Australian based.
Global business.

Annual Report 2015

GALE PACIFIC

Contents

Corporate Directory

Gale Pacific Limited

ABN 80 082 263 778

Directors

David Allman (Chairman)
Nick Pritchard (Group Managing Director)
Peter Landos (Non Executive Director)
John Murphy (Non Executive Director)
George Richards (Non Executive Director)

Company Secretary

Sophie Karzis

Registered Office

145 Woodlands Drive,
Braeside, Victoria, 3195
T + 613 9518 3333

Solicitors

Norton Gledhill
Level 23, 459 Collins Street, Melbourne, Victoria, 3000
T + 613 9614 8933

Auditors

Deloitte Touche Tohmatsu
550 Bourke Street, Melbourne, Victoria, 3000
T + 613 9671 7000

Share Registry

Computershare
Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067
T + 613 9415 4000

Website Address

www.galepacific.com

2015 Annual General Meeting

The Annual General Meeting will be held on Friday 30 October 2015.

The Notice of Meeting and Proxy Form are separate items accompanying this 2015 Annual Report.

Who We Are

GALE Pacific is a manufacturer and marketer of commercial and DIY products that protect and enhance environments around the world.

Based in Australia, we operate globally with approximately half our revenue coming from other markets.

Our products are marketed across commercial and retail sectors, with distribution into architectural, horticultural, agricultural, mining, construction, and home improvement channels. They are stocked by many of the world's largest retailers and also have strong online distribution.

Key products include architectural shade fabrics, exterior window shades, shade sails and an array of specialised commercial fabrics used for crop protection, irrigation, water storage and screening.

Retail shade and screening products are marketed under the Coolaroo brand. Commercial products are marketed under the GALE Pacific brand.

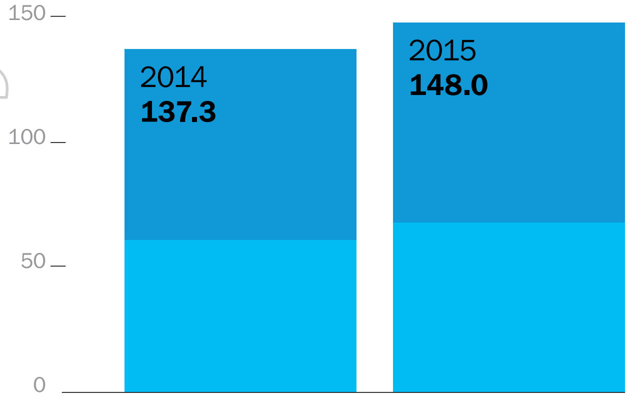
In Australia and New Zealand we also market a range of interior window furnishings under the ZONE Interiors brand and a range of glass DIY pool fencing and balustrading, shower screens and other glass products under the EVERTON brand.

GALE Pacific is a world leader in specialised textiles and associated products and is recognised in our markets as an innovator and long-term producer of premium quality products.

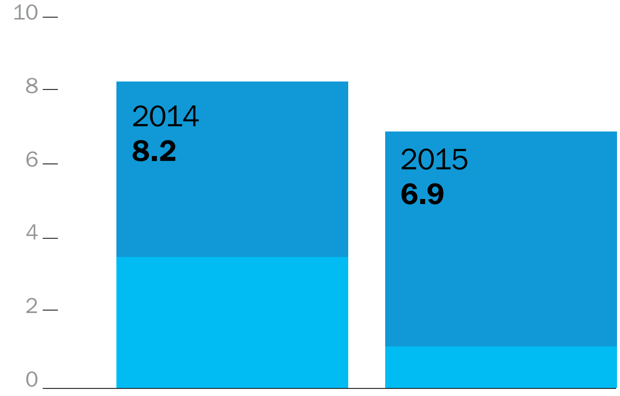
The company is focused on strengthening our global market position through product innovation and brand strength.

Results at a glance

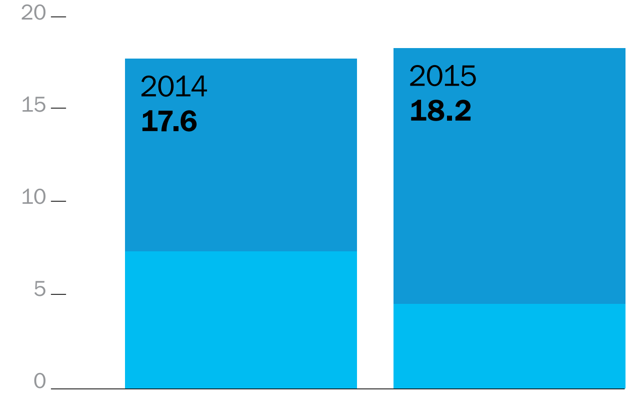
Sales $A million H1 H2



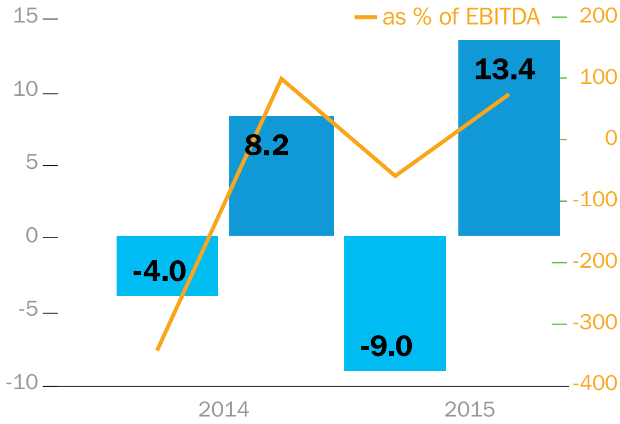
Underlying NPAT $A million H1 H2



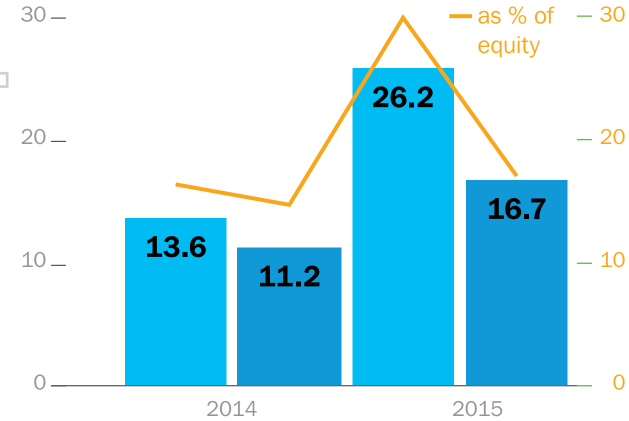
Underlying EBITDA $A million H1 H2



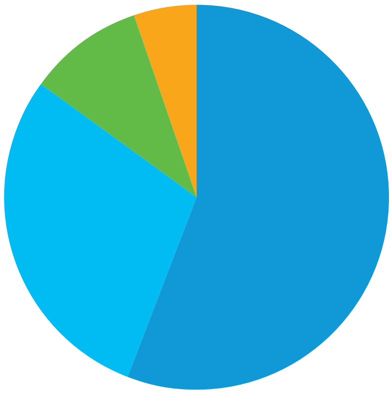
Gross operating cash flow $A million H1 H2



Net debt $A million H1 H2



Sales by region $A '000s



- **82,742** Australasia
- **43,360** Americas
- **14,405** Middle East / North Africa
- **7,486** China Manufacturing and EurAsia

Chairman's Letter

David Allman

In August 2014 GALE Pacific announced a leadership change with the appointment of Nick Pritchard as Group Managing Director. Subsequently he announced a strategy to increase the company's profitability and restore shareholder value.

At the half year we reported that we had made substantial progress with implementing the strategy; however this progress had not improved financial results at that stage. Pleasingly, the second half financial results for FY2015 have verified that the strategic plan is working, leading to increased revenue and profitability, improved working capital management, continuing reductions in the cost of servicing customers, and reduced debt. Second half underlying EBITDA of $13.7 million was 33% higher than the prior corresponding period, following a first half when underlying EBITDA was down 38%. The strategic initiatives we have undertaken have positioned the company to achieve sustainable earnings growth as we focus on building long-term shareholder value.

Financial Position

In FY2015 the group recorded sales of $148 million, an 8% year-on-year increase. The USA and Middle East regions performed particularly well with strong sales and earnings growth. While the Australian business increased its sales, profitability was well below an acceptable level, due to increased product costs caused by the depreciation in the Australian dollar, the need for increased marketing spend, and ongoing investment to streamline and improve the company's supply chain.

Underlying EBITDA for the year was $18.2 million, representing a small improvement over 2014. Underlying Net Profit After Tax (NPAT) was $6.9 million which is in line with our earnings guidance of $6.5-$7.5 million in February.

After restructuring and product re-launch costs of $1.7 million, statutory NPAT was $5.2 million compared with $8.2 million in FY2014. Statutory earnings per share were 1.74 cents compared with 2.77 cents in FY2014.

A final unfranked dividend of 1 cent per share will be paid to shareholders on 1 December 2015.

The group has a strong balance sheet with net debt at 30 June of $16.7 million which is less than underlying EBITDA, and gearing (net debt divided by net debt plus shareholders funds) of 15%.

Management and Staff

On behalf of the Directors, I would like to thank GALE Pacific employees for their hard work and commitment to grow and improve the business, particularly while implementing such a significant change agenda. During the year we welcomed several new members to the management team and are confident that they will make a great contribution and help the business to realise its considerable potential.

Looking Forward

In FY2016 the company will continue to execute its strategy and Directors believe the company to be well positioned, with a new leadership team and clear plans to deliver solid revenue and earnings growth. We expect the Australian region to increase its profitability to a more acceptable level with increased revenue and lower costs resulting from supply chain improvements, reduced inventory and the absence of the one-off investments required in FY2015.

Globally we see strong growth potential across both the retail and commercial sectors and are encouraged by the product category range wins which are being achieved in both channels.

D. J. Allman

David Allman
Chairman

Group Managing Director's Review

Nick Pritchard

In my first year leading GALE Pacific, I am very pleased to be able to report considerable progress in the transformation of the company in line with our strategic plan, as well as strong second half financial performance.

Whilst full year earnings were below the prior year, they were in line with the guidance provided to the market in February and the results for the second half demonstrate that the transformation plan is working. In the second half the company's underlying EBIT was more than five times the first half of FY2015 and 20% above the prior corresponding period.

During the second half we were also successful in significantly reducing inventory across the group and achieving important supply chain improvements. Inventory reductions were achieved across all regions and, whilst there is still work to do on the supply chain, our efforts are now starting to drive sizeable cost reductions in warehousing, transport and product.

Building Momentum

In late August 2014 we announced a strategy to create a more focused, more innovative, globally collaborative business geared towards improving service and leveraging our global scale.

Whilst it will take time to realise the full benefits of this strategy, it is pleasing to be able to report a number of achievements:

- Structure – We now have a more global organisational structure, with a global supply chain model aimed primarily at improving working capital management and leveraging the company's scale in procurement.
- Brands – The company's fourteen brands have been reduced to five, with the goal of investing in a smaller number of brands and making them more meaningful to consumers and customers.
- Product Categories – We have defined our product category strategy including plans to exit non-strategic categories and focus on our core business.
- Innovation – We have established a strong pipeline of innovative products in our core categories, which already have translated into significant range wins with our largest retail customer in Australia.
- Collaboration – A global executive leadership team has been established with an operating cycle that supports sharing ideas and marketing programs between regions.
- Service – Increases in key service level metrics have been achieved, particularly in Australia, and we have started to build a stronger customer service culture company-wide.
- Selling Regions – We have implemented a regional selling model with the establishment of the EurAsia region, based in Shanghai, and with other geographical changes aimed at servicing overseas customers locally and at lower cost.
- Digital Strategy – Digital strategies for all brands have been developed and new ZONE Interiors and EVERTON web sites have been launched, with additional web sites imminent.

Efficiency and Effectiveness Projects

We also announced six projects to unlock GALE Pacific's capacity for growth and position the company for success. Each of these projects was sizeable and expected to take some time to complete, and it is pleasing to be able to report that the first three have now been completed with good progress on the remaining three.

- China Manufacturing Pricing Model – The company's China manufacturing operation has been established as a cost centre rather than a profit centre, effective 1 July 2015.

Top left: Coolaroo Butterfly gazebo

Top right: ZONE Interiors window furnishings

Bottom left: EVERTON DIY pool fencing

Bottom right: GALE Pacific horticultural fabrics

In late August 2014 we announced a strategy to create a more focused, more innovative, globally collaborative business geared towards improving service and leveraging our global scale.

This improves visibility on regional profits and transitions the focus in China to manufacturing efficiency and service.

