

Appendix 4D, Directors' Report & Financial Report

For the Half Year Ended
31 December 2022



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Appendix 4D

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 2022
Previous Full Year Period is the Financial Year Ended:	30 June 2022
Previous Corresponding Period is the Half Year Ended:	31 December 2021

Results for Announcement to the Market

		%	Half Year to 31 December 2022 \$'000	Half Year to 31 December 2021 \$'000
Revenues from continuing operations:	Down	3.4	92,637	95,901
Profit/(loss) from continuing operations after tax attributable to owners:	Up	135.1	79	(225)
Profit/(loss) for the period attributable to owners:	Up	135.1	79	(225)

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 2023	1.0 cent	100%
Final ordinary dividend for the year ending 30 June 2022	1.0 cent	75%
Trading ex-dividend	30 March 2023	
Record date for determining entitlements to the dividend	31 March 2023	
Date dividend is payable	1 June 2023	

Appendix 4D (continued)

Dividends (continued)

	Amount Per Security	Percentage Franked
Interim dividend for the half year		
- In respect of 2023 financial year as at 31 December 2022	1.0 cent	100%
- In respect of 2022 financial year as at 31 December 2021	1.0 cent	50%
Final dividend for the full year		
- In respect of 2022 financial year as at 30 June 2022	1.0 cent	75%
- 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%

Net Tangible Assets Per Security

	As at 31 December 2022	As at 30 June 2022	As at 31 December 2021
Net tangible assets per security ¹ :	30.95	32.27	29.88

¹ 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.

Signed



John Paul Marcantonio
Chief Executive Officer and Managing Director
21 February 2023

Directors' Report

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 2022 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 & 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 2022 \$'000	31 Dec 2021 \$'000
Final dividend for the period ended 30 June 2022 of 1.0 cent per ordinary share (2021: 2.0 cents).	2,764	5,508

Review of Operations

The profit for the six months period ended 31 December 2022 for the Group after providing for income tax amounted to \$79k (31 December 2021: loss of \$225k).

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.

The Company is reviewing their global credit facilities and treasury management platform by undertaking a Request for Proposal with several Australian, U.S. and global banks, seeking a streamlined approach to support the Company's growth.

Directors' Report (continued)

Matters Subsequent to the End of the Financial Half-Year

Apart from the interim dividend declared, no matter or circumstance has arisen since 31 December 2022 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. 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



David Allman
Chairman
21 February 2023



John Paul Marcantonio
Chief Executive Officer and Managing Director
21 February 2023

Auditor's Independence Declaration



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Auditor's independence declaration to the directors of Gale Pacific Limited

As lead auditor for the review of the half-year financial report of Gale Pacific Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Gale Pacific Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Joanne Lonergan'.

Joanne Lonergan
Partner
21 February 2023

Directors' Declaration

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 2022 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



David Allman
Chairman
21 February 2023



John Paul Marcantonio
Chief Executive Officer and Managing Director
21 February 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2022

		Consolidated	
	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue			
Sale of goods	3	92,637	95,901
Other income		450	520
Expenses			
Raw materials and consumables used		(47,283)	(53,808)
Employee benefits expense		(20,317)	(20,306)
Depreciation and amortisation expense		(5,790)	(4,798)
Marketing and advertising		(2,066)	(1,572)
Occupancy costs		(1,282)	(1,679)
Warehouse and related costs		(7,472)	(6,925)
Other expenses		(6,730)	(5,798)
Finance costs		(1,576)	(882)
Profit before income tax expense		571	653
Income tax expense	4	(492)	(878)
Profit/(Loss) after income tax expense for the half-year attributable to the owners of Gale Pacific Limited		79	(225)
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		(431)	(55)
Foreign currency translation		(1,158)	3,634
Other comprehensive income for the half-year, net of tax		(1,589)	3,579
Total comprehensive income for the half-year attributable to the owners of Gale Pacific Limited		<u>(1,510)</u>	<u>3,354</u>
		Cents	Cents
Basic earnings/(loss) per share	9	0.03	(0.08)
Diluted earnings/(loss) per share	9	0.03	(0.08)

