936,373	300,883,840
	Cents	Cents
Basic earnings per share	0.51	0.70
Diluted earnings per share	0.50	0.69

Independent Auditor's Review Report



Deloitte Touche Tohmatsu
ABN 74 490 121 060
550 Bourke Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

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 2018, and 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 2018 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.

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

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 2018 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*.



DELOITTE TOUCHE TOHMATSU



Genevra Cavallo

Partner
Chartered Accountants
Melbourne, 19 February 2019