- New Product Development – Improved research and development processes and a focus on fewer, but larger, global projects have translated into a strong new product pipeline and impressive product ranging wins.

- Extrusion Coating Technology Upgrade – We commissioned a new operating system and scanning technology for the company's Australian-based extrusion coating plant. The upgrade was implemented according to plan and already is improving product quality and productivity.

- Global Supply Chain Model – This project, which will focus on product forecasting, global procurement, manufacturing, inventory management and supply chain reporting, is in its early stages. Achievements so far have included strengthened processes, improved supplier payment terms and reduced inventory.

- International Market and Product Review – This project will define, and establish entry plans for, key expansion markets. It will also develop a strategy around the European region.

- I.T. Optimisation – In April we successfully implemented a new ERP (I.T.) system in the Americas region. We continue to build the company's information technology capability and expect these investments will drive productivity and service improvement.

Health and Safety

It is very encouraging to be able to report a strong safety performance across the business. During the year we implemented increased standards of housekeeping and safety and I am pleased with the commitment and ongoing improvements across all facilities.

Looking Forward

We have made considerable progress with implementing our strategy. We have laid important building blocks implementing the right structure, building team capability, developing the right brand and product strategies, creating the information technology infrastructure, investing in our core manufacturing competencies, building a stronger company culture, and more.

We have achieved these whilst systematically improving our working capital position, reducing debt and delivering a solid second half financial performance.

The next phase of the company's transformation will focus on:

- Successful execution of the significant new business we have won across product categories in Australia;

- Building a more robust global supply chain with improvements in product forecasting, procurement, manufacturing and inventory management;

Below: The company has a clear focus on its core business. Pictured below: Coolaroo cantilever market umbrella.

- Advancing our new product development, particularly in the area of commercial fabrics;
- Building strategies for accelerated commercial sector growth in all regions;
- Developing a strong EurAsia selling region; and
- Continuing to optimise the company's information technology platform to reduce costs and improve service.

We are confident that GALE Pacific is well positioned to deliver strong sales and earnings growth. As evidenced by our results in the second half of FY2015, our people have responded to the challenges faced throughout the year with professionalism and I thank them for their commitment to improve the company's performance.

Thank you too to our shareholders who have supported GALE Pacific through challenging times and a considerable change agenda. We are building momentum and are confident of a very bright future.

Nick Pritchard
Group Managing Director

Operational Report

	FY2014 A$ million	FY2015 A$ million	Change %
Sales	137.3	148.0	8
Underlying EBITDA	17.6	18.2	3
Underlying EBIT	12.1	10.6	(13)
Underlying profit before tax	11.0	8.7	(21)
Underlying profit after tax	8.2	6.9	(16)
Statutory profit/loss before tax	11.0	6.2	(43)
Statutory profit/loss after tax	8.2	5.2	(37)
Net cash provided by operating activities	4.2	4.4	5
Net debt	11.2	16.7	49
Diluted earnings per share	2.72 cents	1.72 cents	(37)
Dividends per share	2.65 cents	1.0 cent	(62)

The group's sales for the full year were $148.0 million, up 8 per cent on FY2014. Sales increased in all major markets with strong seasonal sales in the Americas and the Middle East regions underpinning the result.

Underlying EBITDA was $18.2 million, representing a 3% increase over FY2014. Lower earnings by the Australian business were fully offset by strong performance in the Americas and Middle East operations as they continued to grow. EBITDA in the second half increased by 33% over the prior corresponding period, following a decrease of 38% in the first half.

Australasia

	FY2014 A$ million	FY2015 A$ million	% change
Sales	79.9	82.7	4
Underlying EBITDA	4.7	3.2	(32)

Australian sales through retail channels continued to grow with increased demand for shade cloth, portable shade structures, pool fencing, mirrors and shower screens, although sales of shade-related products were impacted by cooler summer weather.

Increased retail sales in Australia were partially offset by lower commercial sales, caused primarily by the non-repeat of a large commercial fabric export order in the prior year and by weaker demand for grain protection fabrics due to weather. Excluding the impact of the non-repeated export order, underlying commercial sales grew 30% indicating considerable improvement in the region's commercial fabrics business.

In New Zealand both retail and commercial channels returned to strong growth with positive performance across most categories. New retail ranging was secured, positioning the company for future growth.

The region's full year earnings were impacted by higher inventory levels and other supply chain challenges, as well as by transformation activities including restructuring, investments in marketing, and exiting non-core categories. Earnings were also affected by the depreciation of the Australian dollar. Wherever possible, price increases were implemented to offset some of the cost pressures.

A comprehensive brand and product category review was completed during the second half and decisions were made to exit brands with low consumer equity and non-core categories including folding doors, pet beds and pet kennels.

Two major projects were completed successfully:

- The EVERTON pool fencing and balustrade range, formerly branded Highgrove, was relaunched with more effective and durable packaging, a website with a consumer-friendly product selection facility and improved in-store representation. All inventory in retail stores was converted to the new EVERTON format during the year, in time for the peak selling season. The conversion, a project of significant scale and complexity, was executed according to plan. Point-of-sale performance, which previously was declining, is now positive and the company is in a position to capitalise on the potential of this category.
- An underperforming range of Zone Hardware interior blinds was also reviewed and replaced throughout the year by a more fashionable range of ZONE Interiors branded products.

Slow-moving inventory in stores was replaced by an updated and more stylish range, positioning the category for future growth.

Sales of GALE Pacific commercial knitted fabrics increased. Considerable steps were taken to accelerate new product development in both knitted and coated fabrics, and this will remain a key area of focus as the company establishes its technical leadership in commercial fabrics.

The company continued to make improvements across its Australian and New Zealand supply chain, with the number of warehouses reduced to simplify the supply chain and lower costs. In the second half warehouse efficiencies and service level improvements were achieved and progress was made in reducing the number of suppliers and improving trading terms.

Americas

	FY2014 A$ million	FY2015 A$ million	% change
Sales	36.1	43.4	20
Underlying EBITDA	3.3	5.0	51

Sales and profit grew strongly with sales increasing across retail, online and commercial sectors. During the year the region upgraded its ERP (I.T.) system successfully and also extended its custom window shade manufacturing plant to Florida to service customers more effectively and reduce freight costs.

The region has assumed responsibility for South America as part of the strategy to service global customers locally rather than from Australia, and this is expected to lead to increased sales in FY2016.

The company also invested in sales leadership for the Americas commercial business. Currently this is small, but it has considerable potential and significant progress is expected in FY2016.

Middle East / North Africa (formerly Middle East)

	FY2014 A$ million	FY2015 A$ million	% change
Sales	12.2	14.4	18
Underlying EBITDA	2.7	3.3	20

The company continued its strong performance in the region driven by sales of architectural shade fabrics for use in large scale shading projects, including public areas, car parks and vehicle protection for automotive manufacturers. Further investments in this fast-growing region, coupled with the company's new architectural fabric products, are expected to result in ongoing growth.

China Manufacturing and EurAsia (formerly International)

	FY2014 A$ million	FY2015 A$ million	% change
Sales	9.0	7.5	(17)
Underlying EBITDA	9.7	10.6	9

Sales to the EurAsia region declined as the company moved from an Australian-based selling team to a selling team based in this high potential region. Sales in Japan and Europe were lower, but in the future will benefit from structural changes implemented during the year and new leadership.

The company's Chinese manufacturing operations, which produce knitted and woven fabrics including a range of value-added products, were affected by lower demand in Australia and by initiatives to reduce global inventory. Efficiency in the plant remained high, with strong performance in quality and waste reduction and improvements in service metrics.

During the year the EurAsia region completed a review of its markets and product portfolio which resulted in refocusing on core product categories and restructuring its leadership, with the appointment of a new General Manager for the EurAsia zone, based in Shanghai. He has considerable international business experience and will lead the company's entry into China as well as expansion into key European and Asian markets.

Balance Sheet

Net debt at 30 June 2015 was $16.7 million, compared with $26.2 million at 31 December 2014 and $11.2 million at 30 June 2014. The increase during the year reflected greater investment in product development, regeneration of the China manufacturing facilities, and integration of the Americas operations onto the Company's global ERP (I.T.) platform.

Cash Generation and Working Capital

Group working capital increased year-on-year as a result of unfavourable exchange rate translation, increased receivables following higher year-end sales and higher inventory which was due partly to recent Australian new product range wins. Despite this, operating cash flow for the year was $4.4 million, with positive operating cash generation of $13.4 million in the second half. Strong sales performance in the Americas and Middle East regions and continuing cost reductions in Australasia were the key drivers of this performance.

In the second half of FY2015 the company reduced inventory by $9.5 million despite exchange translation and revaluations, driven by disciplined focus on inventory management, with an increase in inventory turn and a decrease in aged inventory. These improvements reflect the continuing benefits of the company's strategy to globalise the supply chain and increase its information technology capabilities.

Reconciliation of Underlying Result to Statutory Result

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

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.

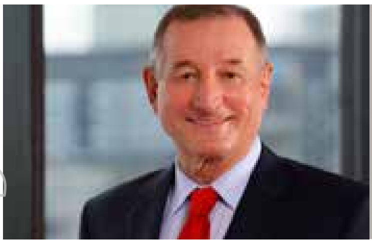
Underlying profit, EBITDA and EBIT are useful as they remove significant items that are material items of revenue or expense that are unrelated to the underlying performance of the business thereby facilitating a more representative comparison of financial performance between financial periods.

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. This information has not been subject to audit or review by the external auditor.

	EBITDA A$ million	EBIT A$ million	Profit before tax A$ million	Profit after tax A$ million
Statutory	15.7	8.0	6.2	5.2
Restructuring costs	0.3	0.3	0.3	0.2
Product re-launch costs	2.2	2.2	2.2	1.5
Underlying	18.2	10.6	8.7	6.9

Right: ZONE Interiors window furnishings

Board of Directors



David Allman
B.Sc
Chairman and
Non Executive Director
since November 2009

David was Managing Director of McPherson's Limited from 1995 to 2009 and prior to that was Managing Director of Cascade Group Limited for 7 years. Before this David held senior positions with Elders IXL Limited and Castlemaine Tooheys Limited. David holds a degree in engineering and prior to obtaining general management positions held managerial roles in production management, finance and marketing. David is Chairman of Muir Engineering Pty Ltd.

David is the Chairman of the Company's Nomination Committee and is a member of the Audit and Risk and Remuneration Committees.

John Murphy
CA, FCPA, B.Comm, M.Comm
Non Executive Director
since August 2007

John was the Managing Director of Investec Wentworth Private Equity Limited from 2002 until 30 September 2011. Also on that date John changed from being an executive to a non executive director of Investec Bank (Australia) Limited. John is currently a director of Ariadne Australia Limited and Vocus Communications Limited.

John is the Chairman of the Company's Remuneration Committee and is a member of the Audit and Risk and Nomination Committees.

Nick Pritchard
B.Bus (Marketing)
Group Managing Director

Nick joined GALE Pacific in August 2013 as Managing Director – Australia and New Zealand and was appointed Group Managing Director in August 2014. Prior to joining GALE, Nick held senior leadership positions at Newell Rubbermaid, most recently, Vice-President/General Manager – Australia and New Zealand where he led all business segments. Nick has considerable local and international experience leading a highly profitable, high growth organisation. Nick was formerly Marketing Manager and Product Manager of GALE Pacific between 1996 and 2003 and developed the Coolaroo brand and many of the company's highly successful products.

George Richards
CPA
Non Executive Director
since May 2004

George was the Chief Executive of Mitre 10 South West Ltd during the 1990's and was previously the Managing Director of Cooper Tools, a market leader in hand tools manufacture and distribution. George has had over 50 years experience in retail, marketing, manufacturing and distribution. George is a board member of The Alfred Foundation and an Associate Member of the Australian Society of Accountants (CPA).

George is Chairman of the Company's Audit and Risk Committee and is a member of the Nomination and Remuneration Committees.

Peter Landos
B.Econ., CA
Non Executive Director
since May 2014

Peter is the Chief Operating Officer of the Thorney Investment Group of Companies with whom he has been since September 2000, having previously worked at Macquarie Bank Limited. Peter has extensive business and corporate experience specialising in advising boards and management in mergers and acquisitions, divestments, business restructurings and capital markets. Peter is also a Non Executive Chairman of Adacel Technologies Limited.

Peter is a member of the Company's Nomination, Audit and Risk and Remuneration Committees.

Executive Leadership

Matt Parker
Chief Financial Officer

Matt joined GALE Pacific in April 2015. Matt is an experienced finance professional having held key finance roles at Ford Motor Company Australia, Nissan Motor Company Australia and Cadbury Schweppes. Prior to joining GALE, Matt was the CFO of Paragon Care Ltd (ASX:PGC). Matt is a certified practising accountant and holds a Bachelor's Degree in Business and Arts (Japanese). He is a registered member of CPA Australia and an affiliate of the Securities Institute of Australia.

