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APPENDIX 4D & FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2017

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APPENDIX 4D

HALF YEARLY REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2017

Name of Entity:	Gale Pacific Limited
ABN or Equivalent Company Reference:	80 082 263 778
Report for the Half Year Ended:	31 December 2017
Previous Full Year Period is the Financial Year Ended:	30 June 2017
Previous Corresponding Period is the Half Year Ended:	31 December 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

			Half Year to 31 December 2016 \$'000		Half Year to 31 December 2017 \$'000
Revenues from continuing operations:	Down	15	82,592	To	70,763
Profit from continuing operations after tax attributable to members:	Down	38	3,354	To	2,065
Net profit for the period attributable to members:	Down	38	3,354	To	2,065
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 2018	1.0 cents	0%
Final dividend for the year ending 30 June 2017	1.0 cents	0%

Date dividend is payable	9 April 2018
Record date for determining entitlements to the dividend	26 March 2018
Trading ex dividend	22 March 2018
The Company's Dividend Reinvestment Plan was suspended in September 2006 and the Directors have determined that the plan is to remain suspended.	

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Amount per security

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

NET TANGIBLE ASSET PER SECURITY

	As at 31 December 2017	As at 30 June 2017	As at 31 December 2016
Net tangible asset per ordinary security	25.2 cents	25.6 cents	25.3 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:

Nick Pritchard
Group Managing Director

Date:

19 February 2018

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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 2017 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

PRINCIPAL ACTIVITIES

During the financial half-year the principal continuing activities of the Group consisted of marketing, sales, manufacture and distribution of branded screening, shading and home improvement products to global markets.

DIVIDENDS

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

	Consolidated 31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Final dividend for the year ended 30 June 2017 of 1.0 cent per ordinary share (2016: 1.0 cent).	<u>2,968</u>	<u>2,975</u>

REVIEW OF OPERATIONS

The profit for the Group after providing for income tax amounted to \$2,065,000 (31 December 2016: \$3,354,000).

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 2017 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 2018



Mr Nick Pritchard
Group Managing Director
19 February 2018

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Auditor's Independence Declaration

Deloitte.

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Melbourne, VIC, 3000
Australia

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

19 February 2018

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 2017, 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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Roche

Stephen Roche
Partner
Chartered Accountants

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

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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 2017 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 2018



Mr Nick Pritchard
Group Managing Director
19 February 2018

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Statement of Profit or Loss and Other Comprehensive Income For The Half Year Ended 31 December 2017

	Note	Consolidated 31 Dec 2017 \$'000	31 Dec 2016 \$'000
Revenue			
Sale of goods		70,160	82,592
Other income		603	542
Expenses			
Raw materials and consumables used		(37,350)	(45,968)
Employee benefits expense		(13,007)	(13,573)
Depreciation and amortisation expense		(2,978)	(3,166)
Marketing and advertising		(1,103)	(1,254)
Occupancy costs		(2,612)	(2,669)
Warehouse and related costs		(5,309)	(6,170)
Other expenses		(5,998)	(5,595)
Finance costs		(677)	(830)
Profit before income tax (expense)/benefit		1,729	3,909
Income tax (expense)/benefit		336	(555)
Profit after income tax (expense)/benefit for the half-year attributable to the owners of Gale Pacific Limited		2,065	3,354
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		214	864
Foreign currency translation		674	(667)
Other comprehensive income for the half-year, net of tax		888	197
Total comprehensive income for the half-year attributable to the owners of Gale Pacific Limited		2,953	3,551
		Cents	Cents
Basic earnings per share	5	0.70	1.13
Diluted earnings per share	5	0.69	1.11

