

APPENDIX 4D & FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2016

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APPENDIX 4D

HALF YEARLY REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2016

Name of Entity:	Gale Pacific Limited
ABN or Equivalent Company Reference:	80 082 263 778
Report for the Half Year Ended:	31 December 2016
Previous Full Year Period is the Financial Year Ended:	30 June 2016
Previous Corresponding Period is the Half Year Ended:	31 December 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				Half Year to 31 December 2015 \$'000		Half Year to 31 December 2016 \$'000
Revenues from continuing operations:	Up	-	82,377	To		82,592
Profit from continuing operations after tax attributable to members:	Up	5	3,180	To		3,353
Net profit for the period attributable to members:	Up	5	3,180	To		3,353
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 2017	1.0 cents	0%
Final dividend for the year ending 30 June 2016	1.0 cents	0%

Date dividend is payable	3 rd of April 2017
Record date for determining entitlements to the dividend	20 th of March 2017
Trading ex dividend	16 th of March 2017
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 2017		
- In respect of 2017 financial year as at 31 December 2016	1.0 cents	0%
- In respect of 2016 financial year as at 31 December 2015	0.75 cents	0%
Final dividend for the year ending 30 June 2016		
- In respect of 2016 financial year as at 30 June 2016	1.0 cents	0%
- In respect of 2015 financial year as at 30 June 2015	1.0 cents	0%

NET TANGIBLE ASSET PER SECURITY

	As at 31 December 2016	As at 30 June 2016	As at 31 December 2015
Net tangible asset per ordinary security	25.3 cents	25.0 cents	24.6 cents

THE FINANCIAL INFORMATION PROVIDED IN APPENDIX 4D IS BASED ON THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL REPORT ATTACHED.

THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL REPORT HAS BEEN INDEPENDENTLY REVIEWED. THE FINANCIAL REPORT IS NOT SUBJECT TO A QUALIFIED INDEPENDENT REVIEW REPORT.

Signed:

Name:

Title:

Date:



Nick Pritchard

Group Managing Director

16 February 2016

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

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 2016 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 George Richards	Resigned 30 October 2015

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 2016 \$'000	31 Dec 2015 \$'000
Final dividend for the year ended 30 June 2016 of 1.0 cent per ordinary share (2015: 1.0 cent).	<u>2,975</u>	<u>2,975</u>

REVIEW OF OPERATIONS

The profit for the Group after providing for income tax amounted to \$3,354,000 (31 December 2015: \$3,180,000).

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 2016 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
16 February 2017



Mr Nick Pritchard
Group Managing Director
16 February 2017

Auditor's Independence Declaration



Deloitte Touche Tohmatsu
ABN 74 490 121 060
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Australia

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

16 February 2017

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 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

A stylized, handwritten signature in black ink, appearing to read "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A stylized, handwritten signature in black ink, appearing to read "Stephen Roche".

Stephen Roche

Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

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 2016 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
16 February 2017



Mr Nick Pritchard
Group Managing Director
16 February 2017

Statement of Profit or Loss and Other Comprehensive Income For The Half Year Ended 31 December 2016

	Note	Consolidated 31 Dec 2016 \$'000	31 Dec 2015 \$'000
Revenue			
Sale of goods		82,592	82,377
Other income		108	3,536
Expenses			
Raw materials and consumables used		(45,968)	(47,951)
Employee benefits expense		(13,573)	(13,846)
Depreciation and amortisation expense		(3,166)	(3,741)
Marketing and advertising		(1,254)	(1,716)
Occupancy costs		(2,669)	(2,688)
Warehouse and related costs		(6,170)	(5,982)
Other expenses		(5,161)	(5,528)
Finance costs		(830)	(914)
Profit before income tax expense		3,909	3,547
Income tax expense		(555)	(367)
Profit after income tax expense for the half-year attributable to the owners of Gale Pacific Limited		3,354	3,180
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		864	(679)
Foreign currency translation		(667)	1,039
Other comprehensive income for the half-year, net of tax		197	360
Total comprehensive income for the half-year attributable to the owners of Gale Pacific Limited		3,551	3,540
		Cents	Cents
Basic earnings per share	5	1.13	1.07
Diluted earnings per share	5	1.11	1.06

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

Statement of Financial Position

As At 31 December 2016

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
Assets		
Current assets		
Cash and cash equivalents	23,302	24,563
Trade and other receivables	30,624	30,226
Inventories	48,086	44,577
Income tax refundable	930	-
Prepayments	1,488	969
Total current assets	104,430	100,335
Non-current assets		
Prepayments	234	357
Property, plant and equipment	29,049	30,414
Intangibles	25,077	25,210
Deferred tax	4,079	4,068
Total non-current assets	58,439	60,049
Total assets	162,869	160,384
Liabilities		
Current liabilities		
Trade and other payables	20,350	19,598
Borrowings	20,518	13,192
Derivative financial instrument - cash flow hedges	187	1,421
Current tax liabilities	276	2,771
Employee benefits	1,975	1,832
Provisions	499	318
Total current liabilities	43,805	39,132
Non-current liabilities		
Borrowings	16,483	19,523
Deferred tax	2,092	2,000
Employee benefits	106	106
Total non-current liabilities	18,681	21,629
Total liabilities	62,486	60,761
Net assets	100,383	99,623
Equity		
Issued capital	71,485	71,485
Reserves	(379)	(988)
Retained profits	29,277	29,126
Total equity	100,383	99,623