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

Consolidated Statement of Financial Position

For the half year ended 31 December 2022

	Note	Consolidated 31 Dec 2022 \$'000	31 Dec 2021 \$'000
Assets			
Current assets			
Cash and cash equivalents		26,732	28,465
Trade and other receivables		37,668	47,295
Inventories		77,146	56,299
Prepayments		1,713	3,126
Total current assets		143,259	135,185
Non-current assets			
Property, plant and equipment		30,845	30,845
Intangibles		8,843	8,794
Right-of-use assets		23,781	26,415
Deferred tax		6,954	8,998
Total non-current assets		70,423	75,052
Total assets		213,682	210,237
Liabilities			
Current liabilities			
Trade and other payables		29,404	30,692
Borrowings	5	51,445	21,059
Lease liabilities		5,624	4,677
Derivative financial instrument - hedges	7	243	1,355
Current tax liabilities		2,269	3,053
Employee benefits		4,242	5,548
Provisions		755	507
Total current liabilities		93,982	66,891
Non-current liabilities			
Borrowings	5	-	12,935
Lease liabilities		21,313	24,111
Deferred tax		3,911	8,112
Employee benefits		102	212
Total non-current liabilities		25,326	45,370
Total liabilities		119,308	112,261
Net assets		94,374	97,976
Equity			
Issued capital		63,403	63,403
Reserves		9,841	10,335
Retained profits		21,130	24,238
Total equity		94,374	97,976

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

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2022

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
Share-based payments (note 10)	-	339	-	339
Vesting of performance rights (note 6)	335	(335)	-	-
Enterprise Reserve Transfers	-	112	(112)	-
Dividends paid (note 6)	-	-	(5,508)	(5,508)
Balance at 31 December 2021	63,403	8,154	19,547	91,104
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	63,403	10,335	24,238	97,976
Profit after income tax expense for the half-year	-	-	79	79
Other comprehensive income for the half-year, net of tax	-	(1,589)	-	(1,589)
Total comprehensive income for the half-year	-	(1,589)	79	(1,510)
Share-based payments (note 10)	-	672	-	672
Enterprise Reserve Transfers	-	423	(423)	-
Dividends paid (note 6)	-	-	(2,764)	(2,764)
Balance at 31 December 2022	63,403	9,841	21,130	94,374

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

Consolidated Statement of Cash Flows

For the half year ended 31 December 2022

	Consolidated	
Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities		
Profit before income tax expense for the half-year	571	653
Adjustments for:		
Depreciation and amortisation	5,790	4,798
Share-based payments	672	339
Foreign currency differences	(1,495)	1,453
Interest and other finance costs	1,576	882
	7,114	8,125
Change in operating assets and liabilities:		
Decrease in trade and other receivables	9,627	2,565
Increase in inventories	(20,847)	(12,297)
Increase in derivative assets	-	(375)
Decrease in prepayments	1,413	226
Increase/(decrease) in trade and other payables	(1,288)	102
Decrease in derivative liabilities	(1,543)	(55)
Decrease in employee benefits	(1,416)	(2,093)
Increase in other provisions	248	266
Cash generated from operations	(6,692)	(3,536)
Interest and other finance costs paid	(1,576)	(882)
Income taxes paid	(3,433)	(1,839)
Net cash used in operating activities	(11,701)	(6,257)
Cash flows from investing activities		
Payments for property, plant and equipment	(2,830)	(1,276)
Payments for intangibles	(329)	(448)
Proceeds from disposal of property, plant and equipment	1	87
Net cash used in investing activities	(3,158)	(1,637)
Cash flows from financing activities		
Proceeds from borrowings	17,451	10,078
Proceeds/(repayment) of leases	(1,928)	(1,594)
Dividends paid	(2,764)	(5,508)
Net cash from financing activities	12,759	2,976
Net decrease in cash and cash equivalents	(2,100)	(4,918)
Cash and cash equivalents at the beginning of the financial half-year	28,465	30,407
Effects of exchange rate changes on cash and cash equivalents	367	684
Cash and cash equivalents at the end of the financial half-year	26,732	26,173

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2022

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.

