RESULTS, APPENDIX 4D & FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

GROUP MANAGING DIRECTOR'S REPORT

FINANCIAL RESULTS

Gale Pacific Limited, the manufacturer and marketer of branded screening, shading and home improvement products, today announced an underlying after-tax profit of $1.1 million for the six months to 31 December 2014. After non-recurring costs of $1.7 million after tax, related to restructuring and the re-launch of the company's pool fencing and balustrade ranges, the statutory result was a loss of $0.6 million (pcp: $3.5 million profit). This is in line with the company's guidance in January 2015.

Sales increased by 11% to $67.4 million from $60.9 million.

As already announced, no interim dividend will be paid, although the directors expect to declare a dividend for the full year.

Results summary for six months ended	31 December 2014 (A$ million)	31 December 2013 (A$ million)	Change (%)
Sales revenue	67.4	60.9	11
Underlying EBITDA	4.5	7.3	(38)
Underlying EBIT	1.6	4.6	(65)
Underlying profit before tax	0.7	4.1	(83)
Underlying profit after tax	1.1	3.5	(69)
Statutory profit/(loss) before tax	(1.8)	4.1	N/A
Statutory profit/(loss) after tax	(0.6)	3.5	N/A
Underlying earnings per shares (cents)	0.37	1.18	(69)
Statutory earnings per share (cents)	(0.22)	1.18	N/A
Interim dividend (cents)	-	1.30	-

Note: Refer to page 5 for reconciliation between statutory and underlying results.

Nick Pritchard, Group Managing Director, said: "While this result is disappointing, there has been substantial progress with transforming our Australasian business and improving the performance of all our operations.

The growth and business improvement strategy we announced in August 2014 has already changed Gale Pacific into a more focused, innovative and consumer driven operation, with a stronger service ethic.

We have invested in repositioning and building digital platforms for our brands; invigorating our product categories; stabilising our Australian computer system; and streamlining our supply chain. We have reduced the number of warehouses in Australasia from eight to six and our transport providers in Australia from nineteen to six, improving our control over deliveries and service levels. We have also strengthened customer relationships and begun to act more globally, build a performance culture and develop a stronger leadership team focused on further improvements in our processes, marketing and on international growth.

These changes have positioned the Company to return to profit in the second half and to resume growth through leveraging our global leadership and technical expertise in advanced fabrics manufacturing."

AUSTRALASIA

For the Half Year to	31 December 2014 A$ million	31 December 2013 A$ million	Change %
Sales	48.6	43.8	11%
EBITDA	(0.9)	4.2	N/A
Range relaunch costs	2.2	-	N/A
Underlying EBITDA	1.3	4.2	(70)%

Retail

Sales through retail channels grew strongly, with increased demand for shade cloth, portable shade products and for pool fencing, mirrors and shower screens. Retail margins, however, were lower due to competitive pressures and the fall in the AUD/USD rate.

A comprehensive brand review was completed during the half, and the Australian retail business is now focused on three brands: Coolaroo (shade products); EVERTON (glass pool fencing, balustrades, mirrors and shower screens); and Zone Interiors (window furnishings).

The EVERTON pool fencing and balustrade range, formerly marketed as Highgrove, was relaunched with more attractive and durable packaging, a website with an effective product selection facility, and a new marketing campaign. Initial sales have been very positive.

The Zone Interiors range of window furnishings was also reviewed thoroughly and slow moving inventory was cleared. An updated, modern range is being delivered to stores in the third quarter.

The company is transitioning from merchandisers to a more direct selling model to service retail stores. It has also upgraded its digital capability to support consumers' evaluation of brands and products: a new EVERTON website (www.everton.com.au) was introduced in October and its results have been above expectations, and a new Zone Interiors website (www.zoneinteriors.com.au) was launched earlier this month.

Commercial

Commercial sales were in line with the previous year. Sales of commercial knitted fabrics increased, but there was lower demand for harvest protection fabrics due to the weaker grain harvest, and a large offshore order for fabric to be used as flexible piping for sugar cane irrigation was delayed. As a result, inventory and storage costs increased.

The company intends to consolidate its commercial brands under the GALE brand, phasing out the Synthesis brand.

New Zealand

Sales revenue in New Zealand increased by 40%, driven by strong growth in both the retail and commercial sectors. Margins were in line with the previous year, but costs were higher due to increased marketing investment, rising freight costs and supplier quality issues.

The New Zealand business continued to consolidate its retail and commercial ranges, significantly improving inventory and service levels.

AMERICAS

For the Half Year to	31 December 2014 US$ million	31 December 2013 US$ million	Change %
Sales	8.9	8.9	-
EBITDA	(0.5)	(0.3)	(67%)

Commercial product sales in the Americas increased by 18% to US$1.8 million and sales of custom window shades grew by 25% to US$1.6 million. Offsetting these gains, retail sales declined by 8% to US$5.4 million, partly due to lower inventory replenishment by major home improvement customers.

Several investments were made to strengthen the management team and improve operations. These included the appointment of a new commercial channel sales leader and the extension of the custom window shade manufacturing operation to Gale Pacific's US headquarters at Orlando, Florida. As most of the window shade business is in the eastern half of the US, this move will reduce delivery times and freight costs, although the full financial benefit of the change is not expected to be realised until FY16.

Progress was also made with migrating the Americas business to the group's new global Enterprise Resource Planning (ERP) system which is scheduled to go live during the second half of FY15.

