

# **GALE PACIFIC LIMITED**

## **APPENDIX 4D, DIRECTORS' REPORT & FINANCIAL REPORT**

For the half year ended  
31 December 2021

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## Company details and reporting period

Name of Entity:	Gale Pacific Limited
ABN or Equivalent Company Reference:	80 082 263 778
Report for the Half Year Ended:	31 December 2021
Previous Full Year Period is the Financial Year Ended:	30 June 2021
Previous Corresponding Period is the Half Year Ended:	31 December 2020

## Results for announcement to the market

			Half Year to 31 December 2021 \$'000	Half Year to 31 December 2020 \$'000
Revenues from continuing operations:	Down	9.6	95,901	106,064
Profit/(loss) from continuing operations after tax attributable to owners:	Down	103.7	(225)	6,014
Net profit/(loss) for the period attributable to owners:	Down	103.7	(225)	6,014
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 2022	1.0 cent	50%
Final ordinary dividend for the year ending 30 June 2021	1.0 cent	0%
Final special dividend for the year ending 30 June 2021	1.0 cent	0%

  

Trading ex-dividend	1 March 2022
Record date for determining entitlements to the dividend	2 March 2022
Date dividend is payable	15 April 2022

	Amount per security	Percentage franked
Interim dividend for the half year		
- In respect of 2022 financial year as at 31 December 2021	1.0 cent	50%
- In respect of 2021 financial year as at 31 December 2020 – Ordinary	1.0 cent	0%
- In respect of 2021 financial year as at 31 December 2020 – Special	1.0 cent	0%
Final dividend for the full year		
- In respect of 2021 financial year as at 30 June 2021 – Ordinary	1.0 cent	0%
- In respect of 2021 financial year as at 30 June 2021 – Special	1.0 cent	0%
- In respect of 2020 financial year as at 30 June 2020	1.0 cent	0%

#### Net tangible assets

	As at 31 December 2021	As at 30 June 2021	As at 31 December 2020
Net tangible asset per ordinary security <sup>1</sup>	29.88 cents	30.78 cents	29.23 cents

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

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.

A handwritten signature in black ink, appearing to read "John Paul Marcantonio", written over a horizontal line.

Signed:  
Name: John Paul Marcantonio  
Title: Chief Executive Officer & Managing Director  
Date: 22 February 2022

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 2021 and independent auditors review report thereon.

### Directors

The following persons were Directors of the Company 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 &amp; 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 2021 \$'000	31 Dec 2020 \$'000
Final dividend for the period ended 30 June 2021 of 2.0 cents per ordinary share (2020: 1.0 cent).	5,508	2,754

### Review of operations

The loss for six months period ended 31 December 2021 for the Group after providing for income tax amounted to \$(225,000) (31 December 2020: profit of \$6,014,000).

### 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 2021 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 group 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 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

A handwritten signature in black ink, appearing to read "D. J. Allman", written over a horizontal line.

David Allman  
Chairman  
22 February 2022

A handwritten signature in black ink, appearing to read "John Paul Marcantonio", written over a horizontal line.

John Paul Marcantonio  
Chief Executive Officer & Managing Director  
22 February 2022



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22 February 2022

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 half year financial report of Gale Pacific Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Paul Schneider  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



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 2021 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

A handwritten signature in black ink, appearing to read "D. J. Allman", written over a horizontal line.

David Allman  
Chairman  
22 February 2022

A handwritten signature in black ink, appearing to read "John Paul Marcantonio", written over a horizontal line.

John Paul Marcantonio  
Chief Executive Officer & Managing Director  
22 February 2022

**Gale Pacific Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2021**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2021 \$'000</b>	<b>31 Dec 2020 \$'000</b>
<b>Revenue</b>			
Sale of goods	3	95,901	106,064
Other income		520	469
<b>Expenses</b>			
Raw materials and consumables used		(53,808)	(55,941)
Employee benefits expense		(20,306)	(18,655)
Depreciation and amortisation expense		(4,798)	(4,982)
Marketing and advertising		(1,572)	(773)
Occupancy costs		(1,679)	(1,451)
Warehouse and related costs		(6,925)	(7,581)
Other expenses		(5,798)	(7,427)
Finance costs		(882)	(964)
<b>Profit before income tax expense</b>		<b>653</b>	<b>8,759</b>
Income tax expense		(878)	(2,745)
<b>(Loss)/Profit after income tax expense for the half-year attributable to the owners of Gale Pacific Limited</b>		<b>(225)</b>	<b>6,014</b>
<b>Other comprehensive income</b>			
<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		(55)	(265)
Foreign currency translation		3,634	(3,700)
Other comprehensive income for the half-year, net of tax		3,579	(3,965)
<b>Total comprehensive income for the half-year attributable to the owners of Gale Pacific Limited</b>		<b>3,354</b>	<b>2,049</b>
		<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per share	5	(0.08)	2.18
Diluted (loss)/earnings per share	5	(0.08)	2.06