Anthony Richardson
General Manager – Australia and New Zealand

Anthony joined GALE Pacific in June 2012 and has more than 20 years' experience in Sales, Marketing & General Management across the consumer goods, packaging and consulting industries. He has held senior management roles including General Manager – China for DuluxGroup along with Marketing Director and the National Sales Manager role at Yates. Anthony has a track record of driving successful and positive change programs and a global perspective having lived and worked in China, North America, the UK and Australia.

Martin Denney
General Manager – Americas

Martin joined GALE Pacific in June 2006 and has strong commercial and strategic planning skills gained over 20 years across a range of industries including food and beverage, distribution, manufacturing, technology and property development. Martin has held senior management roles including General Manager of Socomin, a branded food import and distribution division of Pacific Dunlop Group. Other roles include National Sales and Marketing Manager at Dennis Family Corporation and Business Development Manager at Adacel Technologies.

Bernie Wang
General Manager – China Operations

Bernie joined GALE Pacific in February 2009 and has 20 years experience in the chemical fibre textile industry. Bernie started his career with a large tyre cord manufacturer in China and also held roles in plant management and technical leadership. Bernie then spent four years with DuPont Fibre as Operations Manager and Maintenance Manager. Before joining GALE, Bernie worked for 5 years for a German company in China where he was responsible for the design and construction of the factory and the establishment of manufacturing operations.

Bruno Marotta
General Manager – Supply Chain

Bruno joined GALE Pacific in October 2014 and has over 30 years' experience in the supply chain arena. Bruno spent 18 years in senior supply chain roles at America Tool Company/ Newell Rubbermaid where his responsibilities included leading warehouse facilities, logistics, procurement and customer service functions across the Asia Pacific region.

Ali Haidar
General Manager – Middle East & North Africa

Ali Joined GALE Pacific in August 2004 and has 10 years' experience in sales and marketing with a strong record of business development and project management. Ali has a successful record of growing the Middle East business.

Ted Varani
General Manager – EurAsia

Ted joined GALE Pacific in April 2015. Originally from the USA, for the past 20 years Ted has been involved in international sales, cross-border management and entrepreneurialism based out of the USA, Japan, France and China. Ted has been involved in projects in the fields of predictive analytics, mobile apps, public utilities, and medical devices, with a notable period of 9 years within the Veolia Group where he served as worldwide Business Development Manager as well as General Manager of a US $50M Chinese subsidiary.

Corporate Governance

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on GALE Pacific's website (www.galepacific.com), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by GALE Pacific, and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on GALE Pacific's website (www.galepacific.com).

Directors' Report

The Directors of Gale Pacific Limited ("the Company") present their annual financial report for the Company and its controlled entities ("the Group") for the financial year ended 30 June 2015.

The Directors in office at any time during or since the end of the year to the date of this report are:

David Allman, B.Sc.

Chairman and Non Executive Director since November 2009

David was Managing Director of McPherson's Limited from 1995 to 2009 and prior to that was Managing Director of Cascade Group Limited for 7 years. Before this David held senior positions with Elders IXL Limited and Castlemaine Tooheys Limited. David holds a degree in engineering and prior to obtaining general management positions held managerial roles in production management, finance and marketing. David is Chairman of Muir Engineering Pty Ltd.

In the three years prior to 30 June 2015 Peter was also a director of McPherson's Group Limited.

David is Chairman of the Company's Nomination Committee and is a member of the Audit and Risk and Remuneration Committees.

Nick Pritchard, B Bus. (Marketing)

Group Managing Director appointed 22 August 2014

Nick joined GALE in August 2013 as Managing Director Australia and New Zealand and was appointed Group Managing Director on 22 August 2014. Prior to joining GALE, Nick held senior leadership positions at Newell Rubbermaid, most recently, Vice-President/General Manager – Australia and New Zealand where he led all business segments for the Australia and New Zealand markets. Nick has considerable local and international experience in brand development, business consolidation and leading a highly profitable, high growth organisation. Nick was formerly Marketing Manager and Product Manager of GALE Pacific between 1996 and 2003 and developed the Coolaroo brand and many of the company's highly successful products.

No other directorships of listed companies were held by Nick at any time during the three years prior to 30 June 2015.

Peter Landos, B.Econ., CA

Non Executive Director since May 2014

Peter is the Chief Operating Officer of the Thorney Investment Group of Companies with whom he has been since September 2000, having previously worked at Macquarie Bank Limited. Peter has extensive business and corporate experience specialising in advising boards and management in mergers and acquisitions, divestments, business restructurings and capital markets. Peter is also a Non Executive Chairman of Adacel Technologies Limited.

In the three years prior to 30 June 2015 Peter was also a director of McPherson's Group Limited, Rattoon Holdings Limited and Adacel Technologies Limited.

Peter is a member of the Company's Nomination, Risk, Audit and Remuneration Committees.

John Murphy, CA, FCPA, B.Comm, M.Comm

Non Executive Director since August 2007

John was the Managing Director of Investec Wentworth Private Equity Limited from 2002 until 30 September 2011. Also on that date John changed from being an executive to a non executive director of Investec Bank (Australia) Limited. John is currently a director of Ariadne Australia Limited and Vocus Communications Limited.

In the three years prior to 30 June 2015 John was also a director of Clearview Wealth Limited, Kresta Holdings Limited and Redflex Holdings Limited.

John is the Chairman of the Company's Remuneration Committee and is a member of the Audit and Risk and Nomination Committees.

George Richards, CPA

Non Executive Director since May 2004

George was the Chief Executive of Mitre 10 South West Ltd during the 1990's and was previously the Managing Director of Cooper Tools, a market leader in hand tools manufacture and distribution. George has had over 50 years experience in retail, marketing, manufacturing and distribution. George is a board member of The Alfred Foundation and an Associate Member of the Australian Society of Accountants (CPA).

No other directorships of listed companies were held by George at any time during the three years prior to 30 June 2015.

George is Chairman of the Company's Audit and Risk Committee and is a member of the Nomination and Remuneration Committees.

Ms Sophie Karzis, B Juris LLB

Company Secretary

Sophie was appointed as Company Secretary in June 2004. Sophie is a practising lawyer who holds roles at a number of public and private companies.

State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Events Subsequent to Balance Date

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2015 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.

Likely Developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years has been made in part in the Chairman's Letter of this Annual Report. Any further such disclosure and the expected results of those operations is likely to result in unreasonable prejudice to the Group and has accordingly not been disclosed in this report.

Environmental Regulation and Performance

The Group's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation. The Directors believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Dividends

Dividends paid to members during the financial year were as follows:

	2014 / 2015 ($000)	2013 / 2014 ($000)
Final ordinary dividend for the year ended 30 June 2014 of 1.35 cent per share paid on1 December 2014	4,016	7,883

In addition to the above dividends, on the 24 of August the Directors declared a dividend of 1 cent per share to the holders of fully paid ordinary shares in respect of the year ended 30 June 2015, payable on 1 December 2015 to shareholders on the register at 17 November 2015. The final dividend will be unfranked. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $2,974,744.

For the full year, the dividend of 1 cent per share has been declared on earnings of 1.94 cents per share.

Share Based Payments

Performance Rights

The number of performance rights on issue at the date of this report is 2,364,138. No amount is payable on the vesting of a performance right. Each performance right entitles the holder to one (1) ordinary share in GALE Pacific Limited in the event that the performance right is exercised. Performance rights carry no rights to dividends and no voting rights.

2,690,965 performance rights were granted to executives and the Group Managing Director on 11 December 2014. The performance rights will vest subject to a continuation of employment to 30 June 2017 and the satisfying of relevant performance hurdles based on the Group's diluted earnings per share over the three year period from 1 July 2014 to 30 June 2017. None of these performance rights can vest until 30 June 2017 and expire on 1 December 2017.

As at 30 June 2015, 326,827 of these performance rights lapsed as the time based performance hurdle was not met. A further 3,700,000 performance rights lapsed during the year to 30 June 2015 either as the relevant personnel ceased employment with the Company or because the previous Performance Rights were cancelled and replaced with the current Performance Rights.

The performance rights are subject to a continuation of employment for three years and then the satisfying of relevant performance hurdles based on improvements in the Group's diluted earnings per share over the three year period.

Further details of the options and performance rights movements during the reporting period are disclosed in the Remuneration Report.

Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all Executive Officers of the Company and of any related body corporate against a liability incurred as a Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as an officer or auditor.

Directors' Shareholdings

The following table sets out each Director's relevant interest in shares, options and performance rights in shares of the Company as at the date of this report.

Directors	Fully Paid Ordinary Shares	Options	Performance Rights
D Allman	1,443,804	Nil	Nil
P Landos	Nil	Nil	Nil
J Murphy	3,316,599	Nil	Nil
N Pritchard	212,804	Nil	865,385
G Richards	491,899	Nil	Nil
P McDonald	2,337,874[1]	Nil	Nil

[1] As at resignation date of 22 August 2014

Directors' Report
Continued

Directors' Meetings

The table below sets out the attendance by Directors.

	Directors' Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings	
Directors	No of Meetings Eligible to Attend	Attended	No of Meetings Eligible to Attend	Attended	No of Meetings Eligible to Attend	Attended	No of Meetings Eligible to Attend	Attended
D Allman	12	10	2	2	2	2	1	1
P Landos	12	11	2	2	2	1	1	1
J Murphy	12	12	2	2	2	2	1	1
G Richards	12	11	2	2	2	2	1	1
N Pritchard	9	9	N/A	N/A	N/A	N/A	N/A	N/A
P McDonald	3	2	N/A	N/A	N/A	N/A	N/A	N/A

The members of the Audit and Risk Committee are David Allman, Peter Landos, John Murphy and George Richards. The Chairman of the Audit and Risk Committee is George Richards.

The members of the Remuneration Committee are David Allman, Peter Landos, John Murphy and George Richards. The Chairman of the Remuneration Committee is John Murphy.

The members of the Nomination Committee are David Allman, Peter Landos, John Murphy and George Richards. The Chairman of the Nomination Committee is David Allman.

Remuneration Report

This report contains the remuneration arrangements in place for Directors and Executives of the Group.

The Remuneration Committee reviews the remuneration packages of all Directors and Executive Officers on an annual basis and makes recommendations to the Board. Remuneration packages are reviewed with due regard to performance and other relevant factors, and advice is sought from external advisors in relation to their structure.

The Group's remuneration policy is based on the following principles:

- Provide competitive rewards to attract high quality executives;
- Provide an equity incentive for senior executives that will provide an incentive to executives to align their interests with those of the Group and its shareholders; and
- Ensure that rewards are referenced to relevant employment market conditions.

Remuneration packages contain the following key elements:

- Primary benefits – salary/fees;
- Benefits, including the provision of motor vehicles and incentive schemes, including performance rights; and
- Performance rights, if the performance criteria and any Board discretion are satisfied, entitle an executive to be issued shares in the Company at no cost to the executive. Shares are issued subsequently after the time all performance rights vesting conditions are met

Relationship between the remuneration policy and company performance

The table below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2015:

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Sales	147,993	137,304	119,988	110,473	95,580
Net profit before tax	6,221	10,988	12,016	11,454	9,061
Net profit after tax	5,170	8,233	9,084	8,477	7,100
Share price at start of year	23 cents	26 cents	24 cents	21 cents	16 cents
Share price at end of year	17 cents	23 cents	26 cents	24 cents	21 cents
Interim dividend	-	1.30 cents	1.20 cents	1.20 cents	1.00 cents
Final dividend	1.0 cent	1.35 cents	1.35 cents	1.20 cents	1.00 cents
Basic earnings per share	1.74 cents	2.77 cents	3.07 cents	2.86 cents	2.42 cents
Diluted earnings per share	1.72 cents	2.72 cents	3.00 cents	2.45 cents	2.20 cents

Remuneration Practices

The Group policy for determining the nature and amount of emoluments of Board members and Senior Executives is as follows. The remuneration structure for Executive Officers, including Executive Directors, is based on a number of factors including length of service, particular experience of the individual concerned, and overall performance of the Group. The contracts of service between the Group and Executive Directors and Executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement Executive Directors and Executives are paid employee benefit entitlements accrued to date of retirement. Payment of bonuses, and other incentive payments are made at the discretion of the Remuneration Committee to Key Executives of the Group based predominantly on an objective review of the Group's financial performance, the individuals' achievement of stated financial and non financial targets and any other factors the Committee deems relevant. Non Executive Directors receive a fee for being Directors of the Company and do not participate in performance based remuneration.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non Executive Directors and Senior Managers remuneration is separate and distinct.