MIDDLE EAST

For the Half Year to	31 December 2014 US$ million	31 December 2013 US$ million	Change %
Sales	5.7	5.4	6%
EBITDA	1.3	1.1	18%

The Middle East business performed strongly, with growing demand for Gale Pacific's commercial shade fabrics.

Work continues on securing specification of the company's architectural shade fabrics for large-scale shading projects. Further investment in the region is planned, and a business development manager has been appointed to service the Saudi Arabian market where there is considerable potential for shade fabrics.

CHINA MANUFACTURING AND OTHER INTERNATIONAL MARKETS

For the Half Year to	31 December 2014 US$ million	31 December 2013 US$ million	Change %
Sales – Other overseas markets	2.1	1.2	75%
EBITDA (includes margin on inter-company sales)	4.0	3.8	5%

International growth represents a significant opportunity for Gale Pacific. Management is currently reviewing current and potential export markets with a view to prioritising them, refocusing on core product categories and adopting a more localised selling model, instead of servicing markets from Australia.

The company is recruiting an international sales leader, to be based in Shanghai, who will lead expansion into China as well as activities in other international markets.

The majority of international sales take place in the second half during the northern hemisphere summer.

CHINA: MANUFACTURING FACILITY

The company's Chinese manufacturing operation, which produces knitted and woven fabrics including a range of value-added products, performed strongly with record yields and reduced waste levels.

New equipment to increase extrusion and broader plant capacity was commissioned successfully, other equipment was upgraded and idle plant returned to production during the half.

CASH FLOW AND BALANCE SHEET

Cash used in operations was $9.0 million compared with $4.0 million in the previous corresponding period. This increase resulted from higher inventory, mainly in Australia due to the weaker grain season, the brand change from Highgrove to EVERTON, and supply chain challenges.

Inventory reduction is one of the Company's highest priorities and there are a number of key initiatives in place to substantially reduce inventory. The Company is also working to improve supplier payment terms, consolidating to a smaller number of more strategic suppliers and leveraging its global scale. These initiatives will have a positive impact on net debt levels in coming months.

Net debt at 31 December 2014 was $26.2 million compared with $14.4 million at 31 December 2013 and $11.2 million at 30 June 2014. The company's gearing ratio (net debt/total funds employed) was 29% at 31 December 2014.

RECONCILIATION OF UNDERLYING RESULT TO STATUTORY RESULT

During the half year period, the company incurred non-recurring costs related to restructuring and the re-launch of the company's pool fencing and balustrade ranges. The following table reconciles the underlying results to the statutory results.

A$ million	EBITDA	EBIT	Profit before tax	Profit after tax
Statutory	2.0	(0.9)	(1.8)	(0.6)
Restructuring costs	0.3	0.3	0.3	0.2
Product re-launch costs	2.2	2.2	2.2	1.5
Underlying	4.5	1.6	0.7	1.1

Underlying profit , EBITDA and EBIT are the Statutory profit, EBITDA and EBIT respectively adjusted for non recurring costs related to restructuring and the re-launch of the company's pool fencing and balustrade ranges. The Company believes that underlying profit, EBITDA and EBIT provide a better understanding of its financial performance and allows for a more relevant comparison of financial performance between financial periods.

Underlying profit, EBITDA and EBIT are useful as they remove significant items that are material items of revenue or expense that are unrelated to the underlying performance of the business thereby facilitating a more representative comparison of financial performance between financial periods.

Underlying profit is presented with reference to the Australian Securities and Investments Commission Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011. The Company's policy for reporting underlying profit is consistent with this guidance. The Directors have had the consistency of the application of the policy reviewed by the external auditor of the Company.

OUTLOOK

Australian market conditions are expected to remain challenging in the short-term, with continued pressure on margins as a result of the strengthening of the US dollar. The company will continue to take initiatives to improve working capital, especially inventory in Australia, and a significant working capital reduction is expected by June 2015.

Transformation of the Australasian businesses will continue in the second half, with a focus on strengthening the supply chain, reducing supply chain costs and taking advantage of new product category opportunities. The Company is very confident of future revenue growth and is focused on improving gross margins through pricing and ongoing sourcing improvements.

The outlook for the Americas business is positive. It has secured strong retailer programs for the summer season and both the commercial and custom window shade businesses are expected to deliver solid growth.

The Middle East business is expected to continue to perform strongly, benefiting from the company's additional investment in the region.

The outlook for other markets is positive, although accurate forecasts are difficult due to the diversity of the customer base and the immaturity of some of the business. The order book is solid, and the focus during the second half will be on implementing the company's international expansion strategy.

The manufacturing operation in China is expected to continue to perform strongly, although volumes are likely to be lower in the second half due to the company's inventory reduction initiatives.

As in previous years and also as a result of the Company's working capital reduction initiatives, net debt is expected to decrease substantially by year end.

In line with the guidance on 28 January 2015, the company's second half profit is expected to be significantly greater than for the second half of FY14. Underlying after-tax profit for the full year is now expected to be between $6.5 million and $7.5 million.

ABOUT GALE PACIFIC

Gale Pacific Limited (ASX: GAP) is a leading manufacturer and marketer of shading, screening and home improvement products. The company is Australian-based with operations in the USA, Middle East, China and New Zealand, and employs approximately 800 people.

The company distributes to the home improvement, agriculture, horticulture, mining, architectural and construction sectors globally. Core markets are Australia, New Zealand, the United States, Canada, the Middle East and Japan.