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

Consolidated  
31 Dec 2021    30 Jun 2021  
\$'000            \$'000

## Assets

### Current assets

Cash and cash equivalents	26,173	30,407
Trade and other receivables	38,906	41,471
Inventories	58,844	46,547
Derivative financial instrument - hedges	890	515
Prepayments	3,195	3,421
<b>Total current assets</b>	<b>128,008</b>	<b>122,361</b>

### Non-current assets

Property, plant and equipment	30,337	30,705
Intangibles	8,527	8,142
Right-of-use assets	18,721	20,314
Deferred tax	7,983	6,889
<b>Total non-current assets</b>	<b>65,568</b>	<b>66,050</b>

### Total assets

**193,576            188,411**

## Liabilities

### Current liabilities

Trade and other payables	29,609	29,507
Borrowings	25,208	19,364
Lease liabilities	3,870	3,764
Current tax liabilities	1,404	1,156
Employee benefits	4,069	6,174
Provisions	765	501
<b>Total current liabilities</b>	<b>64,925</b>	<b>60,466</b>

### Non-current liabilities

Borrowings	13,809	9,575
Lease liabilities	16,969	18,579
Deferred tax	6,587	6,702
Employee benefits	182	170
<b>Total non-current liabilities</b>	<b>37,547</b>	<b>35,026</b>

### Total liabilities

**102,472            95,492**

### Net assets

**91,104            92,919**

### Equity

Issued capital	63,403	63,068
Reserves	8,154	4,459
Retained profits	19,547	25,392

### Total equity

**91,104            92,919**

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

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2020	63,068	3,992	21,306	88,366
Profit after income tax expense for the half-year	-	-	6,014	6,014
Other comprehensive income for the half-year, net of tax	-	(3,965)	-	(3,965)
Total comprehensive income for the half-year	-	(3,965)	6,014	2,049
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 6)	-	743	-	743
Enterprise Reserve Transfers	-	(123)	123	-
Dividends paid (note 4)	-	-	(2,754)	(2,754)
Balance at 31 December 2020	63,068	647	24,689	88,404

  

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2021	63,068	4,459	25,392	92,919
Loss after income tax expense for the half-year	-	-	(225)	(225)
Other comprehensive income for the half-year, net of tax	-	3,579	-	3,579
Total comprehensive income for the half-year	-	3,579	(225)	3,354
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 6)	-	339	-	339
Vesting of performance rights (note 6)	335	(335)	-	-
Enterprise Reserve Transfers	-	112	(112)	-
Dividends paid (note 4)	-	-	(5,508)	(5,508)
Balance at 31 December 2021	63,403	8,154	19,547	91,104

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

	Consolidated	
Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>Cash flows from operating activities</b>		
Profit before income tax expense for the half-year	653	8,759
Adjustments for:		
Depreciation and amortisation	4,798	4,982
Share-based payments	339	743
Foreign currency differences	1,453	446
Interest and other finance costs	882	964
	8,125	15,894
Change in operating assets and liabilities:		
Decrease in trade and other receivables	2,565	1,555
(Increase)/decrease in inventories	(12,297)	2,512
Increase in derivative assets	(375)	(1,535)
Decrease/(increase) in prepayments	226	(54)
Increase in trade and other payables	102	3,863
Decrease in derivative liabilities	(55)	(85)
Decrease in employee benefits	(2,093)	(529)
Increase in other provisions	266	429
	(3,536)	22,050
Interest and other finance costs paid	(882)	(964)
Income taxes paid	(1,839)	(602)
Net cash (used in)/from operating activities	(6,257)	20,484
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(1,276)	(1,151)
Payments for intangibles	(448)	(408)
Proceeds from disposal of property, plant and equipment	87	3
Net cash used in investing activities	(1,637)	(1,556)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	10,078	-
Proceeds/(repayment) of leases	(1,594)	(2,703)
Dividends paid	(5,508)	(2,754)
Repayment of borrowings	-	(11,494)
Net cash from/(used in) financing activities	2,976	(16,951)
Net increase/(decrease) in cash and cash equivalents	(4,918)	1,977
Cash and cash equivalents at the beginning of the financial half-year	30,407	27,811
Effects of exchange rate changes on cash and cash equivalents	684	(2,071)
Cash and cash equivalents at the end of the financial half-year	26,173	27,717

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.