Non Executive Director Remuneration

Objective

The Board seeks to set remuneration at a level which provides the Company with the ability to attract and retain directors of relevant experience and skill, whilst incurring costs which are acceptable to shareholders.

Structure

The Company's Constitution and the Australian Securities Exchange Listing Rules specify that the aggregate remuneration of Non Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The last determination was at the Annual General Meeting held on 26 October 2012 when shareholders' approved the Company's constitution which provides for an aggregate remuneration of $500,000 per annum. The amount of the aggregate remuneration and the manner in which it is apportioned is reviewed periodically. The Board considers fees paid to Non Executive Directors of comparable companies when undertaking this review process.

Each Non Executive Director receives a fee for being a Director of the Company and does not participate in performance based remuneration.

Senior Manager and Executive Director Remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group. The objective of the remuneration policy is:

- Reward executives for Group and individual performance;
- Align the interests of the executives with those of the shareholders; and
- Ensure that total remuneration is competitive by market standards.

Structure

In determining the level and make up of executive remuneration, the Remuneration Committee reviews reports detailing market levels of remuneration for comparable roles. Remuneration consists of fixed and variable elements.

(a). Share Based Payments

The Group maintains a performance rights scheme for certain staff and executives, including the Group Managing Director, as approved by shareholders at an annual general meeting. These schemes are designed to reward key personnel when the Group meets performance hurdles increasing the diluted earnings per share and relate to:

- Improvement in earnings per share; and
- Improvement in return to shareholders.

The number of unissued ordinary shares under the performance rights scheme at 30 June 2015 was 2,364,138. All of these performance rights were granted on 11 December 2014 and will not vest until the time the Company's 2017 Annual Report is released to the ASX (on or around 20 September 2017). Each performance right entitles the holder to one (1) ordinary share in Gale Pacific Limited and is subject to satisfying the relevant performance hurdles based on improvements in the Group's diluted earnings per share.

Options and performance rights issued to executives during the year were issued in accordance with the Group's remuneration policy which:

- Reward executives for Group and individual performance;
- Align the interests of the executives with those of the shareholders; and
- Ensure that total remuneration is competitive by market standards.

(b). Cash Bonuses

One year short term performance cash bonus payments are awarded in accordance with the company's remuneration policy. The budget targets for each business unit and the company overall is established each year by the Board. The performance criteria include sales and earnings before interest and tax growth and working capital management. For corporate executives, the performance criteria include growth in earnings before interest and tax and profit after tax.

Key Management Personnel of the Group Who Held Office During the Year

Directors

D Allman (Chairman Non Executive)
P Landos (Non Executive)
J Murphy (Non Executive)
G Richards (Non Executive)
N Pritchard (Group General Manager) (Appointed 22 August 2014)
P McDonald (Managing Director and Chief Executive Officer) (Resigned 22 August 2015)

Executives

M Parker (Chief Financial Officer)
A Richardson (General Manager Australia & New Zealand)
M Denney (General Manager – Americas))
B Wang (General Manager – China)
B Marotta (General Manager – Supply Chain)
A Haidar (General Manager – Middle East & North Africa)
T Varani (General Manager – EurAsia)

The following table discloses the remuneration of the Directors of the Company:

2014 / 2015	Short Term Benefits			Post Employment	Share Based Payments	Termination Benefits	Total	Performance Related	
Directors	Salary & Fees $	Bonus $	Non Monetary $	Super $	Rights $	$	$	Total %	Rights %
Executive Directors									
N Pritchard [1]	343,263	-	-	25,000	32,683	-	400,946	8.2%	8.2%
P McDonald [2]	362,059	-	-	12,500	-	235,813	610,372	-	-
Non-Executive Directors									
D Allman	114,220	-	-	10,845	-	-	125,065	-	-
G Richards	50,000	-	-	35,000	-	-	85,000	-	-
J Murphy	77,626	-	-	7,374	-	-	85,000	-	-
P Landos	68,493	-	-	6,507	-	-	75,000	-	-
Total	1,015,661	-	-	97,226	32,683	235,813	1,381,383	2.3%	2.3%

2013 / 2014	Short Term Benefits			Post Employment	Share Based Payments	Termination Benefits	Total	Performance Related	
Directors	Salary & Fees $	Bonus $	Non Monetary $	Super $	Rights $	$	$	Total %	Rights %
Executive Directors									
P McDonald	495,500	-	-	25,000	-	-	520,500	-	-
Non-Executive Directors									
D Allman	114,416	-	-	10,584	-	-	125,000	-	-
G Richards	51,314	-	-	33,686	-	-	85,000	-	-
J Murphy	77,803	-	-	7,197	-	-	85,000	-	-
P Landos	11,442	-	-	1,058	-	-	12,500	-	-
Total	750,475	-	-	77,525	-	-	828,000		

1 Mr Pritchard commenced employment as Managing Director – Australia & New Zealand on 19 August 2013 and became a Director on 22 August 2014.

2 Mr McDonald resigned from the company on 22 August 2014.

The following table discloses the remuneration of the Group's key management personnel:

2014 / 2015		Short Term Benefits		Post Employment	Share Based Payments	Termination Benefits	Total	Performance Related	
Key Management Personnel	Salary & Fees $	Bonus $	Non Monetary $	Super $	Rights $		$	Total %	Rights %
M Denney[1]	319,933	94,381	18,202	-	12,985	-	445,501	24.1%	2.9%
A Scott[2]	101,053	-	-	5,805	-	-	106,858	-	-
B Marotta[3]	158,513	-	-	16,057	10,919	-	185,489	5.8%	5.8%
H Abbey[4]	185,235	-	-	22,502	-	39,795	247,532	-	-
A Haidar[5]	138,697	29,127	39,184	-	3,753	-	210,761	15.6%	1.8%
M Parker[6]	57,795	-	-	5,490	-	-	63,285	-	-
N Pritchard[7]	47,170	-	-	5,000	-	-	52,170	-	-
A Richardson[8]	229,669	-	-	21,819	13,110	-	264,598	5.0%	5.0%
E Varani[9]	32,588	-	6,953	-	-	-	39,541	-	-
B Wang[10]	223,724	32,221	22,763	-	9,359	-	288,067	14.4%	3.2%
Total	1,494,377	155,729	87,102	76,673	50,126	39,795	1,903,802	10.8%	2.6%

2013 / 2014		Short Term Benefits		Post Employment	Share Based Payments	Termination Benefits	Total	Performance Related	
Key Management Personnel	Salary & Fees $	Bonus $	Non Monetary $	Super $	Rights $		$	Total %	Rights %
H Abbey	186,205	-	-	17,224	-	-	203,429	-	-
J Cox[11]	158,966	-	-	8,333	-	50,000	217,299	-	-
M Denney	292,099	76,484	13,135	-	-	-	381,718	20.0%	-
A Scott	183,302	-	-	16,956	-	-	200,258	-	-
N Pritchard	286,173	-	-	20,734	-	-	306,907	-	-
B Wang	216,800	53,522	14,351	-	-	-	284,673	18.8%	-
Total	1,323,545	130,006	27,486	63,247	-	50,000	1,594,284		

1 Mr Denney is General Manager – Americas and is remunerated in United States dollars converted to Australian dollars in the table above.

2 Mr Scott was the General Manager International Sales and Marketing and was located in Australia. Mr Scott resigned from the company on 31 October 2015.

3 Mr Marotta is General Manager – Supply Chain. He commenced employment on 6 October 2014. He is located in Australia.

4 Mr Abbey was the Chief Financial Officer. He resigned from the company on 27 March 2015.

5 Mr Haidar is the General Manager – Middle East and North Africa and is based in Dubai and remunerated in United States dollars converted to Australian dollars in the table above.

6 Mr Parker is the Chief Financial Officer. He commenced employment on 7 April 2015.

7 Mr Pritchard is the Group Managing Director and commenced employment as Managing Director – Australia & New Zealand on 19 August 2013 and became a Director on 22 August 2014.

8 Mr A Richardson is the General Manager, Australia and New Zealand and is located in Australia. He commenced in this role on 25 August 2014.

9 Mr E Varani is the General Manager – EurAsia. He commenced employment on 20 April 2015. He is based in the Shanghai and remunerated in United States dollars converted to Australian dollars in the table above.

10 Mr Wang is the General Manager – China and is based in China and remunerated in Chinese renminbi converted to Australia dollars in the above table.

11 Mr Cox was the Chief Financial Officer and retired on 31 October 2013.

Directors' and Executives' Equity Holdings:
Fully Paid Ordinary Shares

2014 / 2015	Balance 30 June 2014 No.	Granted as Compensation No.	Received on Exercise of Options No.	Other Movements No.	Balance 30 June 2015 No.
Executive Directors					
N Pritchard	-	-	-	212,804	212,804
Non-Executive Directors					
D Allman	1,000,000	-	-	443,804	1,443,804
J Murphy	2,816,599	-	-	500,000	3,316,599
G Richards	491,899	-	-	-	491,899
P Landos	-	-	-	-	-
Executives					
M Parker	-	-	-	-	-
H Abbey	-	-	-	-	-
M Denney	800,000	-	-	-	800,000
A Scott	-	-	-	-	-
B Wang	1,500,000	-	-	-	1,500,000
Total	6,608,498	-	-	-	7,765,106

2013 / 2014	Balance 30 June 2013 No.	Granted as Compensation No.	Received on Exercise of Options No.	Other Movements No.	Balance 30 June 2014 No.
Executive Directors					
P McDonald	2,337,874	-	-	-	2,337,874
Non Executive Directors					
D Allman	1,000,000	-	-	-	1,000,000
J Murphy	3,684,579	-	-	(867,980)	2,816,599
G Richards	491,899	-	-	-	491,899
P Landos	-	-	-	-	-
Executives					
J Cox	1,448,472	-	-	(472,824)	975,648
H Abbey	-	-	-	-	-
M Denney	800,000	-	-	-	800,000
N Pritchard	-	-	-	-	-
A Scott	-	-	245,000	-	245,000
B Wang	1,500,000	-	-	-	1,500,000
Total	11,262,824	-	245,000	(1,340,804)	10,167,020

Share Based Compensation

The terms and conditions of each grant of performance rights granted but not vested as at 30 June 2015 affecting remuneration in the current or a future reporting period are as follows:

Grant Date	11 December 2014
Value per performance rights at grant date	0.1751

Each performance right entitles the holder to one (1) ordinary share in GALE Pacific in the event that the performance rights are exercised. Performance rights carry no rights to dividends and no voting rights.

The performance rights granted on 11 December 2014 are subject to a continuation of employment to 30 June 2017 and then the satisfying of relevant performance hurdles based on improvements in the Group's diluted earnings per share over the three year period from 1 July 2014 to 30 June 2017. None of these performance rights can vest until the Company releases its FY17 Annual Report to the ASX (on or around 20 September 2017) and expire on 1 December 2017.

Directors' and Executives' Equity Holdings, Compensation Options and Performance Rights: Granted and Vested During the Year

					Terms and Conditions for Each Grant			
2014 / 2015	Vested Number	Granted Number	Grant Date	Value Per Option / Right at Grant Date	Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
Executive Directors (Performance Rights)								
N Pritchard	-	865,385	11/12/2014	$0.1751	nil	1/12/2017	20/09/2017	20/09/2017
Non-Executive Directors								
None								
Management Personnel (Performance Rights)								
Other Management	-	1,498,753	11/12/2014	$0.1751	nil	1/12/2017	20/09/2017	20/09/2017
Total	-	2,364,138						

					Terms and Conditions for Each Grant			
2013 / 2014	Vested Number	Granted Number	Grant Date	Value Per Option / Right at Grant Date	Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
Executive Directors (Performance Rights)								
None								
Non-Executive Directors								
None								
Executives (Performance Rights)								
N Pritchard	-	750,000	03/10/2013	$0.1994	Nil	31/08/2023	31/08/2016	03/10/2023
Other Management Personnel (Performance Rights)								
Other Management	-	550,000	03/10/2013	$0.1994	Nil	31/08/2023	31/08/2016	03/10/2023
Total	-	1,300,000						

Performance rights in the prior corresponding period were cancelled on the 10 October 2014.