The company has a large, wholly-owned manufacturing facility in Ningbo, China, where the majority of its knitted and woven products are manufactured.

Mr Nick Pritchard
Group Managing Director
27 February 2015

For further information contact the Group Managing Director, Mr Nick Pritchard on (03) 9518 3312.

APPENDIX 4D

HALF YEARLY REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2014

Name of Entity:	Gale Pacific Limited
ABN or Equivalent Company Reference:	80 082 263 778
Report for the Half Year Ended:	31 December 2014
Previous Full Year Period is the Financial Year Ended:	30 June 2014
Previous Corresponding Period is the Half Year Ended:	31 December 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		%	Half Year to 31 December 2013 $'000		Half Year to 31 December 2014 $'000
Revenues from continuing operations:	Up	10.8	60,856	To	67,434
Profit from continuing operations after tax attributable to members:	Down	118.4	3,522	To	(647)
Net profit for the period attributable to members:	Down	118.4	3,522	To	(647)
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 2015	Nil	N/A
Final dividend for the year ending 30 June 2014	1.35 cents	0%

Date dividend is payable	N/A
Record date for determining entitlements to the dividend	N/A
Trading ex dividend	N/A
The Company's Dividend Reinvestment Plan was suspended in September 2006 and the Directors have determined that the plan is to remain suspended.	

Amount per security

	Amount per security	Percentage franked
Interim dividend for the year ending 30 June 2015		
- In respect of 2015 financial year as at 31 December 2014	Nil	N/A
- In respect of 2014 financial year as at 31 December 2013	1.30 cents	75%
Final dividend for the year ending 30 June 2014		
- In respect of 2014 financial year as at 30 June 2014	1.35 cents	0%
- In respect of 2013 financial year as at 30 June 2013	1.35 cents	80%

NET TANGIBLE ASSET PER SECURITY

	As at 31 December 2014	As at 30 June 2014	As at 31 December 2013
Net tangible asset per ordinary security	20.7 cents	19.2 cents	21.2 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: Nick Pritchard
Title: Group Managing Director
Date: 27 February 2015

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 2014 and independent auditors review report thereon.

DIRECTORS' NAMES

The names of the Directors in office at any time during or since the end of the half-year are:

Name	Period of Directorship
Mr David Allman	Director since 17 November 2009
Mr Nick Pritchard	Director since 22 August 2014
Mr George Richards	Director since 17 May 2004
Mr John Murphy	Director since 24 August 2007
Mr Peter Landos	Director since 01 May 2014

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

The consolidated loss of the consolidated entity for the half-year after providing for income tax amounted to $0.647 million.

During the period, the consolidated entity continued to engage in its principal activity, the results of which are disclosed in the attached financial statements and commentary to this report.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The amounts contained in the report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

AUDITOR'S DECLARATION

A copy of the Auditors' Independence Declaration in relation to the review for the half-year is provided with this report.

Signed in accor

dance with a resolution of the Board of Directors.

Mr David Allman
Chairman
27 February 2015

Mr Nick Pritchard
Group Managing Director
27 February 2015

Auditor's Independence Declaration

Deloitte.

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

27 February 2015

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 2014, 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
Partner
Chartered Accountants

Directors' Declaration

The Directors declare that:

- In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

Mr David Allman
Chairman
27 February 2015

Mr Nick Pritchard
Group Managing Director
27 February 2015

Condensed Consolidated Statement of Profit or Loss
For The Half Year Ended 31 December 2014

	Half Year to 31 December 2014 ($'000)	Year to 30 June 2014 ($'000)	Half Year to 31 December 2013 ($'000)	Year to 30 June 2013 ($'000)
Revenue	67,434	137,304	60,856	119,988
Cost of goods sold	(42,175)	(85,129)	(35,649)	(70,697)
Gross profit	25,259	52,175	25,207	49,291
Other Income	195	512	112	481
Warehousing and distribution	(10,467)	(16,729)	(8,331)	(13,542)
Marketing and selling	(8,471)	(12,377)	(6,004)	(11,003)
Administration	(6,087)	(10,265)	(5,096)	(8,802)
Other expenses	(1,383)	(1,194)	(1,270)	(3,552)
Finance costs	(807)	(1,134)	(472)	(857)
Profit / (loss) before income tax	(1,761)	10,988	4,146	12,016
Income tax expense	1,114	(2,755)	(624)	(2,932)
Profit / (loss) for the half year	(647)	8,233	3,522	9,084
Profit / (loss) Attributable To				
Members of the parent	(647)	8,233	3,522	9,084
Profit / (loss) for the period	(647)	8,233	3,522	9,084
Earnings per share				
Basic earnings per share (cents per share)	(0.22)	2.77	1.18	3.07
Diluted earnings per share (cents per share)	(0.22)	2.72	1.16	3.00

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Half Year Ended 31 December 2014

	Half Year to 31 December 2014 ($'000)	Year to 30 June 2014 ($'000)	Half Year to 31 December 2013 ($'000)	Year to 30 June 2013 ($'000)
Profit / (loss) for the period	(647)	8,233	3,522	9,084
Other Comprehensive Income				
Items that may be reclassified subsequently to profit or loss				
Net changes in fair value of cash flow hedges, net of tax	1,337	(1,629)	(540)	1,032
Exchange differences on translation of foreign operations	8,733	(1,488)	2,336	5,985
Other comprehensive income / (loss) for the period	10,070	(3,117)	1,796	7,017
Total comprehensive income for the period	9,423	5,116	5,318	16,101
Total Comprehensive Income Attributable To				
Members of the parent	9,423	5,116	5,318	16,101
Total comprehensive income for the period	9,423	5,116	5,318	16,101

