GALE PACIFIC

2020 ANNUAL REPORT

Who we are

We are recognised in our markets as an innovator and long-term producer of premium quality products.

Based in Australia, we operate globally with more than half our revenues and profits coming from markets outside Australia.

Our products are marketed across commercial and retail sectors; with distribution into architectural, agricultural, horticultural, mining, construction, as well as home improvement, club and e-commerce channels. They are stocked by many of the world's largest retailers.

GALE Pacific is a world leader in specialised textiles and associated products.

Key products include shade and screening fabrics, exterior window shades, shade sails, sun umbrellas, and an array of specialised commercial fabrics used for architectural shade, crop protection, water containment and screening. Retail shade and screening products are marketed under the Coolaroo brand. Commercial products are marketed under the GALE Pacific brand.

We are focused on growth through product innovation, customer and category development, geographic expansion, and brand building.

Corporate Directory

GALE Pacific Limited
ABN 80 082 263 778

Directors

David Allman	Chairman
Peter Landos	Non Executive Director
Donna McMaster	Non Executive Director
Tom Stianos	Non Executive Director
John Paul Marcantonio	Chief Executive Officer & Managing Director

Contents

Company Secretary
Sophie Karzis

Registered Office
145 Woodlands Drive, Braeside,
Victoria, 3195
+ 613 9518 3333

Auditors
Deloitte Touche Tohmatsu
477 Collins Street, Melbourne,
Victoria, 3000
+ 613 9671 7000

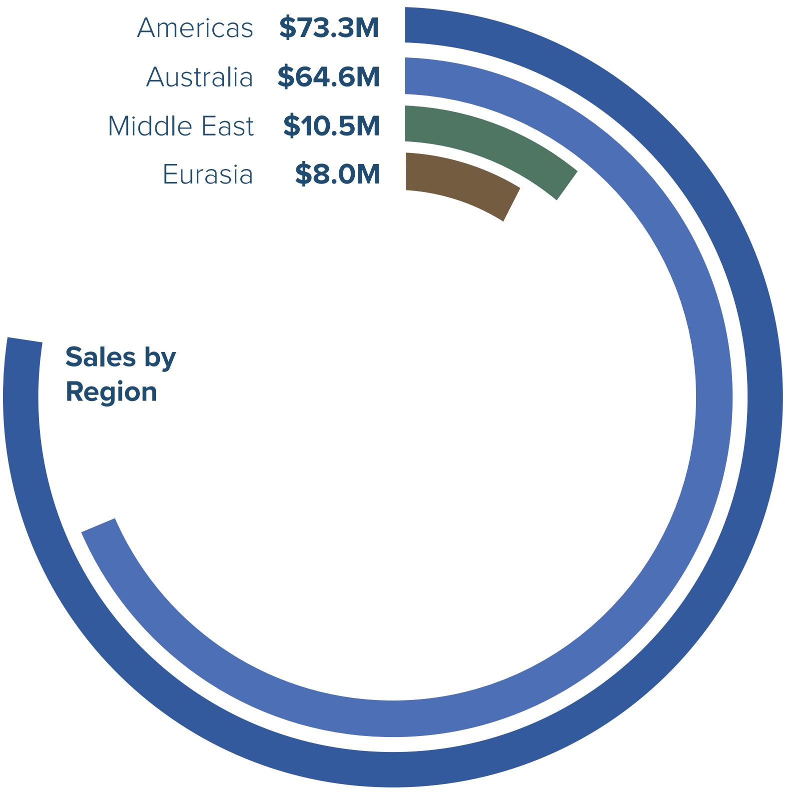
Stock Exchange Listing
GALE Pacific Limited shares are listed on the Australian Securities Exchange (ASX code: GAP)

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

www.galepacific.com

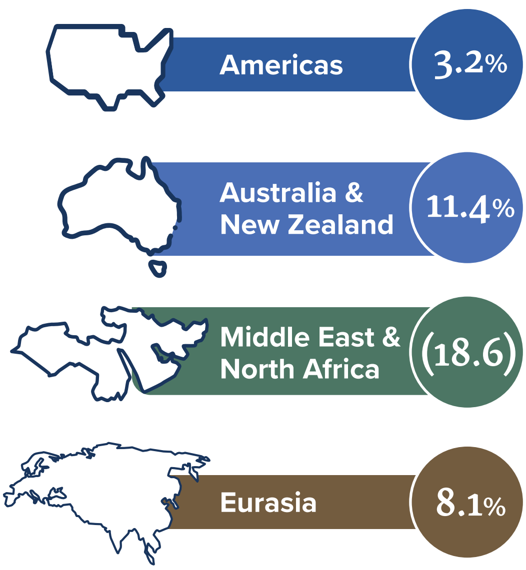
Results at a glance

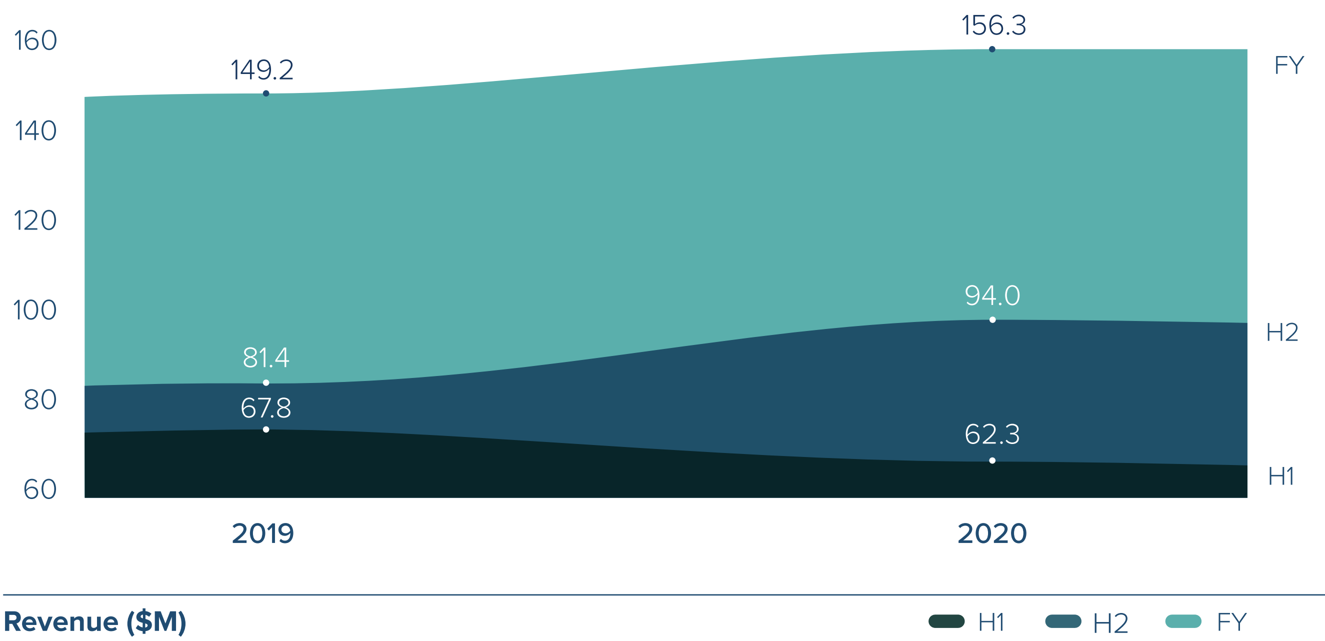
Sales revenue of $156.3 million.