Directors' and Executives' Equity Holdings, Compensation Options and Performance Rights:
Granted and Vested During the Year

					Terms and Conditions for Each Grant			
2014 / 2015	Vested Number	Granted Number	Grant Date	Value Per Option / Right at Grant Date	Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
Executive Directors (Performance Rights)								
N Pritchard	-	865,385	11/12/2014	$0.1751	nil	1/12/2017	20/09/2017	20/09/2017
Non-Executive Directors								
None								
Management Personnel (Performance Rights)								
Other Management	-	1,498,753	11/12/2014	$0.1751	nil	1/12/2017	20/09/2017	20/09/2017
Total	-	2,364,138						

					Terms and Conditions for Each Grant			
2013 / 2014	Vested Number	Granted Number	Grant Date	Value Per Option / Right at Grant Date	Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
Executive Directors (Performance Rights)								
None								
Non-Executive Directors								
None								
Executives (Performance Rights)								
N Pritchard	-	750,000	03/10/2013	$0.1994	Nil	31/08/2023	31/08/2016	03/10/2023
Other Management Personnel (Performance Rights)								
Other Management	-	550,000	03/10/2013	$0.1994	Nil	31/08/2023	31/08/2016	03/10/2023
Total	-	1,300,000						

Performance rights in the prior corresponding period were cancelled on the 10 October 2014.

Directors' and Executives' Equity Holdings Compensation Options and Performance Rights: Movements During the Year

2014 / 2015	Balance 1 July 2014 No.	Granted as Compensation No.	Exercised No.	Lapsed No.	Net Other Change No.	Balance 30 June 2015 No.	Balance Held Nominally No.	Value of Lapsed Options/Rights $
Executive Directors (Performance Rights)								
N Pritchard	562,500	865,385	-	(562,500)	-	865,385	-	112,163
P McDonald	600,000	-	-	(600,000)	-	-	-	88,500
Non-Executive Directors								
None								
Executives (Performance Rights)								
M Denney	275,000	343,805	-	(275,000)	-	343,805	-	40,563
B Wang	275,000	247,793	-	(275,000)	-	247,793	-	40,563
A Scott	275,000	-	-	(275,000)	-	-	-	40,563
H Abbey	-	326,827	-	(326,827)	-	-	-	-
Other Management Personnel (Performance Rights)								
Other Management	1,712,500	907,155	-	(1,712,500)		907,155		331,230
Total	3,700,000	2,690,965	-	(4,026,827)	-	2,364,138	-	653,580

2013 / 2014	Balance 1 July 2013 No.	Granted as Compensation No.	Exercised No.	Lapsed No.	Net Other Change No.	Balance 30 June 2014 No.	Balance Held Nominally No.	Value of Lapsed Options/Rights $
Executive Directors (Performance Rights)								
P McDonald	900,000		-	(300,000)	-	600,000	-	(44,250)
Non Executive Directors								
None								
Executives (Performance Rights)								
J Cox	562,500	-	-	(562,500)	-	-	-	(82,969)
N Pritchard	-	750,000	-	(187,500)	-	562,500	-	(37,388)
H Abbey	-	-	-	-	-	-	-	-
M Denney	412,500	-	-	(137,500)	-	275,000	-	(20,281)
B Wang	412,500	-	-	(137,500)	-	275,000	-	(20,281)
A Scott	657,500	-	(245,000)	(137,500)	-	275,000	-	(20,281)
Other Management Personnel (Performance Rights)								
Other Management	3,677,500	550,000	(490,000)	(2,025,000)	-	1,712,500	-	(305,824)
Total	6,622,500	1,300,000	(735,000)	(3,487,500)	-	3,700,000	-	(531,274)

Employment Agreements

Executives serve under terms and conditions contained in a standard executive employment agreement, that allows for termination under certain conditions with two to three months' notice. The agreements include restraints of trade on the employee as well as confidentiality and intellectual property agreements.

Indemnity and Insurance of Officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 31 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are Former Partners of Deloitte Touche Tohmastsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmastsu.

Directors' Report
Continued

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order 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 is set out on the following page.

Auditor

Deloitte Touche Tohmastsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors;

David Allman
Chairman
26 August 2015

Deloitte.

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

26 August 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 audit of the financial statements of Gale Pacific Limited for the financial year ended 30 June 2015, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Roche
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Report on the Financial Report

We have audited the accompanying financial report of Gale Pacific Limited which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 31 to 69.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Gale Pacific Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 24 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Gale Pacific Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Roche
Partner
Chartered Accountants
Melbourne, 26 August 2015

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

David Allman
Chairman
26 August 2015

Financial Report

Contents

Gale Pacific Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	2014 $'000
Revenue			
Sale of goods		147,993	137,304
Other income	5	2,554	845
Expenses			
Raw materials and consumables used		(76,393)	(69,014)
Employee benefits expense		(29,545)	(28,742)
Depreciation and amortisation expense	6	(7,636)	(5,445)
Marketing and advertising		(4,502)	(2,864)
Occupancy costs		(3,534)	(3,096)
Warehouse and related costs		(11,100)	(10,570)
Other expenses		(9,796)	(6,289)
Finance costs	6	(1,820)	(1,141)
Profit before income tax expense		6,221	10,988
Income tax expense	7	(1,051)	(2,755)
Profit after income tax expense for the year attributable to the owners of Gale Pacific Limited	26	5,170	8,233
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax		1,462	(1,629)
Foreign currency translation	25	11,447	(1,488)
Other comprehensive income for the year, net of tax		12,909	(3,117)
Total comprehensive income for the year attributable to the owners of Gale Pacific Limited		18,079	5,116
		Cents	Cents
Basic earnings per share	38	1.74	2.77
Diluted earnings per share	38	1.72	2.72

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

Gale Pacific Limited
Statement of financial position
As at 30 June 2015

	Note	Consolidated 2015 $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents	8	17,769	13,058
Trade and other receivables	9	27,081	19,751
Inventories	10	39,229	34,851
Derivative financial instruments	11	1,363	-
Current tax assets	12	3,147	1,721
Other current assets	13	819	2,765
Total current assets		89,408	72,146
Non-current assets			
Property, plant and equipment	14	34,872	30,469
Intangibles	15	25,311	22,983
Total non-current assets		60,183	53,452
Total assets		149,591	125,598
Liabilities			
Current liabilities			
Trade and other payables	16	12,887	13,309
Borrowings	17	33,641	23,584
Derivative financial instruments	18	-	709
Current tax liabilities	19	2,179	1,071
Provisions	20	1,820	1,959
Total current liabilities		50,527	40,632
Non-current liabilities			
Borrowings	21	783	690
Deferred tax	22	397	550
Provisions	23	96	90
Total non-current liabilities		1,276	1,330
Total liabilities		51,803	41,962
Net assets		97,788	83,636
Equity			
Issued capital	24	71,485	71,485
Reserves	25	1,598	(11,415)
Retained profits	26	24,705	23,566
Total equity		97,788	83,636

Comparative deferred tax balances have been adjusted with the offset appearing in Retained Earnings. Please refer to note 22 of this report for further detail.

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

Gale Pacific Limited
Statement of changes in equity
For the year ended 30 June 2015

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2013	71,338	(8,079)	23,374	86,633
Profit after income tax expense for the year	-	-	8,233	8,233
Other comprehensive income for the year, net of tax	-	(3,117)	-	(3,117)
Total comprehensive income for the year	-	(3,117)	8,233	5,116
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 24)	147	(147)	-	-
Share-based payments (note 39)	-	(87)	-	(87)
Amounts recognised directly in equity	-	-	(143)	(143)
Statutory transfer to reserves	-	15	(15)	-
Dividends paid (note 27)	-	-	(7,883)	(7,883)
Balance at 30 June 2014	71,485	(11,415)	23,566	83,636

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2014	71,485	(11,415)	23,566	83,636
Profit after income tax expense for the year	-	-	5,170	5,170
Other comprehensive income for the year, net of tax	-	12,909	-	12,909
Total comprehensive income for the year	-	12,909	5,170	18,079
Transactions with owners in their capacity as owners:				
Share-based payments (note 39)	-	89	-	89
Statutory transfers from retained earnings	-	15	(15)	-
Dividends paid (note 27)	-	-	(4,016)	(4,016)
Balance at 30 June 2015	71,485	1,598	24,705	97,788

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

Gale Pacific Limited
Statement of cash flows
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		149,555	144,130
Payments to suppliers and employees (inclusive of GST)		(142,685)	(134,711)
		6,870	9,419
Interest received		-	6
Other revenue		1,455	-
Interest and other finance costs paid		(2,430)	(1,140)
Income taxes paid		(1,522)	(4,116)
Net cash from operating activities	37	4,373	4,169
Cash flows from investing activities			
Payments for property, plant and equipment	14	(3,953)	(1,426)
Payments for intangibles	15	(2,572)	(2,003)
Proceeds from disposal of property, plant and equipment		5	56
Net cash used in investing activities		(6,520)	(3,373)
Cash flows from financing activities			
Proceeds from borrowings		10,150	9,899
Dividends paid	27	(4,016)	(7,883)
Net cash from financing activities		6,134	2,016
Net increase in cash and cash equivalents		3,987	2,812
Cash and cash equivalents at the beginning of the financial year		13,058	11,187
Effects of exchange rate changes on cash and cash equivalents		724	(941)
Cash and cash equivalents at the end of the financial year	8	17,769	13,058

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

Note 1. General information

The financial report covers Gale Pacific Limited ('Company' or 'parent entity') and controlled entities as a consolidated entity (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 24 August 2015. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending 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.

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

The following Accounting Standards and Interpretations are most relevant to the Group:

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities;
- 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; and
- AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C).

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, derivative financial instruments as described in the accounting policies.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gale Pacific Limited as at 30 June 2015 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 2. Significant accounting policies (continued)

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currencies and translations
The consolidated financial statements are presented in Australian dollars, which is Gale Pacific Limited's functional and presentation currency. Where noted, the financial statements of each Group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

Monetary items forming net investment in foreign operations
The Group classifies monetary items of a non-current nature where settlement was not planned in the foreseeable future as part of the net investment in foreign operations. All foreign exchange differences on these items are recognised in other comprehensive income through the foreign currency reserve in equity. As and when settlements occur, the cumulative amount in the foreign currency translation reserve is then recognised in profit or loss.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Government grant
Where a government grant (including Strategic Investment Plan income ('SIP')) is received or receivable relating to development costs that have been expensed, the grant is recognised as revenue. Where a grant is received or receivable relating to research and development costs that have been deferred, the grant is deducted from the carrying amount of the deferred costs.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

Income tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 2. Significant accounting policies (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Gale Pacific Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime, effective 1 June 2011. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash includes cash on hand and at call, deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 2. Significant accounting policies (continued)

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges
Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Hedges of a net investment
Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The depreciable amounts of all fixed assets, including capitalised leased assets, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation rates are reviewed annually for appropriateness. When changes are made, adjustments are reflected in current and future periods only.

Buildings	45 years
Leasehold improvements	Over lease term
Plant and equipment	2-15 years
Office equipment	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 2. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents, trademarks and licenses

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

Application software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In assessing fair value less costs to sell, recognised valuation methodologies are applied, utilising current and forecast financial information as appropriate, benchmarked against relevant market data.
If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 2. Significant accounting policies (continued)

Share-based payments

Equity-settled share-based compensation benefits are provided to certain employees including Executive Directors. Equity-settled transactions are awards of performance rights over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Note 2. Significant accounting policies (continued)

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Gale Pacific Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives
Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Rounding of amounts
The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2015. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
This standard is currently applicable to annual reporting periods beginning on or after 1 January 2017. Exposure Draft (ED 263) 'Effective Date of AASB 15' proposes to defer the application date by one year (1 January 2018). The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group expects to adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed.

Other accounting standards issued are not considered to have a significant impact on the financial statements of the Group. These standards (and their operative dates) include:

- AASB 14 Regulatory Deferral Accounts (from 1 January 2016);
- AASB 2014-1 Amendments to Australian Accounting Standards (Part D from 1 January 2016 and Part E from 1 January 2018);
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (from 1 January 2016);
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (from 1 January 2016);
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (from 1 January 2017);
- AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants (from 1 January 2016);
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (from 1 January 2018);
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (from 1 January 2015);
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (from 1 January 2016);
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (from 1 January 2016);
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle (from 1 January 2016);
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (from 1 January 2016);
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (from 1 July 2015);
- 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent (from 1 July 2015); and
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception (from 1 January 2016).

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. 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 and Rest of the World ('ROW') - Export Sales	Manufacturing facilities are located in Beilun, China which supply to the Group's sales and marketing operations throughout the world
Americas	Sales offices are located in Florida and custom blind assembly and distribution facilities are located in California which service the North American region.
Middle East	A sales office and distribution facility is located in the United Arab Emirates to service this market.

Intersegment transactions, receivables, payables and loans
Intersegment transactions were made at market rates.

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
During the year ended 30 June 2015 approximately 35% (2014: 36%) of the Group's external revenue was derived from sales to one (2014: one) customer in the Australasian region.