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position
As At 31 December 2014

	31 December 2014 ($'000)	30 June 2014 ($'000)	31 December 2013 ($'000)	30 June 2013 ($'000)
Current Assets				
Cash and cash equivalents	15,998	13,058	10,574	11,187
Receivables	22,705	19,751	21,793	19,026
Other financial assets	1,164	-	772	1,580
Inventories	49,008	34,851	38,034	27,876
Current tax assets	2,996	1,721	235	233
Other current assets	1,356	2,765	2,419	1,159
Total current assets	93,227	72,146	73,827	61,061
Non Current Assets				
Property, plant and equipment	34,061	30,469	35,470	34,669
Intangible assets	23,934	22,983	21,538	21,233
Deferred tax assets	1,557	815	1,345	924
Total non current assets	59,552	54,267	58,353	56,826
Total assets	152,779	126,413	132,180	117,887
Current Liabilities				
Trade and other payables	18,310	13,309	15,519	11,723
Borrowings	41,750	23,584	24,173	13,913
Other financial liabilities	-	709	-	-
Current tax liabilities	238	1,071	561	1,493
Provisions	1,644	1,959	1,752	2,023
Total current liabilities	61,942	40,632	42,005	29,152
Non Current Liabilities				
Borrowings	423	690	763	462
Deferred tax liabilities	4,759	4,834	4,853	5,059
Provisions	70	90	92	50
Total non current liabilities	5,252	5,614	5,708	5,571
Total liabilities	67,194	46,246	47,713	34,723
Net Assets	85,585	80,167	84,467	83,164
Equity				
Contributed equity	71,485	71,485	71,485	71,338
Reserves	(1,334)	(11,415)	(6,430)	(8,079)
Retained earnings	15,434	20,097	19,412	19,905
Total equity	85,585	80,167	84,467	83,164

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity
For The Half Year Ended 31 December 2014

	Contributed Equity ($'000)	Reserves ($'000)	Retained Earnings ($'000)	Total Equity ($'000)
Balance at 1 July 2014	71,485	(11,415)	20,097	80,167
Profit for the half year	-	-	(647)	(647)
Other comprehensive income for the half year	-	10,070	-	10,070
Total comprehensive income for the half year	-	10,070	(647)	9,423
Transactions With Owners In Their Capacity As Owners				
Shares issued	-	-	-	-
Employee share based payments	-	11	-	11
Dividends provided for or paid	-	-	(4,016)	(4,016)
Total transactions with owners in their capacity as owners	-	11	(4,016)	(4,005)
Balance at 31 December 2014	71,485	(1,334)	15,434	85,585

	Contributed Equity ($'000)	Reserves ($'000)	Retained Earnings ($'000)	Total Equity ($'000)
Balance at 1 July 2013	71,338	(8,079)	19,905	83,164
Profit for the half year	-	-	8,233	8,233
Other comprehensive income for the year	-	(3,117)	-	(3,117)
Total comprehensive income for the year	-	(3,117)	8,233	5,116
Transactions With Owners In Their Capacity As Owners				
Shares issued	147	(147)	-	-
Employee share based payments	-	(87)	-	(87)
Amounts recognised directly in equity	-	-	(143)	(143)
Statutory transfer to reserves	-	15	(15)	-
Dividends provided for or paid	-	-	(7,883)	(7,883)
Total transactions with owners in their capacity as owners	147	(219)	(8,041)	(8,113)
Balance at 30 June 2014	71,485	(11,415)	20,097	80,167

Condensed Consolidated Statement of Changes in Equity For The Half Year Ended 31 December 2014 (continued)

	Contributed Equity ($'000)	Reserves ($'000)	Retained Earnings ($'000)	Total Equity ($'000)
Balance at 1 July 2013	71,338	(8,079)	19,905	83,164
Profit for the half year	-	-	3,522	3,522
Other comprehensive income for the half year	-	1,796	-	1,796
Total comprehensive income for the half year	-	1,796	3,522	5,318
Transactions With Owners In Their Capacity As Owners				
Shares issued	147	(147)	-	-
Employee share based payments	-	-	-	-
Dividends provided for or paid	-	-	(4,015)	(4,015)
Total transactions with owners in their capacity as owners	147	(147)	(4,015)	(4,015)
Balance at 31 December 2013	71,485	(6,430)	19,412	84,467

	Contributed Equity ($'000)	Reserves ($'000)	Retained Earnings ($'000)	Total Equity ($'000)
Balance at 1 July 2012	70,988	(15,592)	18,781	74,177
Profit for the half year	-	-	9,084	9,084
Other comprehensive income for the year	-	7,017	-	7,017
Total comprehensive income for the year	-	7,017	9,084	16,101
Transactions With Owners In Their Capacity As Owners				
Shares issued	350	-	-	350
Share capital reduction	-	-	-	-
Employee share based payments	-	87	-	87
Statutory transfer to reserves	-	409	(409)	-
Dividends provided for or paid	-	-	(7,551)	(7,551)
Total transactions with owners in their capacity as owners	350	496	(7,960)	(7,114)
Balance at 30 June 2013	71,338	(8,079)	19,905	83,164

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows
For The Half Year Ended 31 December 2014