Sales Revenue Change

2019 - 2020





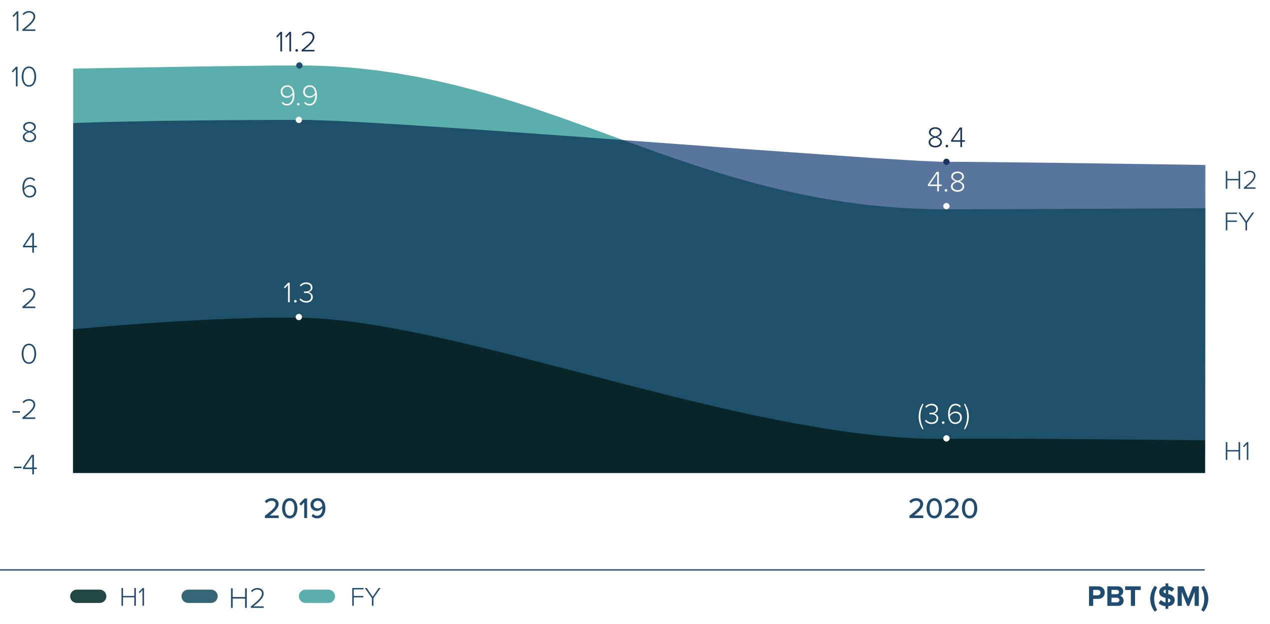
Financial Highlights

Results for the full year

	EBIT	Profit Before Tax	Profit After Tax
2020	7.0	4.8	3.7
2019	13.1	11.2	9.2

($M)

	Net Cash (Debit) ($M)	Basic earnings per share (cents)	Final dividend per share (cents)
2020	(15.3)	1.34	1.00
2019	(10.9)	3.21	1.00



PBT ($M)

We continued to execute on our strategy of building GALE into a more quickly growing, global fabrics technology business.

David Allman
Chairman

Chairman's Letter

The twelve months to 30 June 2020 was an eventful and extraordinarily challenging period.

First half trading was exceptionally difficult for a number of reasons previously reported on and this resulted in a pre-tax loss of $3.6 million for the six months to 31 December 2019 (prior year $1.3 million profit).

Toward the end of this period John Paul Marcantonio was appointed as Chief Executive Officer of GALE Pacific replacing Nick Pritchard who had held the position for five years. John Paul was previously President and General Manager of GALE's Americas business.

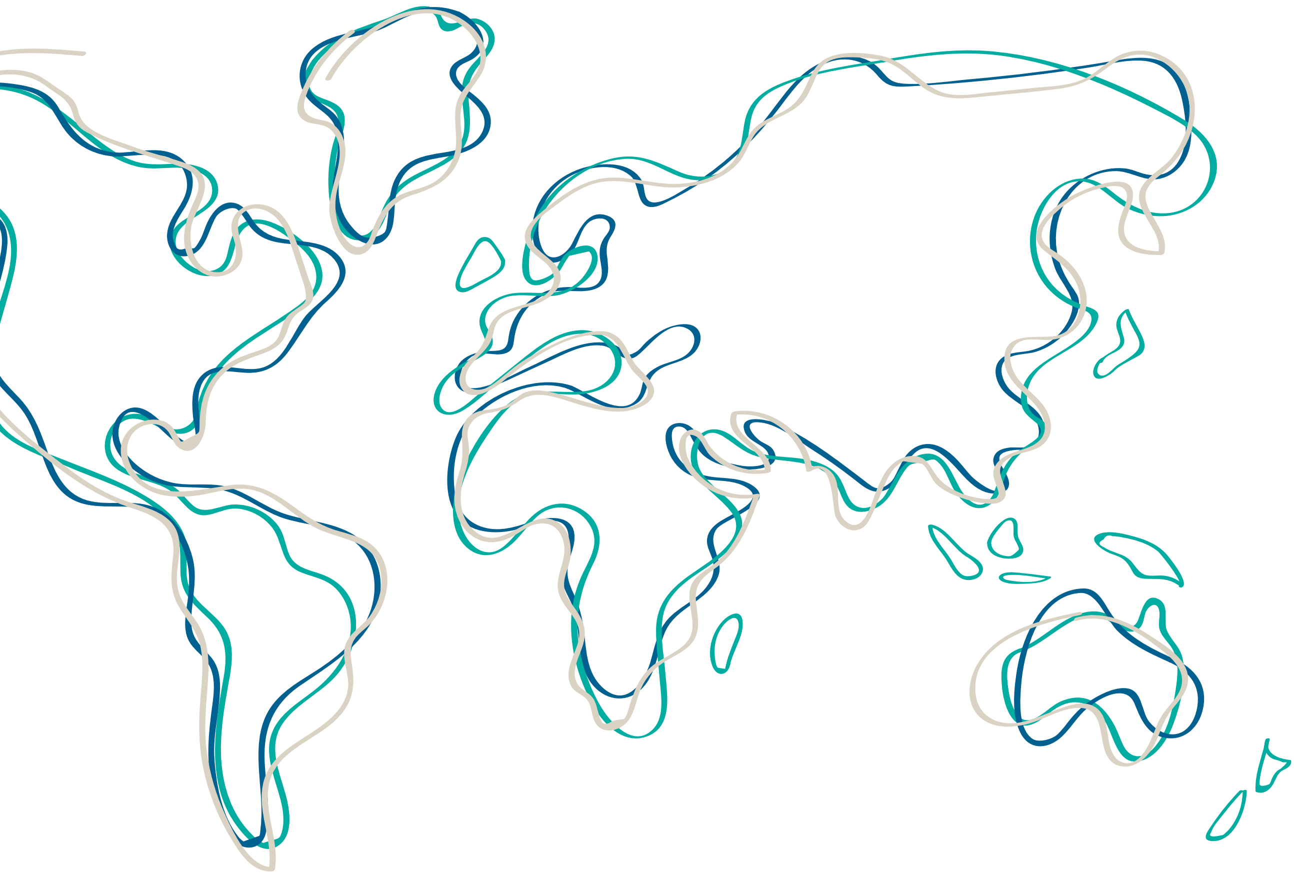
Other key management appointments were also made including Domenic Romanelli as Chief Financial Officer and Troy Mortleman as General Manager for Australia and New Zealand.

The second half of the year has of course been greatly affected by the COVID-19 pandemic and the health and safety of our employees and other stakeholders has been our top priority during this period.

Production in China was affected first with our facility in Ningbo closed or severely restricted for much of February and March following which all global operations were impacted.

I am very pleased to be able to report that the new management team responded quickly and professionally to this unprecedented challenge by introducing safe working practices at all locations which enabled us to continue to employ our staff and keep them healthy and serve our customers.

It is very pleasing that, despite the massive dislocation, second half revenue increased by 16% from prior year to $94.0 million and that pre-tax profit of $8.4 million (prior year $9.9 million) was generated. This was achieved despite increased costs due to safety requirements, tariffs in the USA, input cost increases, an unbudgeted incentive arrangement with



a major customer and one time expenses associated with a restructure of the Australian business.

The revenue increase was mainly due to improved sales to retail customers in Australia and the USA as consumer offtake in the hardware channel increased in both regions.

Overall pre-tax profit for the year was $4.8 million (prior year $11.2 million) on revenue of $156.3 million (prior year $149.2 million). Earnings per share was 1.34 cents (prior year 3.21 cents).

In February the Board decided not to pay an interim dividend because of the poor first half result and the highly uncertain outlook at the start of the COVID-19 pandemic. It is therefore pleasing that we are able to recommence dividend payments with a final dividend of 1 cent per share unfranked due to the much improved second half and positive momentum going into FY21.

Despite the difficulties during the year we continued to execute on our strategy of building GALE into a fast growing global fabrics technology business. During the year a number of technically advanced commercial products were launched together with exciting new retail offerings. Also, we continued to invest in product development and sales and marketing resources.

While it is always disappointing to report a reduced profit, the progress made during the second half of the year has placed GALE in a very strong position and on behalf of the Board I would like to thank the management team and all our employees for their excellent and committed work under very difficult conditions. We would also like to congratulate John Paul Marcantonio on his recent appointment to the Board of GALE Pacific.

We are making progress against our growth strategy and our global business is healthy, stable, profitable & growing.