Note 4. Operating segments (continued)

Consolidated - 2015	Australasia $'000	China Manufacturing & EurAsia $'000	Americas $'000	Middle East/North Africa $'000	Corporate $'000	Intersegment /Eliminations $'000	Total $'000
Revenue							
Sales to external customers	82,742	7,486	43,360	14,405	-	-	147,993
Intersegment sales	2,768	43,084	44	16	-	(45,912)	-
Total sales revenue	85,510	50,570	43,404	14,421	-	(45,912)	147,993
Total revenue	85,510	50,570	43,404	14,421	-	(45,912)	147,993
Segment EBITDA	1,013	10,572	4,952	3,288	(3,349)	(799)	15,677
Depreciation and amortisation	(1,002)	(5,345)	(761)	(2)	(526)		(7,636)
Finance costs	-	(849)	(368)	(119)	(1,390)	906	(1,820)
Profit/(loss) before income tax expense	10	4,378	3,823	3,167	(5,264)	107	6,221
Income tax expense							(1,051)
Profit after income tax expense							5,170
Assets							
Segment assets	50,698	41,165	31,721	10,588	17,165	(1,747)	149,591
Total assets							149,591
Liabilities							
Segment liabilities	7,154	13,278	4,522	736	26,114	-	51,803
Total liabilities							51,803

Note 4. Operating segments (continued)

Consolidated - 2014	Australasia $'000	China Manufacturing & EurAsia $'000	Americas $'000	Middle East/North Africa $'000	Corporate $'000	Intersegment /Eliminations $'000	Total $'000
Revenue							
Sales to external customers	79,931	9,057	36,098	12,218	-	-	137,304
Intersegment sales	2,103	41,708	(125)	9	-	(43,695)	-
Total sales revenue	82,034	50,765	35,973	12,227	-	(43,695)	137,304
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)	(3,872)	(521)	(1)	(285)	-	(5,445)
Finance costs & Interest revenue	-	(529)	(252)	7	(980)	620	(1,134)
Profit/(loss) before income tax expense	3,983	5,342	2,499	2,755	(4,293)	702	10,988
Income tax expense							(2,755)
Profit after income tax expense							8,233
Assets							
Segment assets	45,955	35,250	21,719	7,168	16,137	(649)	125,598
Total assets							125,598
Liabilities							
Segment liabilities	8,689	7,176	3,606	549	22,050	(108)	41,962
Total liabilities							41,962

Note 5. Other income

	Consolidated 2015 $'000	Consolidated 2014 $'000
Net foreign exchange gain	1,099	327
Other income (including manufactured product recycling income)	1,455	512
Interest income	-	6
Other income	2,554	845

Note 6. Expenses

	Consolidated 2015 $'000	Consolidated 2014 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	245	260
Leasehold improvements	55	30
Plant and equipment	6,143	4,520
Office equipment	383	315
Motor vehicles	29	31
Total depreciation	6,855	5,156
Amortisation		
Patents, trademarks and licenses	31	34
Application software	750	255
Total amortisation	781	289
Total depreciation and amortisation	7,636	5,445
Finance costs		
Interest and finance charges paid/payable	1,820	1,140
Rental expense relating to operating leases		
Minimum rent payments	3,029	2,929
Share-based payments expense		
Share-based payments expense	89	(87)
Employee benefits expense (Including superannuation)		
Employee benefits expense (Including superannuation)	29,476	28,242
Write off of assets		
Inventories	968	(461)

Note 7. Income tax expense

	Consolidated 2015 $'000	Consolidated 2014 $'000
Income tax expense		
Current tax	2,027	2,381
Deferred tax - origination and reversal of temporary differences	(763)	484
Adjustment recognised for prior periods	(213)	(110)
Aggregate income tax expense	1,051	2,755
Deferred tax included in income tax expense comprises:		
Increase/(decrease) in deferred tax liabilities (note 22)	(763)	484
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	6,221	10,988
Tax at the statutory tax rate of 30%	1,866	3,296
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non allowable/(non assessable) items	1,132	413
	2,998	3,709
Adjustment recognised for prior periods	(213)	(110)
Difference in overseas tax rates	(1,734)	(844)
Income tax expense	1,051	2,755

	Consolidated 2015 $'000	Consolidated 2014 $'000
Amounts credited directly to equity		
Deferred tax liabilities (note 22)	610	(659)

Note 8. Current assets - cash and cash equivalents

	Consolidated 2015 $'000	Consolidated 2014 $'000
Cash on hand	17	12
Cash at bank	17,619	12,872
Cash on deposit	133	174
	17,769	13,058

Note 9. Current assets - trade and other receivables

	Consolidated	
	2015	2014
	$'000	$'000
Trade receivables	26,987	19,384
Less: Provision for impairment of receivables	(97)	(64)
	26,890	19,320
Other receivables	191	431
	27,081	19,751

Refer to note 28 for further information on financial instruments

Note 10. Current assets - inventories

	Consolidated	
	2015	2014
	$'000	$'000
Raw materials - at cost	4,445	6,943
Work in progress - at cost	675	1,604
Finished goods - at cost	35,454	27,032
Less: Provision for impairment	(1,345)	(728)
	34,109	26,304
	39,229	34,851

Note 11. Current assets - derivative financial instruments

	Consolidated	
	2015	2014
	$'000	$'000
Forward foreign exchange contracts - cash flow hedges	1,363	-

Refer to note 29 for further information on fair value measurement.

Note 12. Current assets - Current tax assets

	Consolidated	
	2015	2014
	$'000	$'000
Income tax refund due - Australia	3,147	1,721

Note 13. Current assets - other current assets

	Consolidated	
	2015	2014
	$'000	$'000
Prepayments	819	2,765

Note 14. Non-current assets - property, plant and equipment

	Consolidated 2015 $'000	Consolidated 2014 $'000
Buildings - at cost	9,489	9,489
Less: Accumulated depreciation	(2,315)	(2,070)
	7,174	7,419
Leasehold improvements - at cost	720	561
Less: Accumulated depreciation	(504)	(439)
	216	122
Plant and equipment - at cost	77,438	69,024
Less: Accumulated depreciation	(51,452)	(46,774)
	25,986	22,250
Motor vehicles - at cost	484	230
Less: Accumulated depreciation	(322)	(137)
	162	93
Office equipment - at cost	3,358	2,235
Less: Accumulated depreciation	(2,679)	(1,812)
	679	423
Captial work-in-progress (Cap.WIP) - at cost	655	162
	34,872	30,469

Reconciliations
Reconciliations of the movements in property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Office equipment $'000	Vehicles and Cap.WIP $'000	Total $'000
Balance at 1 July 2013	7,726	67	25,738	816	138	34,485
Additions	54	85	871	422	15	1,447
Disposals	-	-	(96)	(3)	(47)	(146)
Exchange differences	(101)	-	(175)	(45)	(2)	(323)
Capital Work in Progress	-	-	-	-	162	162
Transfers in/(out)	-	-	432	(452)	20	-
Depreciation expense	(260)	(30)	(4,520)	(315)	(31)	(5,156)
Balance at 30 June 2014	7,419	122	22,250	423	255	30,469
Additions	-	129	3,255	569	-	3,953
Disposals	-	-	(4)	(1)	-	(5)
Exchange differences	-	20	6,460	71	104	6,655
Capital Work in Progress	-	-	-	-	655	655
Transfers in/(out)	-	-	641	(473)	(168)	-
Depreciation expense	(245)	(55)	(6,143)	(383)	(29)	(6,855)
Balance at 30 June 2015	7,174	216	26,459	206	817	34,872

Note 15. Non-current assets - intangibles

	Consolidated 2015 $'000	Consolidated 2014 $'000
Goodwill - at cost	21,516	21,032
Less: Impairment	(1,054)	(1,054)
	20,462	19,978
Patents, trademarks and licenses - at cost	1,674	1,449
Less: Accumulated amortisation	(1,172)	(1,099)
	502	350
Application software - at cost	6,538	2,910
Less: Accumulated amortisation	(2,191)	(255)
	4,347	2,655
	25,311	22,983

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Patents, trademarks and licenses $'000	Application software $'000	Total $'000
Balance at 1 July 2013	19,933	333	967	21,233
Additions	-	60	1,943	2,003
Additions through business combinations	85	-	-	85
Disposals	-	(10)	-	(10)
Exchange differences	(40)	1	-	(39)
Amortisation expense	-	(34)	(255)	(289)
Balance at 30 June 2014	19,978	350	2,655	22,983
Additions	-	55	2,517	2,572
Exchange differences	484	128	(75)	537
Amortisation expense	-	(31)	(750)	(781)
Balance at 30 June 2015	20,462	502	4,347	25,311

Impairment testing for goodwill
As required under accounting standard AASB 136' Impairment of Assets', Gale Pacific Limited performs an impairment assessment 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 assessment 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 2015.

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 5 year period with the period extending beyond 5 years extrapolated using an estimated revenue growth rate of 2.5%. Years one to three are based on budgets and forecasts, with years four onwards extrapolated at the rate of 2.5%. The cash flows are discounted using the weighted average cost of capital with mid-year discounting.

Note 15. Non-current assets – intangibles (continued)

Goodwill acquired through business combinations have been allocated to the following cash generating units (CGU):

	Consolidated 2015 $'000	2014 $'000
Goodwill		
Australasia	17,455	17,455
USA (2014/2015 US$2,077,000 : 2013/2014 US$ 2,077,000)	2,660	2,176
China	347	347
	20,462	19,978

Australasia

In assessing the recoverable amount of the Australasian CGU, management made a number of significant assumptions including assumptions regarding foreign exchange rates, and risk adjustments to future cash flows. Management considered information available from industry analysts and other sources in relation to key assumptions used. Management 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 30 June 2015, the recoverable amount of the CGU has been estimated by management to exceed the carrying amount of assets by $8,501,000 and therefore no impairment is required.

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

	Revenue growth rate	WACC (post tax)
2016	23%	11%
2017	6%	11%
2018	5%	11%
2019	2.5%	11%
2020	2.5%	11%
Terminal value	2.5%	11%

Impact of possible changes in key assumptions:
Revenue growth rate assumption

The growth rate in 2016 includes confirmed new business the company has been awarded across product categories in Australia.

In a sensitivity analysis, Management estimates that a 20% reduction on FY2016 revenue growth, from 23% to 3% (but assuming no changes to base case revenue growth assumptions thereafter) would cause a reduction in enterprise value of $8,501,000, and equate to the carrying value of the CGU. The impact on enterprise value excludes any compensating adjustments to operating expenses.

Further sensitivity analysis conducted by management implies that the achievement of a flat revenue growth rate of 5% from FY16 to FY20 (but 2.5% growth assumed in the terminal value) would cause a reduction in enterprise value of $8,501,000, 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 150 basis point increase in the WACC rate to 12.5% over the model period would cause a reduction in enterprise value of $8,501,000, and equate to the carrying value of the CGU.

Note 15. Non-current assets - intangibles (continued)

EBITDA Margin assumption

In a sensitivity analysis, Management estimates that a reduction of 0.8% in the average EBITDA margin achieved over the projection period (and in the terminal value) would cause a reduction in enterprise value of $8,501,000, and equate to the carrying value of the CGU. The value in use model assumes an incremental 1% improvement in gross profit margins over the projection period. 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 28% would cause a reduction in enterprise value of $8,501,000, 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 in year one equivalent to 90% of that forecast (i.e. 21% versus 23%)
- Average EBITDA margin reduction of 0.5% over projected cash flows
- Working capital movements increasing by 5% Results in a potential reduction in enterprise value of $6,226,950.

Results in a potential reduction in enterprise value of $6,226,950. In the event of this combined scenario occurring, management expects that action would be taken to mitigate the impact of one or more variables.
Goodwill acquired through business combinations have been allocated to the following cash generating units (CGU):

<u>USA</u>

In assessing the recoverable amount of the USA CGU, management made a number of significant assumptions including assumptions regarding foreign exchange rates, and risk adjustments to future cash flows. Management considered information available from industry analysts and other sources in relation to key assumptions used. Management considers that it has taken a conservative view of the market conditions and business operations.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the CGU.

<u>China</u>

In assessing the recoverable amount of the China CGU, management made a number of significant assumptions including assumptions regarding foreign exchange rates, and risk adjustments to future cash flows. Management considered information available from industry analysts and other sources in relation to key assumptions used. Management considers that it has taken a conservative view of the market conditions and business operations.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the CGU.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2015	2014
	$'000	$'000
Trade payables	6,375	6,931
Sundry payables and accruals	6,512	6,378
	12,887	13,309

Refer to note 28 for further information on financial instruments.

Note 17. Current liabilities - borrowings

	Consolidated	
	2015	2014
	$'000	$'000
Secured Bank loans	8,337	1,757
Commercial bills payable	24,500	20,550
Unsecured bank loans	-	692
Other loans	804	585
	33,641	23,584

Refer to note 28 for further information on financial instruments.