	Note	Half Year to 31 December 2014 ($'000)	Year to 30 June 2014 ($'000)	Half Year to 31 December 2013 ($'000)	Year to 30 June 2013 ($'000)
Cash Flow From Operating Activities					
Receipts from customers		73,754	144,130	63,700	127,139
Payments to suppliers and employees		(79,654)	(134,711)	(65,265)	(110,516)
Interest received		2	6	3	2
Borrowing costs paid		(823)	(1,140)	(487)	(859)
Income tax payments		(2,327)	(4,116)	(1,966)	(4,246)
Net cash (used in) / provided by operating activities	8(b)	(9,048)	4,169	(4,015)	11,520
Cash Flow From Investing Activities					
Proceeds from sale of plant and equipment		4	56	33	93
Payments for acquisition of business		-	-	(863)	(2,498)
Payment for plant and equipment		(2,484)	(1,426)	(2,122)	(1,508)
Payment for intangible assets		(307)	(2,003)	(26)	(989)
Net cash used in investing activities		(2,787)	(3,373)	(2,978)	(4,902)
Cash Flow From Financing Activities					
Proceeds from / (repayment of) borrowings		17,524	9,899	10,561	7,126
Dividends paid		(4,016)	(7,883)	(4,015)	(7,551)
Net cash provided by / (used in) financing activities		13,508	2,016	6,546	(425)
Net increase / (decrease) in cash held		1,673	2,812	(447)	6,193
Cash at beginning of year		13,058	11,187	11,187	3,121
Effects of exchange rate changes on items denominated in foreign currencies		1,267	(941)	(166)	1,873
Cash at the end of the period	8(a)	15,998	13,058	10,574	11,187

The accompanying notes form part of these financial statements.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2014

NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

This half year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2014 and any public announcements made by Gale Pacific Limited during the half year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

(a). Basis of Preparation of the Half Year Financial Report

This general purpose half year financial report has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'.

The half year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies presented in the financial report for the year ended 30 June 2014.

(b). Summary of the Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's 2014 annual financial report for the financial year ended 30 June 2014, with the exception of where required by accounting standards, comparative figures have been adjusted to conform with changes in presentation for the current half year.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half year that are relevant to the Group include:

- AASB 1031 'Materiality' (December 2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-9 (Part B) 'Amendments to Australian Accounting Standards – Materiality'
- AASB 2014-1 (Part A) 'Amendments to Australian Accounting Standards – Annual Improvements 2010-2012 and 2011-2013 Cycles'
- AASB 2014-1 (Part C) 'Amendments to Australian Accounting Standards – Materiality'

At the date of authorisation of the financial statements, management has assessed the impact of these Standards and Interpretations and noted no significant changes.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2014

NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT (CONTINUED)

(c). Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Gale Pacific Limited controlled from time to time during the period and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All inter company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(d). Rounding Amounts

The Company is of a kind referred to in ASIC Class order CO 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTE 2: COMPARATIVE INFORMATION SEASONAL OPERATIONS

The Group's operations are seasonal and therefore there are substantial variations between levels of revenues or profits for different interim periods during the year. Additional comparative information has been provided in this half year financial report.

The condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows provide comparative information for the half year ended 31 December 2013 and for the year ended 30 June 2014. The condensed consolidated statement of financial position provides comparative information as at 30 June 2013, 31 December 2013 and 30 June 2014.

NOTE 3: SUBSEQUENT EVENTS

There has not arisen in the interval between 31 December 2014 and the date of this report any item, transaction or event of a material and unusual nature that, in the opinion of the Directors has significantly affected or may significantly affect the operations, or the state of affairs of the economic entity in subsequent financial periods.

NOTE 4: SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Group Managing Director in assessing performance and determining the allocation of resources.

The Group's four operating segments are identified by geographic location and identity of the service line manager. Discrete financial information about each of these segments is reported on a monthly basis.

Revenue, result, depreciation and amortisation, significant items, assets and liabilities for the Group's four operating segments plus discontinued operations are set out in the tables below.

	Australasia ($'000)	China & ROW Export Sales ($'000)	Americas ($'000)	Middle East / Africa ($'000)	Corporate ($'000)	Unallocated/ Elimination ($'000)	Total ($'000)
31 December 2014							
Revenue outside the consolidated entity	48,577	2,358	10,072	6,427	-	-	67,434
Inter-segment revenue	1,355	19,653	42	(57)	-	(20,993)	-
Total revenue	49,932	22,011	10,114	6,370	-	(20,993)	67,434
Segment EBITDA	(893)	4,536	(538)	1,466	(2,182)	(365)	2,024
Depreciation and amortisation	(407)	(2,094)	(283)	(1)	(193)	-	(2,978)
Segment EBIT	(1,300)	2,442	(821)	1,465	(2,375)	(365)	(954)
Net finance expense							(807)
Profit before income tax							(1,761)
Income tax expense							1,114
Loss for the half year							(647)
Segment assets	66,956	42,520	22,641	9,486	11,287	(111)	152,779
Segment liabilities	15,429	17,862	2,494	649	30,873	(113)	67,194

Notes

a). All inter segment pricing is on a commercial basis.

b). The segment result excludes finance costs, interest revenue and income tax expense.

c). Corporate overheads includes foreign exchange hedge and corporate costs.

d). In prior periods corporate overheads were included in the Australasia segment. With a view to enhancing segment information provided to shareholders, corporate costs have now been disclosed separately. Prior periods presented in this note have been restated to reflect this change.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2014