## **Statement of compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group.

For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

## **Basis of preparation**

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, as explained in the accounting policies below.

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 22 February 2022. 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 2021 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 2021 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.

## Note 2. Significant accounting policies (continued)

### 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.

### 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.

#### **AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2**

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021, the date by which the reform is expected to be implemented by:

- Fair value hedges where LIBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the GBP LIBOR risk component
- Cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked bank borrowings
- Bills or exchange and lease liabilities which reference LIBORs and are subject to the interest rate benchmark reform

The Group has assessed the impact of **AASB 2020-8 Amendments** and determined there is no impact to the financial statements.

#### **AASB 2021- 3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021**

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease.

The Group has assessed the impact of **AASB 2021- 3 Amendments** and determined there was no concessions received as a direct consequence of COVID-19 and as a result there is no impact to the financial statements.

## Note 3. Operating segments

### *Identification of reportable operating segments*

The Group is organised into four operating segments identified by geographic location, 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 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.

### Note 3. Operating segments (continued)

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.
Eurasia	Sales distribution based in China and Australasia, servicing European and Asian countries.
Americas	Sales office is located in Florida. Custom blind assembly and distribution facilities are located in both California and Florida 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. The results from our manufacturing operations in China are allocated to the operating segments where the sales originate, whilst its assets and liabilities are included within the EurAsia segment.

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

#### Major Customers

As at 31 December 2021 approximately 42% (FY2021: 41%) of the Group's external revenue was derived from sales to two customers (FY2021: Two), one customer located in the Australasian region and one customer located in the Americas region.

#### Operating segment information

Consolidated - 31 Dec 2021	Australasia \$'000	Americas \$'000	MENA \$'000	EurAsia \$'000	Other segments \$'000	Total \$'000
<b>Revenue</b>						
Sales to external customers	56,974	32,939	3,420	2,568	-	95,901
<b>Total revenue</b>	56,974	32,939	3,420	2,568	-	95,901
<b>Segment EBITDA</b>	7,040	(328)	618	709	(1,706)	6,333
Depreciation and amortisation	(1,987)	(2,613)	(120)	(78)	-	(4,798)
Finance costs	(378)	(466)	(23)	(15)	-	(882)
<b>(Loss)/Profit before income tax expense</b>	4,675	(3,407)	475	616	(1,706)	653
Income tax expense						(878)
<b>Loss after income tax expense</b>						(225)
<b>Assets</b>						
Segment assets	55,835	62,552	10,958	41,712	22,519	193,576
<b>Total assets</b>						193,576
<b>Liabilities</b>						
Segment liabilities	28,428	25,766	497	18,154	29,627	102,472
<b>Total liabilities</b>						102,472



**Note 3. Operating segments (continued)**

<b>Consolidated - 31 Dec 2020</b>	<b>Australasia \$'000</b>	<b>Americas \$'000</b>	<b>MENA \$'000</b>	<b>EurAsia \$'000</b>	<b>Other segments \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>						
Sales to external customers	62,402	36,993	4,406	2,263	-	106,064
<b>Total revenue</b>	<u>62,402</u>	<u>36,993</u>	<u>4,406</u>	<u>2,263</u>	<u>-</u>	<u>106,064</u>
<b>Segment EBITDA</b>	11,612	3,602	1,062	489	(2,060)	14,705
Depreciation and amortisation	(2,197)	(2,538)	(136)	(111)	-	(4,982)
Finance costs	(431)	(489)	(28)	(16)	-	(964)
<b>(Loss)/Profit before income tax expense</b>	<u>8,984</u>	<u>575</u>	<u>898</u>	<u>362</u>	<u>(2,060)</u>	<u>8,759</u>
Income tax expense						(2,745)
<b>Profit after income tax expense</b>						<u>6,014</u>
<b>Consolidated - 30 Jun 2021</b>						
<b>Assets</b>						
Segment assets	39,689	73,694	11,008	41,531	22,489	188,411
<b>Total assets</b>						<u>188,411</u>
<b>Liabilities</b>						
Segment liabilities	24,464	32,464	633	17,899	20,032	95,492
<b>Total liabilities</b>						<u>95,492</u>