Note 18. Current liabilities - derivative financial instruments

	Consolidated	
	2015	2014
	$'000	$'000
Forward foreign exchange contracts - cash flow hedges	-	709

Refer to note 28 for further information on financial instruments.

Refer to note 29 for further information on fair value measurement.

Note 19. Current liabilities - Current tax liabilities

	Consolidated	
	2015	2014
	$'000	$'000
Provision for income tax	2,179	1,071

Note 20. Current liabilities - provisions

	Consolidated 2015 $'000	Consolidated 2014 $'000
Employee benefits	1,758	1,909
Warranties	62	50
	1,820	1,959

Warranties
The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Carrying amount at the start of the year	50	228
Additional Provisions recognisied	12	169
Provisions written back	-	(347)
Carrying amount at the start of the year	62	50

Note 21. Non-current liabilities - borrowings

	Consolidated 2015 $'000	Consolidated 2014 $'000
Other loans	783	690

Refer to note 28 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Bank loans	8,337	1,757
Commercial bills payable	24,500	20,550
	32,837	22,307

Assets pledged as security
The bank overdraft and loans (Commercial Bills Payable) are secured by a fixed and floating charge (or equivalent foreign charge) over all the asset(s) and undertaking(s), including uncalled capital of each of the group members, with the exception of any entities incorporated in the People’s Republic of China.

Note 22. Non-current liabilities - deferred tax

	Consolidated 2015 $'000	Consolidated 2014 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	(156)	84
Foreign exchange	1,327	974
Capitalised costs	354	700
Provisions	31	32
Impairment of receivables	(3)	(2)
Other financial liabilities	(269)	(164)
Employee benefits	(498)	(692)
Other	(389)	(382)
Deferred tax liability	397	550
Movements:		
Opening balance	550	725
Credited/(charged) to profit or loss (note 7)	(763)	484
Charged to equity (note 7)	610	(659)
Closing balance	397	550

An adjustment was made in respect of periods prior to 30 June 2013 to reduce the deferred tax liabilities by $3.469 million. This adjustment was made to correct prior year accounting of investments in foreign operations for which a deferred tax liability existed. The investment that the deferred tax related to was disposed of prior to 30 June 2013. The adjustment reduced the deferred tax liability and increased retained profits as of 1 July 2013.

Note 23. Non-current liabilities - provisions

	Consolidated 2015 $'000	Consolidated 2014 $'000
Employee benefits	96	90

Note 24. Equity - issued capital

	Consolidated 2015 Shares	Consolidated 2014 Shares	Consolidated 2015 $'000	Consolidated 2014 $'000
Ordinary shares - fully paid	297,474,396	297,474,396	71,485	71,485

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2013	296,739,396	71,338
Issue of shares under Performance Rights Plan	5 July 2013	735,000	147
Balance	30 June 2014	297,474,396	71,485
Balance	30 June 2015	297,474,396	71,485

Note 24. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. This is achieved through monitoring of historical and forecast performance and cash flows.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 2014 Annual Report.

Note 25. Equity - reserves

	Consolidated	
	2015 $'000	2014 $'000
Foreign currency reserve	(1,333)	(12,780)
Hedging reserve - cash flow hedges	954	(508)
Share-based payments reserve	575	486
Enterprise reserve fund	1,402	1,387
	1,598	(11,415)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Hedging reserve - cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Enterprise reserve fund
Gale Pacific Special Textiles (Ningbo) Limited and Gale Pacific Trading (Ningbo) Limited are required by Chinese Company Law to maintain this reserve in its financial statements. This reserve is unavailable for distribution to shareholders but can be used to expand the entity's business, make up losses or increase the registered capital. Both companies are required to allocate 10% of their annual profit after tax to this reserve until it reaches 50% of the registered capital.

Note 25. Equity – reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $'000	Hedging $'000	Share-based payments $'000	Enterprise reserve fund $'000	Total $'000
Balance at 1 July 2013	(11,292)	1,121	720	1,372	(8,079)
Foreign currency translation	(1,488)	-	-	-	(1,488)
Movement in hedge	-	(2,288)	-	-	(2,288)
Income tax	-	659	-	-	659
Share-based payment	-	-	(87)	-	(87)
Transfer to share capital	-	-	(147)	-	(147)
Statutory transfers from retained earnings	-	-	-	15	15
Balance at 30 June 2014	(12,780)	(508)	486	1,387	(11,415)
Foreign currency translation *	11,447	-	-	-	11,447
Movement in hedge	-	2,072	-	-	2,072
Income tax	-	(610)	-	-	(610)
Share-based payment	-	-	89	-	89
Statutory transfers from retained earnings	-	-	-	15	15
Balance at 30 June 2015	(1,333)	954	575	1,402	1,598

* Refer to note 40 for details of monetary items identified as a net investment in a foreign operation

Note 26. Equity - retained profits

	Consolidated 2015 $'000	Consolidated 2014 $'000
Retained profits at the beginning of the financial year (refer note 22)	23,566	23,374
Profit after income tax expense for the year	5,170	8,233
Dividends paid (note 28) (note 28) (note 28) (note 27)	(4,016)	(7,883)
Amounts recognised directly in equity / deferred tax adjustment (note 23)	-	(143)
Statutory transfers to enterprise reserve fund	(15)	(15)
Retained profits at the end of the financial year	24,705	23,566

Note 27. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Final dividend for the year ended 30 June 2014 of 1.35 cents per ordinary share (Franked to 0%)	4,016	-
Final dividend for the year ended 30 June 2013 of 1.35 cents per ordinary share (Franked to 80%)	-	4,016
Interim dividend for the year ended 30 June 2014 1.30 cents per ordinary share (Franked to 75%)	-	3,867
	4,016	7,883

On the 24th of August the Directors declared a dividend of 1 cent per share to the holders of fully paid ordinary shares in respect of the year ended 30 June 2015, payable on 1 December 2015 to shareholders on the register at 17 November 2015. The final dividend will be unfranked. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $2,974,744.

Note 27. Equity - dividends (continued)

Franking credits

	Consolidated	
	2015 $'000	2014 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	197	579

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 28. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The Group's financial risk management processes and procedures seek to minimise the potential adverse effects on the Group's financial performance that may occur due to the unpredictability of financial markets. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities

Derivative financial instruments are used by the Group to limit exposure to exchange rate risk associated with foreign currency transactions. Derivative financial instruments are recognised in the financial statements. Transactions to reduce foreign currency exposure are undertaken without the use of collateral as the Group only deals with reputable institutions with sound financial positions. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

The Group enters into foreign exchange contracts to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective of entering into forward exchange contracts is to protect the Group against exchange rate movements for both contracted and anticipated future sales and purchases undertaken in foreign currencies. There was no cash flow hedge ineffectiveness during the reporting period.

The Group adopts hedge accounting and classifies forward exchange contracts as cash flow hedges where these contracts are hedging highly probable forecasted transactions and they are timed to mature when the cash flow from the underlying transaction is scheduled to occur. Cash flows are expected to occur during the next financial year. Changes in fair value on forward exchange contracts designated as cash flow hedges are taken directly to equity.

Forward exchange contracts that are not designated as cash flow hedges have any changes in fair value recognised in profit or loss in the period the changes occur.

Note 28. Financial instruments (continued)

The maturity, settlement amounts and the average contractual exchange rates of the Group's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Australian dollars		Average exchange rates	
	2015 $'000	2014 $'000	2015	2014
Buy US dollars/sell Australian dollars				
Maturity:				
Less than 6 months	15,867	14,682	0.8225	0.8943
6 - 12 months	4,732	2,337	0.7819	0.8985
Buy US dollars/sell Chinese renminbi				
Maturity:				
Less than 6 months	-	16,756	-	6.2256

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	2015 $'000	2014 $'000	2015 $'000	2014 $'000
US dollars	24,483	17,204	790	671
Euros	-	-	-	86
New Zealand dollars	454	529	126	139
Chinese renminbi	478	532	2,381	3,889
UAE dirham	1,129	513	-	130
	26,544	18,778	3,297	4,915

The Group had net assets denominated in foreign currencies of $23,246,000 (assets of $26,544,000 less liabilities of $3,297,000 as at 30 June 2015 (2014: $13,863,000 (assets of $18,778,000 less liabilities of $4,915,000)). Based on this exposure, had the Australian dollars strengthened by 10% / weakened by 10% (2014: strengthened by 10% / weakened by10%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been $80,000 higher (2014: $261,000 lower/$261,00 higher) and equity would have been $2,326,000 higher (2014: $1,386,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group is exposed to interest rate risk as entities in the Group borrow and deposit funds at both fixed and variable interest rates. Effective weighted average interest rates on classes of financial liabilities are disclosed under liquidity risk. The Group does not have material long term borrowings and does not use interest rate swaps to manage the risk of interest rate changes.

Note 28. Financial instruments (continued)

As at the reporting date, the Group had the following variable rate bank balances and borrowings outstanding:

	2015		2014	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Consolidated	%	$'000	%	$'000
Cash and cash equivalents	-%	17,752	-%	13,046
Bank loans	4.89%	(8,337)	4.89%	(1,757)
Commercial bills payable	2.89%	(24,500)	3.77%	(20,550)
Other loans	6.96%	(1,587)	6.96%	(1,967)
Net exposure to cash flow interest rate risk		(16,672)		(11,228)

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 100 (2014: 100) basis points would have an adverse/favourable effect on profit before tax of $345,000 (2014: $230,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Before accepting any new customer, the Group uses internal resources and criteria to assess the potential customer's credit quality and defines credit limits by customer. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Consolidated	
	2015	2014
	$'000	$'000
Trade receivables by geographic region		
Australasia	6,410	5,481
China	788	999
Americas	13,875	9,524
Middle East	5,816	3,316
	26,889	19,320

Impairment of receivables
The Group has recognised a loss of $33,000 (2014: $103,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2015.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	2015	2014
	$'000	$'000
Over 6 months overdue	97	64

Note 28. Financial instruments (continued)

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Opening balance	64	366
Additional provisions recognised	33	-
Net foreign currency movements arising from foreign operations	-	1
Receivables written off during the year as uncollectable	-	(66)
Unused amounts reversed	-	(237)
Closing balance	97	64

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $7,746,000 as at 30 June 2015 ($1,720,000 as at 30 June 2014).

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Outside credit terms 0-30 days	4,429	997
Outside credit terms 31-120 days	2,758	585
Outside credit terms 121 days to one year	559	32
More than one year	-	106
	7,746	1,720

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 28. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2015	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	6,375	-	-	-	6,375
Sundry payables and accruals	-%	6,594	-	-	-	6,594
Interest-bearing - variable						
Bank loans	3.40%	32,963	-	-	-	32,963
Other loans	6.90%	804	532	251	-	1,587
Total non-derivatives		46,736	532	251	-	47,519

Consolidated - 2014	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	6,931	-	-	-	6,931
Sundry payables and accruals	-%	6,378	-	-	-	6,378
Interest-bearing - variable						
Bank loans	3.77%	23,000	-	-	-	23,000
Other loans	6.96%	585	530	159	-	1,274
Total non-derivatives		36,894	530	159	-	37,583
Derivatives						
Forward foreign exchange contracts net settled	-%	709	-	-	-	709
Total derivatives		709	-	-	-	709

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 29. 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

Consolidated - 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Forward foreign exchange contracts	-	1,363	-	1,363
Total assets	-	1,363	-	1,363

Consolidated - 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Forward foreign exchange contracts	-	709	-	709
Total liabilities	-	709	-	709

There were no transfers between levels during the financial year.

The net fair value of assets and liabilities approximates their carrying value. No financial assets or financial liabilities are readily traded on organised markets in standardised form other than forward exchange contracts

Note 30. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated 2015 $	Consolidated 2014 $
Short-term employee benefits	2,731,434	2,231,512
Post-employment benefits	195,334	140,772
Termination benefits	275,608	50,000
Share-based payments	82,809	-
	3,285,185	2,422,284

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmastsu, the auditor of the Company:

	Consolidated 2015 $	Consolidated 2014 $
Audit services - Deloitte Touche Tohmastsu		
Audit or review of the financial statements	270,750	259,000
Other services - Deloitte Touche Tohmastsu		
Other services (including tax services)	21,000	-
	291,750	259,000

Note 32. Commitments

	Consolidated 2015 $'000	Consolidated 2014 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	-	456
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,484	2,476
One to five years	1,915	1,395
	4,399	3,871

The above lease commitments relate to property leases. The Group has no rights to purchase the properties at the end of the lease term.

Note 33. Related party transactions

Parent entity
Gale Pacific Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 35.