NOTE 4: SEGMENT INFORMATION (CONTINUED)

	Australasia ($'000)	China & ROW Export Sales ($'000)	Americas ($'000)	Middle East / Africa ($'000)	Corporate ($'000)	Unallocated/ Elimination ($'000)	Total ($'000)
30 June 2014							
Revenue outside the consolidated entity	79,931	9,057	36,098	12,218	-	-	137,304
Inter-segment revenue	2,103	41,708	(125)	9	-	(43,695)	-
Total revenue	82,034	50,765	35,973	12,227	-	(43,695)	137,304
Segment EBITDA	4,749	9,743	3,272	2,749	(3,028)	82	17,567
Depreciation and amortisation	(766)	(3,874)	(521)	(1)	(285)	-	(5,447)
Segment EBIT	3,983	5,869	2,751	2,748	3,313	82	12,120
Net finance expense							(1,134)
Profit before income tax							10,988
Income tax expense							(2,755)
Profit for the year							8,233
Segment assets	54,586	35,250	21,719	7,168	8,339	(649)	126,413
Segment liabilities	13,198	7,176	3,606	549	21,825	(108)	46,246

	Australasia ($'000)	China & ROW Export Sales ($'000)	Americas ($'000)	Middle East / Africa ($'000)	Corporate ($'000)	Unallocated/ Elimination ($'000)	Total ($'000)
31 December 2013							
Revenue outside the consolidated entity	43,808	1,367	9,724	5,957	-	-	60,856
Inter-segment revenue	1,181	18,104	27	11	-	(19,323)	-
Total revenue	44,989	19,471	9,751	5,968	-	(19,323)	60,856
Segment EBITDA	4,257	4,156	(288)	1,220	(1,841)	(196)	7,308
Depreciation and amortisation	(402)	(1,871)	(269)	(1)	(147)	-	(2,690)
Segment EBIT	3,855	2,285	(557)	1,219	(1,988)	(196)	4,618
Net finance expense							(472)
Profit before income tax							4,146
Income tax expense							(624)
Profit for the half year							3,522
Segment assets	57,757	42,369	19,245	7,260	6,243	(694)	132,180
Segment liabilities	14,614	9,553	2,047	682	20,952	(135)	47,713

NOTE 4: SEGMENT INFORMATION (CONTINUED)

	Australasia ($'000)	China & ROW Export Sales ($'000)	Americas ($'000)	Middle East / Africa ($'000)	Corporate ($'000)	Unallocated/ Elimination ($'000)	Total ($'000)
30 June 2013							
Revenue outside the consolidated entity	76,862	7,555	25,873	9,698	-	-	119,988
Inter-segment revenue	1,844	28,641	(102)	31	-	(30,414)	-
Total revenue	78,706	36,196	25,771	9,729	-	(30,414)	119,988
Segment EBITDA	9,460	7,642	2,121	1,916	(3,221)	118	18,036
Depreciation and amortisation	(847)	(3,959)	(311)	(3)	(43)	-	(5,163)
Segment EBIT	8,613	3,683	1,810	1,913	(3,264)	118	12,873
Net finance expense							(857)
Profit before income tax							12,016
Income tax expense							(2,932)
Profit for the year							9,084
Segment assets	47,718	40,163	18,630	5,978	6,129	(731)	117,887
Segment liabilities	12,177	4,781	2,963	525	14,365	(88)	34,723

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2014

NOTE 5: INTANGIBLE ASSETS

	Half Year to 31 December 2014 ($'000)	Year to 30 June 2014 ($'000)	Half Year to 31 December 2013 ($'000)	Year to 30 June 2013 ($'000)
Goodwill at cost	21,365	21,032	21,160	20,987
Less accumulated impairment	(1,054)	(1,054)	(1,054)	(1,054)
Total	20,311	19,978	20,106	19,933
Patents, trademarks and licenses at cost	1,521	1,449	1,437	1,404
Less accumulated amortisation	(1,125)	(1,099)	(1,101)	(1,071)
Total	396	350	336	333
Application software at cost	4,681	2,910	2,195	2,293
Less accumulated amortisation	(1,454)	(255)	(133)	(1,326)
Total	3,227	2,655	2,062	967
Research and development	4,865	4,865	4,865	4,865
Less accumulated amortisation	(4,865)	(4,865)	(4,865)	(4,865)
Total	-	-	-	-
Total intangible assets	23,934	22,983	22,504	21,233
Movements in Carrying Amounts				
Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the year				
Goodwill				
Balance at the beginning of the year	19,978	19,933	19,933	16,667
Acquisition through business combinations	-	85	85	3,095
Net foreign currency movements arising from foreign operations	333	(40)	88	171
Carrying amount at the end of the year	20,311	19,978	20,106	19,933
Patents, Trademarks and Licences				
Balance at the beginning of the year	350	333	333	351
Additions / (transfers)	61	60	26	32
Disposals	-	(10)	-	-
Amortisation expense	(15)	(34)	(23)	(51)
Net foreign currency movements arising from foreign operations	-	1	-	1
Carrying amount at the end of the year	396	350	336	333
Application Software				
Balance at the beginning of the year	2,655	967	967	26
Additions	563	1,943	1,227	957
Amortisation expense	(178)	(255)	(132)	(16)
Net foreign currency movements arising from foreign operations	187	-	-	-
Carrying amount at the end of the year	3,227	2,655	2,062	967

NOTE 5: INTANGIBLE ASSETS (CONTINUED)

Goodwill

Goodwill by CGU

	Consolidated			
	Half Year to 31 December 2014 ($'000)	Year to 30 June 2014 ($'000)	Half Year to 31 December 2013 ($'000)	Year to 30 June 2013 ($'000)
Australasia	17,455	17,455	17,455	17,370
USA*	2,509	2,178	2,304	2,216
China	347	347	347	347
Total	20,311	19,978	20,106	19,933

*Note: the value of goodwill for the USA is US$2,044,000 in each period and only varies due to currency exchange rate fluctuation.