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

Statement of Financial Position

As At 31 December 2017

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$'000	\$'000
Assets		
Current assets		
Cash and cash equivalents	20,999	24,974
Trade and other receivables	30,137	29,497
Inventories	46,519	37,449
Derivative financial instruments	308	-
Income tax refundable	857	-
Prepayments	1,272	1,419
Total current assets	<u>100,092</u>	<u>93,339</u>
Non-current assets		
Prepayments	-	58
Property, plant and equipment	28,281	26,955
Intangibles	7,171	7,283
Deferred tax	3,699	4,274
Total non-current assets	<u>39,151</u>	<u>38,570</u>
Total assets	<u>139,243</u>	<u>131,909</u>
Liabilities		
Current liabilities		
Trade and other payables	21,956	19,451
Borrowings	17,440	7,268
Derivative financial instrument - cash flow hedges	-	471
Current tax liabilities	-	863
Employee benefits	1,958	1,718
Provisions	382	286
Total current liabilities	<u>41,736</u>	<u>30,057</u>
Non-current liabilities		
Borrowings	14,960	16,400
Deferred tax	1,274	1,946
Employee benefits	122	109
Total non-current liabilities	<u>16,356</u>	<u>18,455</u>
Total liabilities	<u>58,092</u>	<u>48,512</u>
Net assets	<u>81,151</u>	<u>83,397</u>
Equity		
Issued capital	69,430	71,365
Reserves	(1,715)	(2,591)
Retained profits	13,436	14,623
Total equity	<u>81,151</u>	<u>83,397</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 2017

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2016	71,485	(988)	29,126	99,623
Profit after income tax expense for the half-year	-	-	3,354	3,354
Other comprehensive income for the half-year, net of tax	-	197	-	197
Total comprehensive income for the half-year	-	197	3,354	3,551
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	184	-	184
Enterprise Reserve Transfers	-	228	(228)	-
Dividends paid (note 4)	-	-	(2,975)	(2,975)
Balance at 31 December 2016	<u>71,485</u>	<u>(379)</u>	<u>29,277</u>	<u>100,383</u>
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	<u>69,430</u>	<u>(1,715)</u>	<u>13,436</u>	<u>81,151</u>

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 2017

	Consolidated	
Note	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax (expense)/benefit for the half-year	1,729	3,909
Adjustments for:		
Depreciation and amortisation	2,978	3,165
Share-based payments	40	184
Foreign currency differences	503	(480)
Interest and other finance costs	677	830
	<u>5,927</u>	<u>7,608</u>
Change in operating assets and liabilities:		
Increase in trade and other receivables	(640)	(398)
Increase in inventories	(9,070)	(3,509)
Increase in derivative assets	(308)	-
Decrease/(increase) in prepayments	205	(396)
Increase in trade and other payables	2,505	752
Decrease in derivative liabilities	(257)	(370)
Increase in employee benefits	253	143
Increase in other provisions	96	181
	<u>(1,289)</u>	<u>4,011</u>
Interest and other finance costs paid	(677)	(830)
Income taxes paid	(1,481)	(3,899)
Net cash used in operating activities	<u>(3,447)</u>	<u>(718)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(3,556)	(2,046)
Payments for intangibles	(353)	(263)
Proceeds from disposal of property, plant and equipment	107	291
Net cash used in investing activities	<u>(3,802)</u>	<u>(2,018)</u>
Cash flows from financing activities		
Proceeds from borrowings	10,415	9,968
Payments for share buy-backs	(1,935)	-
Movements in equity - other	(336)	-
Dividends paid	4 (2,968)	(2,975)
Repayment of borrowings	(1,683)	(5,682)
Net cash from financing activities	<u>3,493</u>	<u>1,311</u>
Net decrease in cash and cash equivalents	(3,756)	(1,425)
Cash and cash equivalents at the beginning of the financial half-year	24,974	24,563
Effects of exchange rate changes on cash and cash equivalents	(219)	164
Cash and cash equivalents at the end of the financial half-year	<u>20,999</u>	<u>23,302</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 2017

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 2018. 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 2017 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 2017 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.