John Paul Marcantonio
Chief Executive Officer & Managing Director

GALE Pacific FY20 Overview

Global operating conditions have been unprecedented, highly dynamic and historically challenging since late-January. We first prioritised the health and safety of our teams around the world, irrespective of the financial implications. We then prioritised servicing our customers, consumers, and end users once we ensured that we were able to do so safely. It is a testament to the team at GALE Pacific that we have been able to keep our employees healthy, safe and working through the challenges of the last six months.

The team developed new, more effective and efficient ways of working. We streamlined processes, increased communication, improved collaboration, sped-up decision making, and focused ourselves on driving results. We developed new ways to operate in our facilities and were able to expand capacity as a result. No matter how difficult, we have acted with integrity, empathy, care and respect. Our teams have displayed the highest possible levels of professionalism, resilience and perseverance in the face of extraordinary personal and professional difficulty.

Fortunately, we were able to implement operational strategies that mitigated portions of the potentially major service risks introduced by the COVID-19 pandemic across the Company's global supply chain and manufacturing facilities in China, Australia, and the United States. As anticipated, our operations in China were directly impacted throughout February and into March due to various challenges posed by COVID-19 but largely returned to full production and improved service capacity by the start of April. Pleasingly, we were also able to further increase production capacity throughout the fourth quarter to meet demand increases across the United States and Australia. We did, however, incur higher than planned input cost inflation for labour, materials, transportation and health and safety practices across the business in the second half and there continues to be cost pressure associated with import tariffs in the United States for goods made in China.

We witnessed a positive shift in consumer purchasing behaviour that has benefited retail sales in the United States and Australia as we progressed through the back half of the year, especially in the fourth quarter. Our partner retailers in both countries have experienced

Product Innovation

Grow our Categories

Improved Operations

New Markets

increased levels of sell-through across "do-it-yourself" product ranges as people have increased spending across home improvement categories. Our brands and products are well positioned for this shift in spending and we've realised additional benefit from securing incremental new ranging both in-store and online. We've also achieved year on year increases in the growth rates across our retail partners that have eCommerce and online selling capabilities, primarily in the United States. We are well positioned across the distribution landscape to take advantage of these trends and have a significant opportunity to further expand our footprint in both markets over the coming years.

We've continued to invest in our capacity to drive innovation and distribution development initiatives throughout the year despite these challenges. In the back half we executed a global launch of the world's most comprehensive, technically advanced range of flame retardant architectural shade fabrics and the initial response is encouraging. In Australia, we have secured new distribution for our core coated fabrics ranges used in water management applications and demand for our coated fabrics ranges used in agricultural applications has increased as we exited FY20. Both growth initiatives were enabled by our investment in additional coating capacity in our Melbourne facility in prior periods and our focus on driving operational efficiency throughout the back half of this year. We're adding new customers in the Americas and are gaining new placement for existing ranges in line with our strategy to develop that market for the long term.

Our business across the Eurasia region showed a high level of resilience and we were able to grow both the top and bottom line despite the various challenges we faced throughout the year. Trading continued to be challenging in the MENA region due to macroeconomic conditions that were exacerbated by new challenges posed by the pandemic. The broad market for our products and our business performance in the region were further impacted throughout the back half of the year as a result. In June FY20 we made the difficult decision to implement a restructuring plan in the ANZ region designed to deliver profit expansion in FY21 and beyond by lowering structural costs, delivering operational cost efficiencies, better matching capacity to demand in the region, and improving overall organisational capability.

Throughout the COVID-19 pandemic our primary concern has been ensuring the health and safety of our employees around the world. We enacted flexible, 'work from home where able' policies ahead of government requirements in all regions and quickly developed and implemented strict, facility specific safety and hygiene protocols across all global locations. All of our distribution and manufacturing facilities continue to operate according to best available practice to maintain healthy and safe workplaces for all stakeholders including team members, suppliers, contractors, customers, and consumers while the company continues its essential business operations.

Our business and team have proven to be highly resilient and I have faith in our ability to manage this operating environment. We grew revenue year on year in all markets except MENA and remained profitable as a group despite the headwinds, cost inflation and operational challenges. We finished the year with momentum in most markets and I am cautiously optimistic as we head into the new financial year. I am proud of the financial and operational performance that GALE has delivered in FY20 and I am enormously proud to work alongside the team that delivered it.

Outlook

The health, safety and wellbeing of our team is, and always will be, our top priority. We've enacted health and safety measures in-line with the best available guidance at all locations and we'll continue to develop and evolve our work practices in-line with government policies and leading agency recommendations as they become available.

At the Company, we continue to execute our core strategy of building GALE Pacific into a faster growing, world-class, global fabrics technology business.

We are making progress against our business development and expansion agenda in the USA, investing in line with our strategy to build a larger footprint in this critical market. In Australia, we will focus our efforts on driving profitable growth initiatives, delivering operational efficiency and better matching capacity to demand to increase profitability. We'll do this while working to serve encouragingly high levels of demand across our coated fabrics ranges used in agricultural and grain handling applications in 1H21. We continue with our efforts to grow our business in Eurasia and remain committed to working with our partners across the MENA region.

We will further develop and implement productivity and efficiency initiatives to offset the effects of disruption and cost inflation in our global supply chain as a result of the COVID-19 pandemic and the persistence of import tariffs in the USA for goods manufactured in China.

Overall, our core global business is largely healthy, stable, profitable and growing.

We are pleased with the start to FY21, having experienced sustained demand increases in our core consumer and commercial products categories in the USA and Australia. Given the shifts witnessed in consumer and commercial behaviour we are hopeful, but cautious, about the continuance of these largely encouraging trends throughout the entirety of the coming financial year.

We anticipate that the company will deliver improvement in both revenue and profit before tax in 1H21 compared to 1H20 given the business momentum across retail and commercial sectors in both the United States and Australia as we enter the financial year.

Thank You

I would like to thank the entire GALE Pacific team for their commitment, collaboration, dedication and hard work. We have been able to make progress on our growth strategy during an unprecedented and challenging trading period. The business has proven its strength in FY20, and I am confident that we can continue to make progress against our strategic plan as we head into the new financial year.

Operational Report

Results for the full year

A$ million

	30 June 2020[1]	30 June 2019	Change %
Net Revenue	156.3	149.2	4.8
EBITDA	18.7	19.3	(3.1)
EBIT	7.0	13.1	(46.6)
Profit before tax	4.8	11.2	(57.1)
Profit after tax	3.7	9.2	(59.8)
Operating Cash Flow	7.2	15.3	(52.9)
Net cash (debt)	(15.3)	(10.9)	(40.4)
Basic earnings per share (cents)	1.34	3.21	(58.3)
Final dividend per share (cents)	1.00	1.00	0

[1] FY20 financial numbers are inclusive of the impact of ASB16

Results By Region

Americas

Results for the full year

A$ million

	30 June 2020	30 June 2019	Change %
Net Revenue	73.3	71.0	3.2
EBITDA	11.8	13.8	(14.5)
PBT	4.2	8.5	(50.6)

Americas revenue grew 3.2% to $73.3 million ($71.0 million in FY19), driven by a significant positive shift in consumer purchasing behavior on the back of COVID-19 related restrictions coupled with incremental distribution and ranging in 2H20.

The second half performance, particularly in the fourth quarter, skewed full year revenue to the second half of the financial year at a higher rate than historical averages. Profit acceleration from 1H20 to 2H20 proved promising with sell-out rates for GALE Pacific's core retail product ranges generally stronger than market and category averages at most major customers across brick and mortar, eCommerce, and omni-channel retail partners throughout 2H20.

The Americas region incurred additional cost headwinds in 1H20 that persisted for the entirety of 2H20 associated with increases in import tariffs imposed by the United States for goods manufactured in China. Though the situation with respect to import tariffs stabilised in 2H20, there exists ongoing material impact from the active tariff arrangements. The company was also impacted by cost inflation in material, freight, transportation, labour and with health & safety initiatives as a result of the COVID-19 pandemic. We continue to work on operational efficiency projects to offset these cost headwinds and to reduce the impact of import tariffs. There was also material year over year impact in 1H20 due to the stock build associated with a major customer new business win in 1H19.

Despite these headwinds, GALE's core ranges and new products resonated well with consumers. The company was able to drive material improvement in 2H20 by securing incremental points of distribution across the retail landscape, increasing item counts across the core brick & mortar locations, increasing listings on eCommerce partner sites, and driving increased consumer demand and sell-through across the US market at nearly all retail partners.