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 2016

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2015	71,485	1,598	24,705	97,788
Profit after income tax expense for the half-year	-	-	3,180	3,180
Other comprehensive income for the half-year, net of tax	-	360	-	360
Total comprehensive income for the half-year	-	360	3,180	3,540
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	90	-	90
Balance at 31 December 2015	71,485	2,048	27,885	101,418
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	71,485	(379)	29,277	100,383

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 2016

	Consolidated	
Note	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Cash flows from operating activities		
Profit before income tax expense for the half-year	3,909	3,547
Adjustments for:		
Depreciation and amortisation	3,165	3,741
Share-based payments	184	90
Foreign currency differences	(480)	1,521
Interest and other finance costs paid	830	914
	7,608	9,813
Increase in trade and other receivables	(398)	(4,426)
Increase in inventories	(3,509)	(7,105)
Increase in prepayments	(396)	(267)
Increase in trade and other payables	752	4,667
Decrease in derivative liabilities	(370)	-
Increase in employee benefits	143	321
Increase in other provisions	181	146
	4,011	3,149
Interest and other finance costs paid	(830)	(914)
Income taxes paid	(3,899)	(738)
Net cash from/(used in) operating activities	(718)	1,497
Cash flows from investing activities		
Payments for property, plant and equipment	(2,046)	(1,883)
Payments for intangibles	(263)	(284)
Proceeds from disposal of property, plant and equipment	291	(42)
Net cash used in investing activities	(2,018)	(2,209)
Cash flows from financing activities		
Proceeds from borrowings	9,968	2,455
Dividends paid	(2,975)	(2,975)
Repayment of borrowings	(5,682)	(1,004)
Net cash from/(used in) financing activities	1,311	(1,524)
Net decrease in cash and cash equivalents	(1,425)	(2,236)
Cash and cash equivalents at the beginning of the financial half-year	24,563	17,769
Effects of exchange rate changes on cash and cash equivalents	164	308
Cash and cash equivalents at the end of the financial half-year	23,302	15,841

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 2016

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 16 February 2017. 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 2016 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 2016 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, unless otherwise stated.

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 2016 and are not expected to have any significant impact for the full financial year ending 30 June 2017.

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

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 2016

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. These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer (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 results. 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 in particular Europe and Asia.
Americas	Sales offices are located in Florida and custom blind assembly and distribution facilities are located in California which service the North American region.
MENA - Middle East / North Africa	A sales office and distribution facility is located in the United Arab Emirates to service this market.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2016

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 sales revenue	58,201	25,099	17,153	6,057	(23,918)	82,592
Total revenue	58,201	25,099	17,153	6,057	(23,918)	82,592
Segment EBITDA	4,008	5,100	(1,023)	808	(989)	7,904
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
Assets						
Segment assets	60,504	38,906	31,809	11,531	20,119	162,869
Total assets						162,869
Liabilities						
Segment liabilities	11,850	9,520	8,912	675	31,529	62,486
Total liabilities						62,486

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2016

NOTE 3. OPERATING SEGMENTS (CONTINUED)

	Australasia \$'000	China Manuf. and EurAsia \$'000	Americas \$'000	MENA \$'000	Other segments \$'000	Total \$'000
Consolidated - 31 Dec 2015						
Revenue						
Sales to external customers	57,353	2,357	14,089	8,578	-	82,377
Intersegment sales	1,597	25,105	-	-	(26,702)	-
Total sales revenue	58,950	27,462	14,089	8,578	(26,702)	82,377
Total revenue	58,950	27,462	14,089	8,578	(26,702)	82,377
Segment EBITDA	4,020	4,381	(922)	1,727	(1,004)	8,202
Depreciation and amortisation	(418)	(2,484)	(600)	(1)	(238)	(3,741)
Finance costs	(106)	(546)	(224)	(38)	-	(914)
Profit/(loss) before income tax expense	3,496	1,351	(1,746)	1,688	(1,242)	3,547
Income tax expense						(367)
Profit after income tax expense						3,180
Consolidated - 30 Jun 2016						
Assets						
Segment assets	58,544	36,089	32,203	10,738	22,810	160,384
Total assets						160,384
Liabilities						
Segment liabilities	15,168	13,109	5,680	674	26,130	60,761
Total liabilities						60,761

NOTE 4. EQUITY - DIVIDENDS

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

	Consolidated 31 Dec 2016 \$'000	31 Dec 2015 \$'000
Final dividend for the year ended 30 June 2016 of 1.0 cent per ordinary share (2015: 1.0 cent).	<u>2,975</u>	<u>2,975</u>

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2016

NOTE 5. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Profit after income tax attributable to the owners of Gale Pacific Limited	3,354	3,180
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	297,474,396	297,474,396
Adjustments for calculation of diluted earnings per share:		
Performance rights	5,107,802	3,401,617
Weighted average number of ordinary shares used in calculating diluted earnings per share	302,582,198	300,876,013
	Cents	Cents
Basic earnings per share	1.13	1.07
Diluted earnings per share	1.11	1.06

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 2016, 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 2016 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

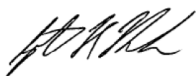
Conclusion

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 2016 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, 16 February 2017