Key management personnel
Disclosures relating to key management personnel are set out in note 30 and the remuneration report in the Directors' report.

Transactions with related parties
- Sale and purchase of goods totalling $45,912,000 (2014: $43,695,000)
- Gale Pacific Limited received interest income from its subsidiaries totalling $1,045,000 (2014: $732,000)
- Gale Pacific Limited made no interest payments to its subsidiaries (2014: $1,000)
- Reimbursement of certain operating costs totalling $390,000 (2014: $430,000)

Note 33. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2015 $	Consolidated 2014 $
Current payables:		
Accrued Director fees and superannuation contributions	2,493	15,417

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

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2015 $'000	Parent 2014 $'000
Profit after income tax	(2,960)	46
Total comprehensive income	9,949	(1,490)

Statement of financial position

	Parent 2015 $'000	Parent 2014 $'000
Total current assets	43,113	38,141
Total assets	113,510	109,706
Total current liabilities	27,391	30,103
Total liabilities	27,391	30,142
Equity		
Issued capital	71,485	71,485
Hedging reserve - cash flow hedges	954	465
Share-based payments reserve	575	486
Retained profits	13,105	7,128
Total equity	86,119	79,564

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2015 and 30 June 2014.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

Note 34. Parent entity information (continued)

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015 and 30 June 2014.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Gale Pacific (New Zealand) Limited	New Zealand	100.00%	100.00%
Gale Pacific FZE	United Arab Emirates	100.00%	100.00%
Gale Pacific Special Textiles (Ningbo) Limited	China	100.00%	100.00%
Gale Pacific Trading (Ningbo) Limited	China	100.00%	100.00%
Gale Pacific USA, Inc.	USA	100.00%	100.00%
Zone Hardware Pty Ltd	Australia	100.00%	100.00%
Riva Window Fashions Pty Ltd	Australia	100.00%	100.00%

Note 36. Events after the reporting period

Apart from the dividend declared as disclosed in note 27, no other matter or circumstance has arisen since 30 June 2015 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.

Note 37. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2015 $'000	Consolidated 2014 $'000
Profit after income tax expense for the year	5,170	8,233
Adjustments for:		
Depreciation and amortisation	7,017	5,447
Share-based payments	89	(87)
Net gain on disposal of non-current assets	-	(1)
Other revenue - non-cash	(1,099)	-
Finance costs - non-cash	-	(1,627)
Foreign currency differences	2,678	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(6,231)	(926)
Increase in inventories	(4,378)	(7,140)
Increase in income tax refund due	(1,426)	-
Increase in derivative assets	(1,363)	-
Decrease in prepayments	1,946	-
Decrease/(increase) in other operating assets	817	(1,632)
Increase/(decrease) in trade and other payables	(422)	3,952
Increase in derivative liabilities	753	-
Increase/(decrease) in provision for income tax	1,108	(2,004)
Decrease in deferred tax liabilities	(153)	-
Decrease in employee benefits	(145)	-
Increase in other provisions	12	-
Decrease in other operating liabilities	-	(46)
Net cash from operating activities	4,373	4,169

Note 38. Earnings per share

	Consolidated 2015 $'000	Consolidated 2014 $'000
Profit after income tax attributable to the owners of Gale Pacific Limited	5,170	8,233

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	297,474,396	297,464,396
Adjustments for calculation of diluted earnings per share:		
Performance rights	2,352,479	5,599,212
Weighted average number of ordinary shares used in calculating diluted earnings per share	299,826,875	303,063,608

	Cents	Cents
Basic earnings per share	1.74	2.77
Diluted earnings per share	1.72	2.72

Note 39. Share-based payments

The Group maintains a performance rights scheme for certain staff and executives, including executive directors, as approved by shareholders at an annual general meeting. The scheme is designed to reward key personnel when the Group meets performance hurdles relating to:
- Improvement in earnings per share; and
- Improvement in return to shareholders.

The number of unissued ordinary shares under the performance rights scheme at the reporting date is 2,364,138 (2014: 3,700,000). Each performance right entitles the holder one ordinary share in the Company when exercised and is subject to the satisfying of relevant performance hurdles based on improvements in the Company's diluted earnings per share.

Options and performance rights issued to executives during the year were issued in accordance with the Group's remuneration policy which:
- Reward executives for Group and individual performance;
- Align the interests of the executives with those of the shareholders; and
- Ensure that total remuneration is competitive by market standards.

Set out below are summaries of performance rights granted under the plan:

2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/06/2014	30/06/2014	$0.15	3,700,000	-	-	-	3,700,000
01/01/2010	01/01/2010	$0.20	-	-	-	-	-
25/08/2014	25/08/2014	$0.00	-	-	-	(600,000)	(600,000)
10/10/2014	10/10/2014	$0.18	-	-	-	(3,100,000)	(3,100,000)
11/12/2014	01/12/2017	$0.18	-	2,690,965	-	(326,827)	2,364,138
			3,700,000	2,690,965	-	(4,026,827)	2,364,138

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
18/08/2010	30/06/2020	$0.00	735,000	-	(735,000)	-	-
20/09/2012	20/09/2022	$0.15	4,987,500	-	-	(2,862,500)	2,125,000
26/11/2012	20/09/2022	$0.15	900,000	-	-	(300,000)	600,000
03/10/2013	03/10/2023	$0.20	-	1,300,000	-	(325,000)	975,000
			6,622,500	1,300,000	(735,000)	(3,487,500)	3,700,000

There were no performance rights exercisable at the end of the financial year (2014: none).

Note 40. Monetary items identified as a net investment in a foreign operation

In 2006/2007, the Group reclassified a portion of the Company's related party balances as net investments in foreign operations, being monetary items of a non-current nature where settlement was not planned in the foreseeable future, with all foreign exchange differences on these items recognised in other comprehensive income through the foreign currency reserve in equity.

In 2008/2009, the net investment in Gale Europe GmbH was written off following the closure of the European full service operation; a portion of the net investment in Gale Pacific Special Textiles (Ningbo) Limited was converted to equity and additional balances in Gale Pacific (New Zealand) Limited and Gale Pacific USA, Inc. were reclassified as net investments in foreign operations.

In 2014/2015, the balances relating to the portion of the net investment in Gale Pacific Special Textiles (Ningbo) Limited was de-classified as it was deemed that settlement of these balances was planned in the foreseeable future by the Group.

Details of the monetary items classified as net investments in a foreign operations are as follows:

Note 40. Monetary items identified as a net investment in a foreign operation (continued)

	Consolidated	
	2015	2014
	$'000	$'000
Related party receivable to the Company from Gale Pacific Special Textiles (Ningbo) Limited	-	6,842
Related party receivable to the Company from Gale Pacific (New Zealand) Limited	6,800	6,800
Related party receivable to the Company from Gale Pacific USA, Inc.	9,473	9,473
Monetary items identified as a net investment in a foreign operation	16,273	23,115

The foreign exchange gain arising during the financial year on monetary items forming part of the net investment in related party, recognised in foreign currency translation reserve amounted to $11,447,000 (2014: loss of $1,488,000). Refer to note 26.

It is impracticable to estimate the foreign exchange gains or losses in future periods because movements in foreign exchange rates cannot be accurately predicted.

Additional Securities Exchange Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 17 August 2015 (Reporting Date).

Corporate Governance Statement

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company. In accordance with ASX Listing Rule 4.10.3, the Corporate Governance Statement will be available for review on Gale Pacific's website (www.galepacific.com), and will be lodged with ASX at the same time that this Annual Report is lodged with ASX.

Additional Securities Exchange Information

Continued

Number of Holdings of Equity Securities

As at the Reporting Date, the number of holders in each class of equity securities on issue in Gale Pacific is as follows:

The fully paid issued capital of the Company consisted of 297,474,396 ordinary fully paid shares held by 1,472 shareholders. Each share entitles the holder to one vote.

8 holders have been granted 2,364,138 performance rights over ordinary shares. Performance rights do not carry a right to vote.

Voting Rights of Equity Securities

The only class of equity securities on issue in the Company which carry voting rights is ordinary shares.

As at the Reporting Date, there were 1,472 holders of a total of 297,474,396 ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Article 54 of the Company's Articles of Association are:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares:

- at meetings of members or classes of members each member is entitled to vote in person or by proxy or attorney; and
- on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share he holds."

Distribution of Holders of Equity Securities

	Ordinary Fully Paid Shares		
Range	Total Holders	Units	% of Issued Capital
1 – 1,000	114	31,339	0.01
1,001 – 5,000	265	818,990	0.28
5,001 – 10,000	229	1,877,450	0.63
10,001 – 100,000	645	25,500,694	8.57
100,001 and over	215	269,245,923	90.51
Total	**1,468**	**297,474,396**	**100.00**

	Performance Rights		
Range	Total Holders	Units	% of Performance Rights
1 – 1,000	0	0	0.00
1,001 – 5,000	0	0	0.00
5,001 – 10,000	0	0	0.00
10,001 – 100,000	3	270,898	11.46
100,001 and over	5	2,093,240	88.54
Total	**8**	**2,364,138**	**100.00**

Unmarketable Parcels

The number of holders of less than a marketable parcel of ordinary shares as at the Reporting Date is as follows:

Unmarketable Parcels as at 17 August 2015	Minimum Parcel Size	Holders	Units
Minimum $500 parcel at $0.175 per unit	2,858	235	264,321

Substantial Shareholders

As at the Reporting Date, the names of the substantial holders of Gale Pacific and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to Gale Pacific, are as follows:

Shareholder	No.	%
THORNEY HOLDINGS PTY LTD	79,702,646	26.79%
WINDHAGER HANDELS GESMBH	41,925,781	14.09%
INVESTEC BANK (AUSTRALIA) LIMITED	19,794,793	6.65%

Twenty Largest Holders of Quoted Equity Securities

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

Shareholder	No.	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	72,553,816	24.39
WINDHAGER HANDELS GESMBH	41,925,781	14.09
INVESTEC INVESTMENTS (UK) LIMITED	14,182,685	4.77
GALE AUSTRALIA PTY LTD	13,997,844	4.71
J P MORGAN NOMINEES AUSTRALIA LIMITED	11,497,418	3.87
UBS NOMINEES PTY LTD	7,718,384	2.59
GERNIS HOLDINGS PTY LIMITED	7,409,665	2.49
INVESTEC AUSTRALIA LIMITED	5,612,108	1.89
CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	4,691,433	1.58
AUST EXECUTOR TRUSTEES LTD <LANYON AUST VALUE FUND>	3,990,000	1.34
MR GEOFFREY DUNCAN NASH <GDN SUPER FUND A/C>	3,327,428	1.12
STITCHING PTY LTD <SSG SUPERANNUATION FUND A/C>	3,050,000	1.03
HAROLDSWICK CORPORATION PTY LTD <ROBERTSON FAMILY A/C>	2,500,000	0.84
CHILLEN PTY LIMITED (TALLEN)	2,431,317	0.82
GFS SECURITIES PTY LTD <GLENFARE SUPER FUND A/C>	2,380,935	0.80
GALLIUM PTY LTD	2,279,359	0.77
W DONNELLY SERVICES PTY LTD <THE DONNELLY SUPER FUND A/C>	2,207,485	0.74
VENN MILNER SUPERANNUATION PTY LTD	2,000,000	0.67
ATKONE PTY LTD	1,919,796	0.65
APM ENTERPRISES PTY LTD <MURPHY FAMILY NO 3 A/C>	1,816,599	0.61
TOTAL: TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AS AT 17 AUGUST 2015	**207,492,053**	**69.75**
TOTAL: REMAINING HOLDERS BALANCE	**89,982,343**	**30.25**

Other Information

The name of the Company Secretary is Ms Sophie Karzis. The address of the principal registered office in Australia, and the principal administrative office is 145 Woodlands Drive, Braeside, 3195, Victoria, Australia, telephone is (03) 9518 3333. The Company is listed on the Australian Securities Exchange. The home exchange is Melbourne. Registers of securities are held by Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia, local call is 1300 850 505, international call is + 613 9415 4000.

Stock Exchange Listing

Gale Pacific's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: GAP)

Voluntary Escrow

There are no securities on issue in Gale Pacific that are subject to voluntary escrow.

Unquoted Equity Securities

The number of each class of unquoted equity securities on issue, and the number of their holders, are as follows:

Class of Equity Securities	Number of unquoted Equity Securities	Number of holders
Shares	0	0
Options	0	0
Convertible Notes	0	0
Performance Rights	2,364,138	8

There are no persons who hold 20% or more of equity securities in each unquoted class other than under an employee incentive scheme.

On Market Buyback

The Company is not currently conducting an on-market buy-back.

Item 7 Issues of Securities

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

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