Though broad market demand for the commercial fabrics business was adversely impacted by COVID-19 restrictions, the category remains an important part of GALE's growth strategy in the region. The company launched its innovative, market leading range of flame-retardant architectural fabrics in the second half and was able to secure incremental new business as a result. In line with its growth strategy, GALE remains committed to investing to accelerate adoption and preference for its differentiated commercial fabrics ranges in the Americas region.

Finally, and despite these challenges, the company increased its investment in selling, marketing & service infrastructure in 2H20 in line with its strategy to build a larger, quickly growing business in the Americas region and remains committed to doing so over the coming periods.

Australia & New Zealand

Results for the full year

A$ million

	30 June 2020	30 June 2019	Change %
Net Revenue	64.6	58.0	11.4
EBITDA	5.4	2.8	92.9
PBT	0.2	1.1	(81.8)

Australia/New Zealand revenues grew 11.4% for the year to $64.6 million ($58.0 million in FY19), driven by a significant positive shift in consumer purchasing behaviour on the back of COVID-19 related restrictions in the second half, increased ranging across core retail categories, new distribution for core coated fabrics ranges and increased demand for core coated products used in agricultural, water management, food handling and packaging applications.

Profit before tax performance in FY20 was impacted by cost inflation in freight, transportation, material, labour, and health & safety initiatives as a result of the COVID-19 pandemic, an unbudgeted incentive arrangement with a major customer, and the implementation of a regional restructuring plan. The company received no income from Jobkeeper or any other Government support schemes.

Growth in the retail sector of GALE's ANZ business was driven by the successful introduction and sell-through of a significant number of new retail products in its core consumer categories coupled with the demand increase associated with changes in consumer buying behaviour due to COVID-19 restrictions, both of which accelerated second half performance. GALE's core product categories and brands were well positioned as sector spending shifted towards a focus on home

GALE Pacific experienced strong growth in sell through across core retail categories in the second half driven by incremental product placements and expanded ranging in key customers.

improvement and ‘do-it-yourself’ products, with GALE products able to help drive overall category growth with its retail partners.

The company’s commercial fabrics business also performed strongly in both 2H20 and across the entirety of FY20 as a result of new customer conversions and increased demand across several categories of its business. As previously mentioned, the company was successful in acquiring a major new customer in the water management sector which began in 2H20. GALE has also seen increased demand across its non-woven coated products categories used in food handling and packaging applications in the second half of FY20.

Additionally, GALE saw higher levels of early season demand than previously experienced for its leading line of coated fabrics used in grain handling applications. 2H20 purchasing patterns were ahead of typical seasonal trends for the coming grain harvest, which is forecasted to be one of the most productive seasons in several years. While this positively impacted the 2H20 result, the majority of the benefit is expected to be realised in 1H21. GALE has been able to capitalise on these demand increases and service partner customers as a result of its investment in additional coating capacity (which came online in 2H19) and a focus on operational excellence initiatives in 2H20.

Finally, GALE implemented a restructuring plan in the ANZ region in June FY20 designed to deliver profit expansion in FY21 and beyond by lowering regional structural costs, delivering operational cost efficiencies, better matching capacity to demand, and improving overall organisational capability to drive profitable business expansion over the coming periods. The company remains committed to the ANZ region and will work diligently to build a more efficient, more profitable and more quickly growing business there.

Middle East & North Africa

Results for the full year			A$ million
	30 June 2020	30 June 2019	Change %
Net Revenue	10.5	12.9	(18.6)
EBITDA	2.2	4.0	(45.0)
PBT	1.6	3.5	(54.3)

Difficult trading conditions persisted throughout FY20 and continued to negatively impact revenues and profits in the region. Challenging macroeconomic conditions and overall instability coupled with the impact of the company's decision to tighten credit policy earlier in the year impacted business performance in the region.

Further, the COVID-19 pandemic had a negative impact on GALE's business in the region in 2H20 as challenges posed by the varying degrees of restrictions and market openness across several of GALE's major trading markets caused trading inconsistency.

Changes in provisions for doubtful debts, reflecting these difficult local trading conditions, also had a material impact on profit before tax in 2H20 and FY20. Despite the current difficulties, GALE Pacific continues to support its partners in the region and remains optimistic about returning to growth in the region over the coming periods.

Eurasia

Results for the full year

A$ million

	30 June 2020	30 June 2019	Change %
Net Revenue	8.0	7.4	8.1
EBITDA	2.7	2.3	17.4
PBT	2.2	1.8	22.2

Eurasia revenues grew 8.1% for the year to $8.0 million ($7.4 million in FY19) and profit before tax grew 22.2% for the year to $2.2 million ($1.8 million in FY19), driven primarily by awards for large scale new projects in its core architectural shade fabrics ranges and new distribution expansion.

The Eurasia region business performance for 2H20 and FY20 was pleasing considering the range of challenges across both Europe and Asia associated with COVID-19, which negatively affected key trading geographies and partner customers differently and at different times.

In line with its global strategy, the company continues to invest in growth initiatives to expand the usage of GALE's core, differentiated commercial fabrics ranges and to further expand distribution across targeted markets in both Europe and Asia.

Balance Sheet and Cash Generation

Net cash flows from operating activities for FY20 were $7.2 million versus $15.3 million for the prior year. The Company expects to generate positive cash flows from operating activities in FY21.

Net debt as at 30 June 2020 was $15.3 million versus $10.9 million as at 30 June 2019, which included $2.0 million of capital used for share buy backs.

Net Debt

$15.3M

Payments for shares

$2.0M

Net cash flows from operating activities for FY20 were $7.2 million versus $15.3 million for the prior year.

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 seven 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 Catalyst Education Pty Ltd and of Direct Couriers Group Pty Ltd.

David is the Chairman of the Company's Nomination Committee and is a member of the Remuneration and Audit and Risk 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, which he joined in 2000. Prior to joining Thorney, Peter 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 a non-executive director of Adacel Technologies Limited, and a non-executive director of Rural Press Pty Ltd.

Peter is the Chairman of the Audit and Risk Committee and is a member of the Company's Nomination Committee.

Donna McMaster, GAICD

Non-Executive Director since March 2018

Donna has extensive experience in senior executive and strategic roles within public and private retail companies, with a proven track record in developing proprietary brands, and spearheading brand acquisitions and licence agreements.

Donna serves on multiple Boards and is currently the Deputy Chair & Non Executive Director of YMCA Service Pty Ltd where she is also Chair of the HR & Governance Committee & is a Non-Executive Director of Dandenong Market Pty Ltd.

Donna is a member of the Company's Nomination and Remuneration Committees.

Tom Stianos, B.App.Sc., FAICD

Non-Executive Director since October 2017

Tom has extensive experience as a non-executive director of listed companies including many years as Managing Director.

Tom is currently Chairman of Empired (ASX:EPD) and Chairman of Escient. Tom was previously a non-executive director of Inabox Group (ASX:IAB), CEO of SMS Management & Technology (ASX:SMX), and Director of the Australian Information Industry Association.

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

Executive Leadership

John Paul Marcantonio
CEO and Managing Director

John Paul joined GALE Pacific in October 2017 as the General Manager of the Americas business. He was appointed Chief Executive Officer in November 2019 and was appointed as Managing Director in August 2020.

John Paul has extensive experience working across both consumer and commercial products sectors globally. Prior to joining GALE Pacific, John Paul built an impressive career at Newell Brands in roles of increasing responsibility in marketing, sales and management over fifteen years. John Paul lived and worked in Melbourne, Australia for several years as the Regional Marketing Director of Newell Brands' APAC hardware businesses and has held multiple global product and brand marketing leadership positions over his tenure. In his last role before joining GALE, John Paul served as the Global Vice President of Marketing for the Rubbermaid brand.

Domenic Romanelli
Chief Financial Officer

Domenic joined GALE Pacific in September 2019. Domenic is an experienced finance professional, having previously held key senior finance roles with Orica Limited (VP Finance – Australia, Pacific & Indonesia, and General Manager - Finance), Minova International (Global CFO), Smorgon Steel Group (Group Financial Controller), BHP and Deloitte. In addition, Domenic has held the position of Director and Treasurer at the Melbourne Racing Club. Domenic holds a Bachelor of Science degree (Applied Mathematics and Accounting). Domenic is also a registered member of the Institute of Chartered Accountants, Financial Services Institute of Australia, and a graduate and member of the Australian Institute of Company Directors.

Cliff XinHua Zhang
General Manager | Manufacturing

Cliff joined GALE Pacific in May 2016. He is an experienced manufacturing leader having held senior manufacturing and product quality roles at Bosch Power Tools over 13 years, and operations, logistics and production roles at Andrews Telecommunications, Honeywell CATIC Engine Co. and Solectron Technology Co., Ltd., a U.S.-based manufacturer of electronics products. Cliff has a Bachelor of Science (Mechanical Engineering), from Nanjing University of Science & Technology, China.