Basis of preparation

The consolidated financial statements for the interim half-year reporting period ended 31 December 2022 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'.

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.

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 21 February 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant Accounting Policies

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 2022 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.

Note 3. Operating Segments

Identification of reportable operating segments

The Group was previously organised into 4 operating segments identified by geographic segments together with Other items consisting of the Corporate division. From the current reporting period and onwards, the Eurasia and MENA segments will be combined to a single Developing markets segment which combines the markets to streamline resources and strategic initiatives. As a result of this change, the comparators have been restated to align with the new reporting format.

In the new structure, the Group is organised into three operating segments identified by geographic location (two anchor markets and developing markets), together with Other items which is related to the Corporate division. 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.

The operating segments are as follows:

Americas (AMR)	Main sales office is located in North Carolina. Custom blind assembly and distribution facilities are located in both California and Florida which service the North American region.
Australia / New Zealand (ANZ)	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.
Developing Markets (DEV)	A sales offices and distribution facilities is located in the United Arab Emirates and China to service rest of the world.

The 'Other Segments' represents Corporate, Intersegment eliminations and total net assets of our manufacturing operations in China.

The results from our manufacturing operations in China are allocated to the operating segments of Americas, Australia / New Zealand and Developing Markets.

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

Major Customers

As at 31 December 2022 approximately 44% (FY2022: 42%) of the Group's external revenue was derived from sales to two customers (FY2022: Two), one customer located in the ANZ region and one customer located in the AMR region.

Note 3. Operating Segments (continued)

Operating Segment Information

	Americas \$'000	Australia / New Zealand \$'000	Developing Markets \$'000	Other Items \$'000	Total \$'000
Consolidated - 31 Dec 2022					
Revenue					
Sales to external customers	37,630	50,203	4,804	-	92,637
Total revenue	37,630	50,203	4,804	-	92,637
Segment EBITDA	1,323	8,101	1,244	(2,731)	7,937
Depreciation and amortisation	(3,735)	(1,819)	(236)	-	(5,790)
Finance costs	(1,038)	(437)	(58)	(43)	(1,576)
Profit/(Loss) before income tax expense	(3,450)	5,845	950	(2,774)	571
Income tax expense					(492)
Profit after income tax expense					79
Assets					
Segment assets	77,570	61,465	10,866	63,781	213,682
Total assets					213,682
Liabilities					
Segment liabilities	36,605	25,340	619	56,744	119,308
Total liabilities					119,308
Consolidated - 31 Dec 2021					
Revenue					
Sales to external customers	32,939	56,974	5,988	-	95,901
Total revenue	32,939	56,974	5,988	-	95,901
Segment EBITDA	(328)	7,040	1,327	(1,706)	6,333
Depreciation and amortisation	(2,613)	(1,987)	(198)	-	(4,798)
Finance costs	(466)	(378)	(38)	-	(882)
Profit/(Loss) before income tax expense	(3,407)	4,675	1,091	(1,706)	653
Income tax expense					(878)
Loss after income tax expense					(225)
Consolidated - 30 Jun 2022					
Assets					
Segment assets	85,717	48,021	11,707	64,792	210,237
Total assets					210,237
Liabilities					
Segment liabilities	39,224	27,082	576	45,379	112,261
Total liabilities					112,261

Note 4. Income Tax Expense

	Consolidated 31 Dec 2022 \$'000	31 Dec 2021 \$'000
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	571	653
Tax at the statutory tax rate of 30%	171	196
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Disallowed items (Share-based payments, entertainment and sundry items)	356	448
	527	644
Difference in overseas tax rates	(35)	234
Income tax expense	492	878

Note 5. Borrowings

	Consolidated 31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current liabilities - Bank loans	51,445	21,059
Non-current liabilities - Bank loans	-	12,935
The total secured liabilities (current and non-current)	51,445	33,994

The banking facilities (comprising of term loans and trade finance loans) with the ANZ Banking Corporation which is secured over the Group's assets by registered mortgage freeholds over the land and buildings is set to expire on 30 October 2023. The company is well advanced in a Request For Proposal with several banks in both Australia and the United States to secure credit facilities.