As required under accounting standard AASB 136 Impairment of Assets, Gale Pacific Limited performs an impairment assessment annually and when there is an indication or trigger of a possible impairment of its non-current assets. In addition, at least annually Gale Pacific Limited performs an impairment review of goodwill and indefinite life intangible assets, regardless of whether an impairment indicator has been identified. The annual review of goodwill and indefinite life intangible assets was performed at 30 June 2014. A review for impairment indicators was undertaken at 31 December 2014.

Impairment indicators

After considering the trading performance of each of the Group's cash generating units for the six months to 31 December 2014, impairment indicators were identified for the Australasian CGU, due to results not performing in line with budgeted performance. The other CGU's operating performance are materially in line with budget and therefore not requiring full impairment assessment.

Impairment testing approach

Impairment testing compares the carrying value of a cash generating unit with its recoverable amount based on its value in use (present value of future cash flows). This represents a change from the fair value less costs to dispose using EBITDA multiples method used at 30 June 2014. Value in use is calculated based on the present value of cash flow projections over a 4.5 year period with the period extending beyond 4.5 years extrapolated using an estimated revenue growth rate of 2.5%. Years one and two are based on budgets and forecasts, with years three onwards extrapolated at the rate of 2.5%. The cash flows are discounted using the weighted average cost of capital with mid-year discounting.

Australasia

In assessing the recoverable amount of the Australasian CGU, the Board made a number of significant assumptions including assumptions regarding foreign exchange rates, and risk adjustments to future cash flows. The Board considered information available from industry analysts and commentators in relation to key assumptions used. The Board considers that it has taken a conservative view of the market conditions and business operations. Recent improvements and the future impact of planned improvements have not yet been incorporated into the value in use model. Management expects a future uplift in performance through these changes and the overall performance of the CGU. As at 31 December 2014, the recoverable amount of the CGU has been estimated by management to exceed the carrying amount of assets by $3,187,000 and therefore no impairment is required.

The following assumptions were used in the value in use calculations in the latest model:

Year	Revenue Growth Rate	WACC (post tax)
2015	7.1%	11%
2016	6.2%	11%
2017	2.5%	11%
2018	2.5%	11%
2019	2.5%	11%
Terminal year	2.5%	11%

Other assumptions used in the value in use model include cost of goods sold, operating expenses, working capital and margin.

NOTE 5: INTANGIBLE ASSETS (CONTINUED)

Impact of possible changes in key assumptions

Revenue growth rate assumption:

In a sensitivity analysis, Management estimates that a 65% reduction on revenue growth to 2.5% over the model period would cause a reduction in enterprise value of $3,187,000, and equate to the carrying value of the CGU. The impact on enterprise value excludes any compensating adjustments to operating expenses.

Discount Rate assumption:

In a sensitivity analysis, Management estimates that a 50 basis point increase in the WACC rate to 11.5% over the model period would cause a reduction in enterprise value of $3,187,000, and equate to the carrying value of the CGU.

Terminal Value assumption:

In a sensitivity analysis, Management estimates that a 28% reduction in terminal value growth rate to 1.8% would cause a reduction in enterprise value of $3,187,000, and equate to the carrying value of the CGU.

EBITDA Margin assumption:

In a sensitivity analysis, Management estimates that a reduction of 0.4% in EBITDA margin over the projection period (and in the terminal value) would cause a reduction in enterprise value of $3,187,000, and equate to the carrying value of the CGU. The value in use model has gross margin growing from 1% in FY15 to 10% in 2019. Management anticipates that, based on current initiatives, the gross margin percentages will improve over the value in use cash flow projection period as the current year includes several one off costs.

Working Capital assumption:

Key components affecting working capital include inventory on hand, debtor day collections and accounts payable days. Management believes the assumptions used in the cash flow projection period are conservative based on historic performance and measures to improve inventory positions going forward. A sensitivity adversely impacting working capital based on increased inventory balances by 14% would cause a reduction in enterprise value of $3,187,000, and equate to the carrying value of the CGU.

Combined Scenario (EBITDA margin, Working Capital, and Growth Rate):

An assessment of combining the impact of the following key variables:

- Revenue growth reduction of 1% (to 6.1% in year one)
- EBITDA margin reduction of 0.5%
- Working capital movements increasing by 5%
- Results in a potential reduction in enterprise value of $2,705,000. In the event of this combined scenario occurring, Management expects that action would be taken to mitigate the impact of one or more variables.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2014