Andrew Nasarczyk
Senior Manager | Research & Development

Andrew joined GALE Pacific in July 2002, moving into the company through the acquisition of Visy Industrial Textiles. Andrew has held various Production and Technical roles within GALE Pacific, including a 3-year secondment to GALE's manufacturing plant in China. During he's time at GALE, Andrew has been commended by industry peers for his technical and market knowledge. Andrew was recently a Standards Committee member for the update to Australia's Synthetic Shade Standard. Andrew has a Bachelor of Engineering (Polymers).

Troy Mortleman
General Manager | Australia & New Zealand

Troy joined GALE Pacific in January 2020. Over the last 14 years he has built an impressive career at previously NSX listed Methven Ltd (MVN) as the Chief Operating Officer of Methven Australia. Troy held many senior roles of increasing responsibility in sales and general management and has experience across both retail & commercial channels of distribution for both consumer & commercial durables categories. Troy has a proven track record of concurrently building growing businesses while developing and leading highly functioning teams.

Ali Haidar
General Manager | Middle East North Africa

Ali joined GALE Pacific in August 2004 and has 16 years experience in sales and marketing with a strong record of business development in the region. He has led GALE Pacific's profitable growth in the Middle East and was recently given responsibility to lead the company's focused expansion in the Middle East/North Africa region.

Mark Nicholls
General Manager | Eurasia

Mark joined GALE Pacific in June 2016. He has tremendous experience in the UK, Europe, Asia, South Africa and Israel, with knowledge of both retail and commercial sectors and experience of appointing new distributors, managing large, multi-country retailers, etc. Mark's most recent role was Business Development Manager (UK/Ireland) for FISKARS and prior to that held Business Development Manager and International Sales Manager roles for Trisport (a division of Pride Sports), Newell Rubbermaid and SANDVIK.

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 (https://www.galepacific.com/investor-info/corporate-governance) 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 (*https://www.galepacific.com/investor-info/corporate-governance*).

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 2020.

State of Affairs

Throughout the COVID-19 pandemic GALE Pacific's primary concern has been ensuring the health and safety of its employees around the world. The Company enacted flexible, 'work from home where able' policies ahead of government requirements in all regions and quickly developed and implemented strict, facility specific safety and hygiene protocols across all global locations. All distribution and manufacturing facilities continue to operate according to best available practice to maintain healthy and safe workplaces for all stakeholders including team members, suppliers, contractors, customers, and consumers while the Company continues its essential business operations. With the implementation of stage 4 restrictions in August 2020 in Melbourne, Australia, the manufacturing facilities in Braeside continue to operate albeit at a reduced two-thirds capacity at its Braeside warehousing location.

Events Subsequent to Balance Date

Apart from the dividend declared, no other matter or circumstance has arisen since 30 June 2020 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.

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:

2019 / 2020

Final Dividend for the year ending 30 June 2019	Interim Dividend for the 6 months ended 31 Dec 2019
1.00 cent	0.00 cent
paid 08 October 2019	no dividend declared

In addition to the above dividends, on the 25 August 2020 the Directors declared a dividend of 1.00 cent per share to the holders of fully paid ordinary shares in respect of the year ended 30 June 2020, payable on 16 October 2020 to shareholders on the register at 4 September 2020. 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 $2,750,000.

For the full year, the dividend of 1.00 cent per share has been declared on earnings of 1.34 cents per share.

Share Based Payments

Performance Rights

The number of performance rights on issue at the date of this report is 2,876,971 (2019: 4,894,000). 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.

1,034,971 performance rights were granted to executives on 16 January 2020. The performance rights will vest subject to a continuation of employment to 30 June 2022 and the satisfying of relevant performance hurdles based on the Group's diluted earnings per share over the three year period from 1 July 2019 to 30 June 2022. None of these performance rights can vest until 30 June 2022 and expire on 1 December 2022.

On the 30 June 2019, 1,299,000 performance rights lapsed due to not meeting the performance conditions. The vesting of those performance rights was subject to a continuation of employment for three years and the satisfactory achievement of performance hurdles based on improvements in the Group's diluted earnings per share over the three year period between 1 July 2016 and 30 June 2019.

On the 30 June 2020, 1,753,000 performance rights lapsed due to not meeting the continuation of employment condition by key management personnel exiting the business.

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.

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.

		Fully Paid Ordinary Shares	Options	Performance Rights
Directors'	D Allman	4,500,000	N/A	N/A
	P Landos	-	N/A	N/A
	D McMaster	50,000	N/A	N/A
	T Stianos	600,000	N/A	N/A

Directors' Meetings

The table below sets out the attendance by Directors

	Board of Director's 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	12	3	3	1	1	1	1
P Landos	12	12	3	3	-	-	1	1
D McMaster	12	12	-	-	1	1	1	1
N Pritchard	4	4	-	-	-	-	-	-
T Stianos	12	12	3	3	1	1	1	1

As at the date of this report, the Company has an Audit & Risk Committee, a Remuneration Committee and a Nomination Committee of the Board of Directors.

As at the date of this report the members of the Audit & Risk Committee are Peter Landos, Tom Stianos and David Allman. The Chairman of the Audit & Risk Committee is Peter Landos.

As at the date of this report the members of the Remuneration Committee are Tom Stianos, David Allman and Donna McMaster. The current Chairman of the Remuneration Committee is Tom Stianos.

As at the date of this report the members of the Nomination Committee are David Allman, Peter Landos, Donna McMaster, and Tom Stianos. 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 2020:

30 June of every year

	2020	2019	2018	2017	2016
Sales	156,338*	149,217*	148,811*	175,265	173,191
Net profit before tax	4,757	11,208	12,484	(4,861)	13,509
Net profit after tax	3,719	9,198	9,807	(8,044)	10,228
Share price at start of year	32.0 cents	35.5 cents	40.0 cents	36.0 cents	17.0 cents
Share price at end of year	16.0 cents	32.0 cents	35.5 cents	40.0 cents	36.0 cents
Interim dividend	0.0 cent	1.00 cent	1.00 cent	1.00 cent	0.75 cents
Final dividend	1.00 cent	1.00 cent	1.00 cent	1.00 cent	1.00 cent
Basic earnings per share	1.34 cents	3.21 cents	3.35 cents	(2.71) cents	3.44 cents
Diluted earnings per share	1.32 cents	3.16 cents	3.29 cents	(2.71) cents	3.40 cents

** Sales in 2020, 2019 and 2018 reflect the adoption of the accounting standard AASB 15 Revenue from Contracts with Customers*

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 25 October 2019 when shareholders approved an increase to the maximum aggregate amount of fees that may be paid each year to the Non-Executive Directors of the Company from $500,000 to $600,000. 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;
- 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 performance rights on issue at 30 June 2020 was 2,876,971. 956,000 of these performance rights were granted on 23 November 2017 and will not vest until the time of the Company's 2020 annual report is released on the ASX (on or around 1 October 2020). 886,000 of these performance rights were granted on 29 October 2018 and will not vest until the time of the Company's 2021 annual report is released on the ASX (on or around 1 October 2021). 1,034,971 of these performance rights were granted on 16 January 2020 and will not vest until the time of the Company's 2022 annual report is released on the ASX (on or around 1 October 2022). 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

D McMaster
Non Executive

N Pritchard
Group Managing Director
Resigned 29 November 2019

J P Marcantonio
CEO and Managing Director
Effective 14 August 2020

T Stianos
Non Executive

Executives

A Haidar
General Manager
Middle East & North Africa

J P Marcantonio
Chief Executive Officer
From 29 November 2019 to 13 August 2020 (previously President and General Manager Americas)

T Mortleman
General Manager
Australia & New Zealand
Effective 13 January 2020

M Nicholls
General Manager
EurAsia

M Parker
Chief Financial Officer
Resigned 26 July 2019

D Romanelli
Chief Financial Officer
Effective 24 September 2019

C Zhang
General Manager
China

** During the period from 27 July 2019 to 23 September 2019, C Hanchette was the acting Chief Financial Officer.*

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

2019 / 2020	Short Term Benefits			Post Employment	Share Based Payments	Termination Benefits	Total	Performance Related	
	Salary & Fees ($)	Bonus ($)	Non Monetary ($)	Super ($)	Rights ($)	($)	($)	Total (%)	Rights (%)
Executive Directors									
N Pritchard[1]	221,755	-	-	10,417	(4,101)	90,643	318,713	(1)%	(1)%
Non-Executive Directors									
D Allman	117,756	-	-	19,752	-	-	137,508	-	-
P Landos	95,388	-	-	7,375	-	-	102,763	-	-
T Stianos	87,123	-	-	8,277	-	-	95,400	-	-
D McMaster	77,169	-	-	7,331	-	-	84,500	-	-
Total	599,191	-	-	53,151	(4,101)	90,643	738,883	-	-