Note 6. Equity - Dividends

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

	Consolidated 31 Dec 2022 \$'000	30 Jun 2022 \$'000
Final dividend for the year ended 30 June 2022 of 1.0 cent per ordinary share (2021: 2.0 cents).	2,764	-
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).	-	5,508
	2,764	5,508

Note 7. Fair Value Measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated - 31 Dec 2022				
<i>Liabilities</i>				
Forward foreign exchange contracts	-	243	-	243
Total liabilities	-	243	-	243
Consolidated - 30 Jun 2022				
<i>Liabilities</i>				
Forward foreign exchange contracts	-	1,355	-	1,355
Total liabilities	-	1,355	-	1,355

There were no transfers between levels during the financial half-year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 8. Related Party Transactions

Parent entity

Gale Pacific Limited is the parent entity.

Transactions with related parties

There were no transactions with non-KMP related parties and the nature of transactions with KMPs are consistent with that disclosed in the FY22.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 9. Earnings Per Share

	31 Dec 2022 \$'000	Consolidated 30 Jun 2022 \$'000
Profit/(Loss) after income tax attributable to the owners of Gale Pacific Limited	79	(225)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	276,393,042	275,737,420
Adjustments for calculation of diluted earnings per share:		
Performance rights	18,889,142	17,235,424
Weighted average number of ordinary shares used in calculating diluted earnings per share	295,282,184	292,972,844
	Cents	Cents
Basic earnings/(loss) per share	0.03	(0.08)
Diluted earnings/(loss) per share	0.03	(0.08)

Note 10. Share-Based Payments

In this reporting period, 559,338 rights relating to Senior Executive Share Scheme issued in prior years were forfeited as they did not meet the vesting conditions.

No new long term incentive plans were granted in this reporting period.

Summary of performance rights as at 31 December 2022

Type of rights	Grant Date	Fair Value
Senior executive rights scheme	30/10/2020	\$0.16
CEO&MD Three Year Incentive	23/12/2020	\$0.18
Senior executive and senior manager bonus rights scheme	23/12/2021	\$0.28
Senior executive	06/04/2022	\$0.28

Total expense of \$672,000 (31 December 2021: \$339,000) was recognised for the above schemes and performance rights for the half-year ended 31 December 2022.

Set out below is the movement summary of the outstanding options and rights during the half-year reporting period ended 31 December 2022:

	Number of options 31 Dec 2022	Weighted average fair value per right 31 Dec 2022	Number of options 31 Dec 2021	Weighted average fair value per right 31 Dec 2021
Outstanding at the beginning of the financial half-year	18,980,338	\$0.20	17,907,971	\$0.19
Granted - Senior executive scheme	-	\$0.00	2,247,000	\$0.26
Granted - Senior executive and senior manager bonus rights scheme	-	\$0.00	623,000	\$0.26
Forfeited	(559,338)	\$0.26	(999,901)	\$0.21
Exercised	-	\$0.00	(1,001,732)	\$0.32
Outstanding at the end of the financial half-year	<u>18,421,000</u>	\$0.20	<u>18,776,338</u>	\$0.19

Fair value of performance rights granted

No new options were granted in this reporting period (31 December 2021 : \$755,811).

Note 11. Events Occurring After Reporting Date

On 21 February 2023, the directors declared a 100% 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 2022, to be paid to shareholders on 1 June 2023. 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.

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



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Independent auditor's review report to the members of Gale Pacific Limited

Conclusion

We have reviewed the accompanying half-year financial report of Gale Pacific Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial 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* (ASRE 2410). 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 auditor independence requirements of the *Corporations Act 2001* and 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.

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 2022 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*.



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.

Ernst + Young

Ernst & Young

Joanne Lonergan

Joanne Lonergan
Partner
Melbourne
21 February 2023

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