**Note 4. Equity - dividends**

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

	<b>Consolidated 31 Dec 2021 \$'000</b>	<b>31 Dec 2020 \$'000</b>
Final dividend for the year ended 30 June 2021 of 2.0 cents (Ordinary 1.0 cent and Special 1.0 cent) per ordinary share (2020: 1.0 cent).	<u>5,508</u>	<u>2,754</u>

## Note 5. Earnings per share

	Consolidated 31 Dec 2021 \$'000	31 Dec 2020 \$'000
(Loss)/Profit after income tax attributable to the owners of Gale Pacific Limited	(225)	6,014
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	275,737,420	275,391,310
Adjustments for calculation of diluted earnings per share:		
Performance rights	17,235,424	17,234,971
Weighted average number of ordinary shares used in calculating diluted earnings per share	292,972,844	292,626,281
	Cents	Cents
Basic (loss)/earnings per share	(0.08)	2.18
Diluted (loss)/earnings per share	(0.08)	2.06

## Note 6. Share-based payments

In this reporting period, 1,001,732 rights relating to Senior Executive Share Scheme issued in prior years vested. 999,901 rights were forfeited as they did not meet the vesting conditions.

The following long term incentive plans were granted to the senior executives and managers of the company.

### Performance Rights Plan

In December 2021, 2,870,000 performance rights were granted to senior executives (excluding the CEO&MD) and senior managers under the Company's Performance Rights Plan scheme for a three year period to 30 June 2024.

2,247,000 rights were issued to senior executives and is subject to meeting the two vesting conditions (*performance hurdle and time hurdle*) as outlined below.

623,000 bonus rights were issued to senior managers and senior executives and is subject only to the vesting condition related to *time hurdle* as outlined below.

### Vesting Conditions

**Performance hurdle** - The constant annual growth rate (CAGR) of the EPS over the relevant performance period should be between a minimum of over 3% to a maximum of 10%. The vesting % will be prorata of 0% at CAGR 3% or below to a maximum of 100% for a CAGR 10% or above.

**Time hurdle** - Continuous employment from the grant date to 30 September 2024.

### Summary of performance rights as at 31 December 2021

Type of rights	Grant Date	Fair Value
Senior executive rights scheme	16/01/2020	\$0.300
Senior executive rights scheme	30/10/2020	\$0.233
CEO&MD Three Year Incentive	23/12/2020	\$0.189
Senior executive rights scheme	23/12/2021	\$0.264
Senior executive and senior manager bonus rights scheme	23/12/2021	\$0.261

## Note 6. Share-based payments (continued)

Total expense of \$339,000 (31 December 2020: \$743,000) was recognised for the above schemes and performance rights for the half-year ended 31 December 2021.

Set out below is the movement summary of the outstanding options and rights during the half-year reporting period ended 31 December 2021:

	Number of options 31 Dec 2021	Weighted average fair value per right 31 Dec 2021	Number of options 31 Dec 2020	Weighted average fair value per right 31 Dec 2020
Outstanding at the beginning of the financial half-year	17,907,971	\$0.19	2,876,971	\$0.32
Granted - Senior executive scheme	2,247,000	\$0.26	15,758,000	\$0.18
Granted - Senior executive and senior manager bonus rights scheme	623,000	\$0.26	-	\$0.00
Forfeited	(999,901)	\$0.21	(956,000)	\$0.31
Exercised	(1,001,732)	\$0.32	-	\$0.00
Outstanding at the end of the financial half-year	<u>18,776,338</u>	\$0.19	<u>17,678,971</u>	\$0.20

The aggregate of the estimated fair values of the options granted in this reporting period is \$755,811 (31 December 2020 : \$2,836,440)

## Note 7. Events occurring after reporting date

On 22 February 2022, the directors declared a 50% franked interim dividend of 1.00 cent per share to the holders of fully paid ordinary shares in respect of the half-year ended 31 December 2021, to be paid to shareholders on 15 April 2022. This dividend has not been included as a liability in these condensed financial statements. The total estimated dividend to be paid is \$2,800,000.

No matters or circumstances, other than those disclosed elsewhere in this interim condensed financial report, have arisen 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.



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

### *Conclusion*

We have reviewed the half-year financial report of Gale Pacific Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 9-19.

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

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2021 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*.

### *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*. 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 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### *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 2021 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*.

**Deloitte.**

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.

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

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "Schneider".

Paul Schneider  
Partner  
Chartered Accountants  
Melbourne, 22 February 2022