2018 / 2019	Short Term Benefits			Post Employment	Share Based Payments	Termination Benefits	Total	Performance Related	
	Salary & Fees ($)	Bonus ($)	Non Monetary ($)	Super ($)	Rights ($)	($)	($)	Total (%)	Rights (%)
Executive Directors									
N Pritchard	524,717	-	-	25,000	4,101	-	553,818	1%	1%
Non-Executive Directors									
D Allman	121,048	-	-	19,752	-	-	140,800	-	-
P Landos	84,444	-	-	7,989	-	-	92,433	-	-
T Stianos	87,884	-	-	8,566	-	-	96,450	-	-
D McMaster	77,169	-	-	7,331	-	-	84,500	-	-
J Murphy[2]	3,570	-	-	1,265	-	-	4,835	-	-
Total	898,832	-	-	69,903	4,101	-	972,836	-	-

[1] Departed 29 November 2019 and the termination benefit represents his statutory employee entitlements.
[2] Mr J Murphy resigned on the 15 August 2018.

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

Key Management Personnel

2019 / 2020	Short Term Benefits			Post Employment	Share Based Payments	Termination Benefits	Total	Performance Related	
	Salary & Fees ($)	**Bonus ($)**	**Non Monetary ($)**	**Super ($)**	**Rights ($)**	**($)**	**($)**	**Total (%)**	**Rights (%)**
J P Marcantonio [1]	548,431	27,482	23,643	25,952	(1,887)	-	623,621	4%	0%
M Nicholls [2]	232,264	47,710	-	17,228	3,285	-	300,487	17%	1%
C Zhang [3]	212,350	59,014	14,628	-	3,347	-	289,338	22%	1%
A Haidar [4]	279,339	-	-	-	4,434	-	283,773	2%	2%
D Romanelli [5]	242,308	7,415	-	23,019	7,975	-	280,717	5%	3%
T Mortleman [6]	130,448	5,093	-	12,393	-	-	147,934	3%	-
M Parker [7]	24,209	-	-	2,083	(1,448)	13,074	37,918	(4)%	(4)%
Total	1,669,349	146,714	38,271	80,676	15,705	13,074	1,963,788	8%	1%

Key Management Personnel

2018 / 2019	Short Term Benefits			Post Employment	Share Based Payments	Termination Benefits	Total	Performance Related	
	Salary & Fees ($)	**Bonus ($)[9]**	**Non Monetary ($)**	**Super ($)**	**Rights ($)**	**($)**	**($)**	**Total (%)**	**Rights (%)**
J P Marcantonio	397,523	156,425	12,304	19,642	1,887	-	587,781	27%	0%
M Parker	308,194	-	-	25,000	1,448	-	334,642	0%	0%
A Haidar	257,099	-	-	-	1,039	-	258,138	0%	0%
C Zhang	197,053	52,754	21,515	-	724	-	272,046	14%	0%
M Nicholls	201,231	68,414	-	16,138	706	-	286,489	7%	0%
B Marotta [8]	198,998	-	-	18,905	-	-	217,903	-	-
Total	1,560,099	277,593	33,819	79,685	5,805	-	1,957,000	14%	0%

[1] Mr J P Marcantonio (Chief Executive Officer) - Located in the Americas and is remunerated in United States Dollars.
[2] Mr M Nicholls (General Manager – EurAsia) – Located in England and is remunerated in Great British Pounds.
[3] Mr C Zhang (General Manager – China Manufacturing) – Located in China and is remunerated in Chinese renminbi.
[4] Mr Haidar (General Manager – Middle East and North Africa) - Located in USA and is remunerated in United States dollars.
5 Mr D Romanelli (Chief Financial Officer) - Located in Australia and is remunerated in Australian dollars. D Romanelli commenced 24 September 2019.
[6] Mr T Mortleman (General Manager – ANZ). Located in Australia and is remunerated in Australian dollars. T Mortleman commenced 13 January 2020.
[7] Mr M Parker (Chief Financial Officer). Located in Australia and remunerated in Australian dollars. M Parker resigned 26 July 2019.
[8] Mr B Marotta (General Manager- Supply Chain). Effective 30 June 2019, the role is not considered as Key Management.
[9] 2018/19 bonus has been restated to reflect accrual basis.

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

2019 / 2020	Balance 30 June 2019[1]	Granted as Compensation	Received on Exercise of Options	Other Movements[2]	Balance 30 June 2020
Executive Directors					
N Pritchard	1,434,593	-	-	(1,434,593)	-
Non Executive Directors					
D Allman	3,000,000	-	-	1,500,000	4,500,000
T Stianos	200,000	-	-	400,000	600,000
D McMaster	-	-	-	50,000	50,000
Executives					
M Parker	227,257	-	-	(227,257)	-
A Haidar	516,364	-	-	-	516,364
D Romanelli	-	-	-	263,000	263,000
Total	5,378,214	-	-	551,150	5,929,364

Directors'

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

2018 / 2019	Balance 30 June 2018	Granted as Compensation	Received on Exercise of Options	Other Movements[2]	Balance 30 June 2019
Executive Directors					
N Pritchard	521,593	913,000	-	-	1,434,593
Non Executive Directors					
D Allman	2,400,000	-	-	600,000	3,000,000
J Murphy	4,416,599	-	-	(4,416,599)	-
T Stianos	100,000	-	-	100,000	200,000
Executives					
M Parker	-	320,000	-	(92,743)	227,257
B Marotta	289,122	299,000	-	-	588,122
A Haidar	334,364	182,000	-	-	516,364
Total	8,061,678	1,714,000	-	(3,809,342)	5,966,336

Directors'

[1] Opening balance for FY20 excludes B Marotta as he is no longer a KMP.
[2] Purchases and disposals of shares.

Share Based Compensation

Grant Date

Value per performance rights at grant date

26 cents

Each performance right entitles the holder to one (1) ordinary share in GALE Pacific Limited 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 23 November 2017 are subject to the continuation of employment to 30 June 2020 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 2017 to 30 June 2020. None of these rights can vest until the Company releases its FY20 annual report to the ASX (on or around 20th September 2020) and expire on 1 December 2020.

The performance rights granted on 29 October 2018 are subject to the continuation of employment to 30 June 2021 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 2018 to 30 June 2021. None of these rights can vest until the Company releases its FY21 annual report to the ASX (on or around 20th September 2021) and expire on 1 December 2021.

The performance rights granted on 16 January 2020 are subject to the continuation of employment to 30 June 2022 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 2020 to 30 June 2022. None of these rights can vest until the Company releases its FY22 annual report to the ASX (on or around 20th September 2022) and expire on 1 December 2022.

In addition to the time requirement of continuous 3 year employment, the diluted EPS needs to increase by greater than 3.0% over the relevant 3-year performance period. The number of Rights vesting will be determined proportionately, on a straight-line basis, between 3.0% and 10.0%.

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

		Terms and Conditions for Each Grant							
	2019 / 2020	Vested Number	Granted Number	Grant Date	Value Per Option / Right at Grant Date	Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
Directors'	**Management Personnel (Performance Rights)**								
	Key Management	-	849,306	16/01/20	0.2642	Nil	1/12/22	01/10/22	01/10/22
	Other Management	-	185,665	16/01/20	0.2642	Nil	1/12/22	01/10/22	01/10/22
	Total	-	1,034,971	-	-	-	-	-	-

None Executive Directors (Performance Rights), Non-Executive Directors and Executive

		Terms and Conditions for Each Grant							
	2018 / 2019	Vested Number	Granted Number	Grant Date	Value Per Option / Right at Grant Date	Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
Directors'	**Executive Directors**								
	N Pritchard	-	691,000	13/11/18	0.3504	Nil	01/12/21	01/10/21	01/10/21
	Management Personnel (Performance Rights)								
	Key Management	-	978,000	13/11/18	0.3504	Nil	01/12/21	01/10/21	01/10/21
	Other Management	-	152,000	13/11/18	0.3504	Nil	01/12/21	01/10/21	01/10/21
	Total	-	1,821,000	-	-	-	-	-	-