NOTE 6: BORROWINGS

	Half Year to 31 December 2014 ($'000)	Year to 30 June 2014 ($'000)	Half Year to 31 December 2013 ($'000)	Year to 30 June 2013 ($'000)
Current				
Secured liabilities:[1]				
Bank loans	4,297	1,757	3,984	-
Other loans	-	-	-	263
Commercial bills	36,803	20,550	19,750	13,650
Total	41,100	22,307	23,734	13,913
Unsecured liabilities:				
Bank loans	-	692	-	-
Other loans	650	585	439	-
Total	650	1,277	439	-
Non Current				
Unsecured liabilities:				
Other loans	423	690	763	462
Total	423	690	763	462
Total	42,173	24,274	24,936	14,375
Disclosed in the Consolidated Statement of Financial Position As				
Current borrowings	41,750	23,584	24,173	13,913
Non current borrowings	423	690	763	462

NOTE 7: ISSUANCES OF EQUITY SECURITIES

	Half Year to 31 December 2014 ($'000)	Year to 30 June 2014 ($'000)	Half Year to 31 December 2013 ($'000)	Year to 30 June 2013 ($'000)
Paid Up Capital				
297,474,396 fully paid ordinary shares (June 2014: 297,474,396)	71,485	71,485	71,485	71,338
Movement In Share Capital				
Shares on issue at the beginning of the financial period	71,485	71,338	71,338	70,988
Shares issued	-	147	147	350
Paid up capital at the end of the financial period	71,485	71,485	71,485	71,338

[1] Secured by general security interests over certain assets of the Group.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2014

NOTE 8: DIVIDENDS

	Half Year to 31 December 2014 (Cents per Share)	Half Year to 31 December 2014 ($'000)	Half Year to 31 December 2013 (Cents per Share)	Half Year to 31 December 2013 ($'000)
Fully Paid Ordinary Shares				
Final dividend paid	1.35	4,016	1.35	4,015
Total	1.35	4,016	1.35	4,015

On 28 January 2015, the Directors announced that no interim dividend for FY15 would be declared, however the Company's dividend policy remains unchanged with a dividend expected to be declared for the full year.

NOTE 9: EARNINGS PER SHARE

	Half Year to 31 December 2014 (Cents Per Share)	Year to 30 June 2014 (Cents Per Share)	Half Year to 31 December 2013 (Cents Per Share)	Year to 30 June 2013 (Cents Per Share)
Basic earnings per share				
From continuing operations	(0.22)	2.77	1.18	3.07
Total basic earnings per share	(0.22)	2.77	1.18	3.07
Diluted earnings per share				
From continuing operations	(0.22)	2.72	1.16	3.00
Total diluted earnings per share	(0.22)	2.72	1.16	3.00

	Half Year to 31 December 2014 ($'000)	Year to 30 June 2014 ($'000)	Half Year to 31 December 2013 ($'000)	Year to 30 June 2013 ($'000)
Earnings per share				
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:				
Net profit / (loss)	(647)	8,233	3,522	9,084
Earnings used in the calculation of basic EPS from continuing operations	(647)	8,233	3,522	9,084

	Half Year to 31 December 2014 (No. '000)	Year to 30 June 2014 (No. '000)	Half Year to 31 December 2013 (No. '000)	Year to 30 June 2013 (No. '000)
Weighted average number of ordinary shares for the purposes of basic earnings per share	297,474	297,464	297,454	296,195
Weighted average number of shares deemed to be issued for no consideration in respect of:				
Performance rights	2,344	5,600	5,907	6,602
Weighted average number of ordinary shares for the purposes of diluted earnings per share	299,817	303,064	303,361	302,797

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2014

NOTE 10: CASH FLOW INFORMATION

(a). Reconciliation Of Cash

	Half Year to 31 December 2014 ($'000)	Year to 30 June 2014 ($'000)	Half Year to 31 December 2013 ($'000)	Year to 30 June 2013 ($'000)
Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash on hand	13	12	16	12
Cash at bank	15,956	12,872	9,981	10,627
Cash on deposit	29	174	577	548
Total	15,998	13,058	10,574	11,187

(b). Reconciliation Of Cash Flow From Operations With Profit

	Half Year to 31 December 2014 ($'000)	Year to 30 June 2014 ($'000)	Half Year to 31 December 2013 ($'000)	Year to 30 June 2013 ($'000)
Profit / (loss) after income tax	(647)	8,233	3,522	9,084
Non cash flows in profit / (loss)				
Loss on disposal of fixed assets	2	(1)	-	126
Depreciation of fixed assets	2,789	5,158	2,535	5,096
Amortisation / impairment of intangible assets	193	289	155	67
Equity settled share based payments	11	(87)	-	87
Changes in assets and liabilities processed directly in equity	1,350	(1,627)	(540)	1,034
Changes in tax balances processed directly in equity	-	-	(147)	(409)
Changes in assets and liabilities				
(Increase) /decrease in receivables	(803)	(926)	(2,276)	(1,114)
(Increase) / decrease in inventories	(12,140)	(7,140)	(9,526)	(1,658)
(Increase) / decrease in other assets	1,681	(1,615)	(1,239)	(466)
Decrease in payables, accruals and other financial liabilities	1,760	3,935	5,115	565
Increase / (decrease) in tax balances	(3,210)	(2,004)	(1,607)	(670)
FX / other non operation movements backed out of assets and liabilities	(34)	(46)	(7)	(222)
Net cash inflow provided by operations	(9,048)	4,169	(4,015)	11,520

Independent Auditor's Review Report

Deloitte.

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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 2014, 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 12 to 28.

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 2014 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.

Deloitte.

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.

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 company's financial position as at 31 December 2014 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

DELOITTE TOUCHE TOHMATSU

Stephen Roche
Partner
Chartered Accountants
Melbourne, 27 February 2015