Impairment Testing for Goodwill

Management has determined that there are no indicators of impairment as at 31 December 2017, and therefore there is no requirement to prepare a detailed recoverable amount assessment at the reporting date.

New or amended Accounting Standards and Interpretations adopted

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 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group is in the process of completing its assessment of AASB 15 Revenue from Contact with Customers. Consistent with the disclosures made at 30 June 2017, the effects of adopting the new standard are not expected to be material.

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 2017

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.

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.
China Operations and Eurasia	Manufacturing facilities are located in Beilun, China which supply to the Group's sales and marketing operations throughout the world.
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.

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Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2017

NOTE 3. OPERATING SEGMENTS (CONTINUED)

	Australasia \$'000	China Manuf. and Eurasia \$'000	Americas \$'000	MENA \$'000	Other segments \$'000	Total \$'000
Consolidated - 31 Dec 2017						
Revenue						
Sales to external customers	43,420	2,385	17,033	7,322	-	70,160
Intersegment sales	524	21,651	18	2	(22,195)	-
Total revenue	43,944	24,036	17,051	7,324	(22,195)	70,160
Segment EBITDA						
Depreciation and amortisation	(369)	(1,529)	(771)	(2)	(307)	(2,978)
Finance costs	(72)	(144)	(343)	(98)	(20)	(677)
Profit/(loss) before income tax benefit	2,529	(624)	(2,475)	1,316	983	1,729
Income tax benefit						336
Profit after income tax benefit						2,065
Assets						
Segment assets	38,736	37,483	33,513	13,475	16,036	139,243
Total assets						139,243
Liabilities						
Segment liabilities	11,210	12,581	8,224	743	25,334	58,092
Total liabilities						58,092

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Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2017

NOTE 3. OPERATING SEGMENTS (CONTINUED)

	Australasia \$'000	China Manuf. and EurAsia \$'000	Americas \$'000	MENA \$'000	Other segments \$'000	Total \$'000
Consolidated - 31 Dec 2016						
Revenue						
Sales to external customers	56,828	2,554	17,153	6,057	-	82,592
Intersegment sales	1,373	22,545	-	-	(23,918)	-
Total revenue	58,201	25,099	17,153	6,057	(23,918)	82,592
Segment EBITDA						
Depreciation and amortisation	(398)	(1,802)	(696)	(1)	(268)	(3,165)
Finance costs	(111)	(260)	(236)	(45)	(178)	(830)
Profit/(loss) before income tax expense	3,499	3,038	(1,955)	762	(1,435)	3,909
Income tax expense						(555)
Profit after income tax expense						3,354
Consolidated - 30 Jun 2017						
Assets						
Segment assets	30,465	33,637	41,117	12,074	14,616	131,909
Total assets						131,909
Liabilities						
Segment liabilities	10,997	9,074	6,232	745	21,464	48,512
Total liabilities						48,512

NOTE 4. EQUITY - DIVIDENDS

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

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Final dividend for the year ended 30 June 2017 of 1.0 cent per ordinary share (2016: 1.0 cent).	<u>2,968</u>	<u>2,975</u>

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2017

NOTE 5. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Profit after income tax attributable to the owners of Gale Pacific Limited	<u>2,065</u>	<u>3,354</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	296,495,132	297,474,396
Adjustments for calculation of diluted earnings per share:		
Performance rights	<u>4,388,708</u>	<u>5,107,802</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>300,883,840</u>	<u>302,582,198</u>
	Cents	Cents
Basic earnings per share	0.70	1.13
Diluted earnings per share	0.69	1.11

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Independent Auditor's Review Report



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

Report on the Half-Year Financial Report

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 2017, 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 as set out on pages 8 to 17.

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 Gale Pacific Limited's financial position as at 31 December 2017 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.

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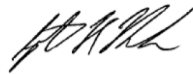
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Conclusion

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 2017 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



Stephen Roche
Partner
Chartered Accountants
Melbourne, 19 February 2018