None Non-Executive Directors and Executive

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

2019 / 2020	Balance 1 July 2019	Granted as Compensation	Exercised	Lapsed	Net Other Change[1]	Balance 30 June 2020	Balance Held Nominally	Value of Lapsed Options/Rights ($)
Executive Directors								
N Pritchard	1,875,000	-	-	(578,000)	(1,297,000)	-	-	-
Executives (Performance Rights)								
M Parker	659,000	-	-	(203,000)	(456,000)	-	-	-
A Haidar	465,000	216,088	-	(146,000)	-	535,088	-	-
Cliff Zhang	331,000	160,737	-	(105,000)	-	386,737	-	-
J P Marcantonio	588,000	-	-	-	-	588,000	-	-
M Nicholls	232,000	157,585	-	-	-	389,585	-	-
D Romanelli	-	314,896	-	-	-	314,896	-	-
Management Personnel (Performance Rights)								
Other Management	744,000	185,665	-	(267,000)	-	662,665	-	-
Total	4,894,000	1,034,971	-	(1,299,000)	(1,753,000)	2,876,971	-	-

2018 / 2019	Balance 1 July 2018	Granted as Compensation	Exercised	Lapsed	Net Other Change	Balance 30 June 2019	Balance Held Nominally	Value of Lapsed Options/Rights ($)
Executive Directors								
N Pritchard	2,097,000	691,000	(913,000)	-	-	1,875,000	-	-
Executives (Performance Rights)								
M Parker	735,000	244,000	(320,000)	-	-	659,000	-	-
B Marotta	665,000	-	(299,000)	-	-	366,000	-	-
A Haidar	472,000	175,000	(182,000)	-	-	465,000	-	-
Cliff Zhang	209,000	122,000	-	-	-	331,000	-	-
J P Marcantonio	270,000	318,000	-	-	-	588,000	-	-
M Nicholls	113,000	119,000	-	-	-	232,000	-	-
Management Personnel (Performance Rights)								
Other Management	375,000	152,000	(149,000)	-	-	378,000	-	-
Total	4,936,000	1,821,000	(1,863,000)	-	-	4,894,000	-	-

[1] Options forfeited due to not meeting the continuation of employment condition

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 33 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 33 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 Tohmatsu.

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

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 Tohmatsu 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.

Auditors Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000

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25 August 2020

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

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 2020, 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 faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Genevra Cavallo

Genevra Cavallo
Partner
Chartered Accountants

Deloitte.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Gale Pacific Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>

Recoverability of trade receivables in Middle East and North Africa

Refer to Note 10 Current assets – trade and other receivables.

As at 30 June 2020, the carrying amounts of Middle East and North Africa ("MENA") trade receivable totalled AU$10.27 million with AU$1.89 million of the outstanding balance aged over 365 days as disclosed in Note 10. The balance of the provision for impairment of receivables in MENA accounts for 60% of trade receivables greater than 365 days.

The provision determination as to whether the receivables are collectable requires a high level of management judgment and estimates, whereby the management considers specific factors including the age of the balances, historical payment patterns and any other relevant information concerning the creditworthiness of the counterparties.

</td><td>

Our procedures included, but were not limited to:

- Obtaining an understanding of how the provision for impairment of receivables is estimated by management and assessing management's process in determining the estimated future cash flows of accounts receivables;
- Evaluating on a sample basis, the aging analysis and subsequent settlement of the account's receivable to the source documents including invoices and bank statements;
- Assessing the reasonableness of provision for impairment of receivables with reference to the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of the account's receivables; and
- Evaluating the historical accuracy of the management's assessment of provision for receivables by assessing the actual write-offs, the reversal of previous recorded provision and new provision recorded in the current year in respect of accounts receivables.

We also assessed the appropriateness of the disclosures included in Note 10 the financial statements.

</td></tr>
</table>

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Carrying value of goodwill relating to the USA business
 	
As at 30 June 2020, the Group has recognised goodwill of $2.98 million as disclosed in Note 13.
 	
The assessment of the recoverability of goodwill requires the exercise of significant judgement, in estimating future growth rates, discount rates and the expected cash flows of the cash generating unit ("CGU") to which goodwill has been allocated.
 	
As disclosed in Note 13, the Group has prepared a value-in-use impairment model to determine the recoverable amount of each CGU. The Group's impairment model is sensitive to changes in the future growth rates and discount rates.
	Our procedures in conjunction with our valuation specialists included, but were not limited to:
	
	• Understanding the process that management has undertaken to assess the recoverable amount;
	• Assessing the assumptions and methodology used in the impairment models, in particular those relating to EBITDA and discount rates, including:
	  o Agreeing forecasted cash flows to the latest Board approved budget and assessing the historical accuracy of forecasting,
	  o Evaluating the underlying cash flow assumptions in the impairment model including management's assessment of the impact of COVID-19 on the forecasted cash flows,
	  o Testing the calculations in the impairment model for mathematical accuracy,
	  o Considering the sensitivity of the calculations by varying key assumptions within a reasonably possible range and,
	  o Assessing the discount rate and long term growth rate adopted.
	
	We also assessed the appropriateness of the disclosures included in Note 13 the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 31 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Gale Pacific Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Genevra Cavallo

Genevra Cavallo
Partner
Chartered Accountants
Melbourne, 25 August 2020

On behalf of the Board I would like to thank the management team and all our employees for their contribution.

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 2020 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.

On behalf of the directors.

D. T. Allman

David Allman
Chairman

Financial Report

Financial
Report

Gale Pacific Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue			
Sale of goods		156,338	149,217
Other income	5	1,255	1,353
Expenses			
Raw materials and consumables used		(77,121)	(69,604)
Employee benefits expense	6	(34,951)	(33,668)
Depreciation and amortisation expense	6	(11,780)	(6,218)
Marketing and advertising		(2,283)	(2,251)
Occupancy costs		(2,949)	(6,498)
Warehouse and related costs		(10,289)	(9,628)
Other expenses		(11,269)	(9,653)
Finance costs	6	(2,194)	(1,842)
Profit before income tax expense		4,757	11,208
Income tax expense	7	(1,038)	(2,010)
Profit after income tax expense for the year attributable to the owners of Gale Pacific Limited		3,719	9,198
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	22	(212)	(106)
Foreign currency translation	22	(505)	1,887
Other comprehensive income for the year, net of tax		(717)	1,781
Total comprehensive income for the year attributable to the owners of Gale Pacific Limited		3,002	10,979
		Cents	**Cents**
Basic earnings per share	8	1.34	3.21
Diluted earnings per share	8	1.32	3.16

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 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Assets			
Current assets			
Cash and cash equivalents	9	27,811	29,846
Trade and other receivables	10	39,603	28,152
Inventories	11	48,699	46,196
Prepayments		2,221	2,124
Total current assets		118,334	106,318
Non-current assets			
Property, plant and equipment	12	32,354	35,492
Intangibles	13	8,119	8,392
Right-of-use assets	14	21,780	-
Deferred tax	7	11,100	4,345
Total non-current assets		73,353	48,229
Total assets		191,687	154,547
Liabilities			
Current liabilities			
Trade and other payables	15	23,427	15,958
Borrowings	16	23,274	25,793
Lease liabilities	18	3,830	-
Derivative financial instrument - cash flow hedges		595	127
Current tax liabilities	7	1,023	2,169
Employee benefits		3,896	3,230
Provisions	17	144	457
Total current liabilities		56,189	47,734
Non-current liabilities			
Borrowings	19	19,824	14,956
Lease liabilities	20	19,338	-
Deferred tax	7	7,765	1,473
Employee benefits		205	187
Total non-current liabilities		47,132	16,616
Total liabilities		103,321	64,350
Net assets		88,366	90,197
Equity			
Issued capital	21	63,068	65,097
Reserves	22	3,992	4,070
Retained profits		21,306	21,030
Total equity		88,366	90,197

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 changes in equity
For the year ended 30 June 2020

Consolidated	Issued Capital $'000	Reserves (Note 22) $'000	Retained Profits $'000	Total equity $'000
Balance at 1 July 2018	67,641	1,752	18,087	87,480
Profit after income tax expense for the year	-	-	9,198	9,198
Other comprehensive income for the year, net of tax	-	1,781	-	1,781
Total comprehensive income for the year	-	1,781	9,198	10,979
Transactions with owners in their capacity as owners:				
Share-based payments (note 32)	-	11	-	11
Transfer to Enterprise Reserve Fund	-	526	(526)	-
Share Buy Back (note 21)	(2,544)	-	-	(2,544)
Other	-	-	(7)	(7)
Dividends paid (note 23)	-	-	(5,722)	(5,722)
Balance at 30 June 2019	65,097	4,070	21,030	90,197

Consolidated	Issued Capital $'000	Reserves (Note 22) $'000	Retained Profits $'000	Total equity $'000
Balance at 1 July 2019	65,097	4,070	21,030	90,197
Profit after income tax expense for the year	-	-	3,719	3,719
Other comprehensive income for the year, net of tax	-	(717)	-	(717)
Total comprehensive income for the year	-	(717)	3,719	3,002
Transactions with owners in their capacity as owners:				
Share-based payments (note 32)	-	16	-	16
Transfer to Enterprise Reserve Fund	-	623	(623)	-
Share Buy Back (note 21)	(2,029)	-	-	(2,029)
Other	-	-	2	2
Dividends paid (note 23)	-	-	(2,822)	(2,822)
Balance at 30 June 2020	63,068	3,992	21,306	88,366

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 cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Cash flows from operating activities			
Profit before income tax expense for the year		4,757	11,208
Adjustments for:			
Depreciation and amortisation		11,780	6,218
Share-based payments		16	11
Foreign currency gain		(793)	518
Interest and other finance costs		2,194	1,842
		17,954	19,797
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		(11,451)	5,710
Decrease/(increase) in inventories		(2,503)	540
Increase in prepayments		(97)	(573)
Increase/(decrease) in trade and other payables		7,470	(5,836)
Increase/(decrease) in derivative liabilities		256	(459)
Increase in employee benefits		684	116
Decrease in other provisions		(313)	(18)
		12,000	19,277
Interest and other finance costs paid		(2,194)	(1,842)
Income taxes paid		(2,647)	(2,095)
Net cash from operating activities		7,159	15,340
Cash flows from investing activities			
Payments for property, plant and equipment	12	(3,087)	(11,454)
Payments for intangibles	13	(813)	(763)
Proceeds from disposal of property, plant and equipment		240	244
Net cash used in investing activities		(3,660)	(11,973)
Cash flows from financing activities			
Proceeds from borrowings	19	9,144	13,946
Proceeds/(repayment) of leases		(3,401)	-
Payments for share buy-backs	21	(2,029)	(2,544)
Other		-	(7)
Dividends paid	23	(2,822)	(5,722)
Repayment of borrowings	19	(6,793)	(2,912)
Net cash from/(used in) financing activities		(5,901)	2,761
Net increase/(decrease) in cash and cash equivalents		(2,402)	6,128
Cash and cash equivalents at the beginning of the financial year		29,846	22,991
Effects of exchange rate changes on cash and cash equivalents		367	727
Cash and cash equivalents at the end of the financial year	9	27,811	29,846

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

Gale Pacific Limited
Notes to the financial statements
30 June 2020

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 and principal place of business is:

145 Woodlands Drive
Braeside, VIC 3195

A description of the nature of the Group's operations is included in the directors' report, which is not part of the financial statements.

The entity's principal activities are the manufacture of branded screening and shading products for domestic, commercial and industrial applications.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2020. 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 either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

• AASB 16 *Leases*

• Interpretation 23 *Uncertainty over Income Tax Treatments* and AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatment*

AASB 16 Leases

In the current year, the Group has adopted AASB16 Leases from 1 July 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of AASB 16 on the Group's consolidated financial statements is described below.

The date of initial application of AASB 16 for the Group is 1 July 2019.

The Group has applied AASB 16 using the cumulative catch-up approach which:
• Requires the Group to recognise the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
• Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

Note 2. Significant accounting policies (continued)

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

(b) Impact on Lessee Accounting

Former operating leases

AASB 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying AASB 16, for all leases (except as noted below), the Group:
• Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS
16:C8(b)(ii)
• Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
• Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.
Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.
Under AASB 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

The Group has applied a single discount rate to a portfolio of leases with reasonably similar lease periods.
•The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
•The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of
the date of initial application.
•The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
•The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Financial impact of initial application of AASB 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 July 2019 is 3.6%.

Gale Pacific Limited
Notes to the financial statements
30 June 2020

Note 2. Significant accounting policies (continued)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Statement of profit or loss		
Depreciation - Right-of use-assets (note 6)	(4,651)	-
Depreciation and amortisation - Property, plant and equipment (note 6)	(5,908)	(4,869)
Finance costs - Lease liabilities (note 6)	(868)	-
Finance costs - Borrowings (note 6)	(1,326)	(1,842)
Occupancy Costs	(2,949)	(6,498)
	(15,702)	(13,209)

	As previously reported $'000	AASB 16 adjustments $'000	As restated $'000
Statement of financial position			
Right-of-use assets	-	24,323	24,323
Decrease in assets from derecognition of prepaid rent	308	(308)	-
Deferred Tax Asset	4,345	6,692	11,037
Net impact on total assets	4,653	30,707	35,360
Lease liabilities	-	(24,015)	(24,015)
Deferred Tax Liability	(1,473)	(6,692)	(8,165)
Net impact on total liabilities	(1,473)	(30,707)	(32,180)
Retained earnings	-	-	-

The reconciliation of non-cancellable operating lease commitments disclosed at 30 June 2019 to initial lease liabilities recognised as at 1 July 2019 is set out below

	Consolidated 1 July 2019 $'000
Reconciliation of Lease commitments	
Operating lease commitments disclosed as at 30 June 2019	13,297
Adjustments as a result of a different treatment of extension and termination options	14,885
Short term and low value leases	(190)
Discounting with incremental borrowing rate at the first application of AASB16	(3,977)
Lease liabilities recognised as of 1 July 2019	24,015

Note 2. Significant accounting policies (continued)

Interpretation 23 *Uncertainty over Income Tax Treatments*
AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*

Interpretation 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ('tax amounts'), when there is uncertainty over income tax treatments under AASB 112 *Income Taxes.*

The Interpretation requires an entity to:

• Use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together
• Assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so
• Determine tax amounts on a basis that is consistent with the tax treatment included in its income tax filings if an entity concludes that it is probable that a particular tax treatment will be accepted by the taxation authorities
• Determine tax amounts using the most likely amount or expected value of the tax treatment (whichever provides better predictions of the resolution of the uncertainty) where an entity concludes that it is not probable that a particular tax treatment will be accepted by the taxation authorities.

The adoption of Interpretation 23 does not have a material impact on the financial statements of the Group.

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

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

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

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

Basis of Preparation
The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gale Pacific Limited as at 30 June 2019 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 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.

Gale Pacific Limited
Notes to the financial statements
30 June 2020

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.

Foreign currencies and translations

Foreign currency transactions
Foreign currency transactions are translated into the entity's functional currency 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), the cumulative amount in the foreign currency translation reserve in respect of that operation is then recognised in profit or loss.

Monetary items forming net investment in foreign operations
The Group classifies monetary items of a non-current nature where settlement is 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
The Group recognises revenue as follows:

Sale of goods
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

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

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

Note 2. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's 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 the Group's 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.

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 in other comprehensive income through the cash flow hedges reserve 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.

Leases

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. The Group has no finance leases.

Impairment of assets

Goodwill, other intangible assets that have an indefinite useful life, and assets not yet ready for use as intended by management, 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. Where the asset does not generate independent cash flows, the Group estimates the recoverable amount of the cash generating unit ('CGU') to which the asset belongs.

Recoverable amount is the higher of fair value less cost of disposal 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 cost of disposal, recognised valuation methodologies are applied, utilising current and forecast financial information as appropriate, benchmarked against relevant market data.

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 wholly within 12 months of the reporting date is measured at the amounts expected to be paid when the liabilities are settled.

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Note 2. Significant accounting policies (continued)

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.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Rounding of amounts
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

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.

In addition, the known and potential impacts of the COVID-19 pandemic in the near future have been taken into consideration when determining significant estimates and judgements. We are not aware, as at the date of this report, of a material uncertainty arising from COVID-19 that casts significant doubt on the ability of Gale Pacific Limited to continue as a going concern.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

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

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has 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.

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

Derivative financial instruments

Cash Flow Hedges
Forward foreign exchange contracts, designated as cash flow hedges, are measured at fair value. Reliance is placed on future cash flows and judgement is made on a regular basis, through prospective and retrospective testing, including at the reporting date, that the hedges are still highly effective.

Fair Value Hedges
Forward foreign exchange contracts, designated as fair value hedges, are measured as such. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date

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, together with Corporate. These operating segments are based on the internal reports that are reviewed and used by the Group Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Group operates predominantly in one market segment, being branded shading, screening and home improvement products.

The CODM reviews revenue and segment earnings, before interest, tax, depreciation and amortisation ('EBITDA'). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

To continuously improve the transparency of GALE Pacific’s management reporting GALE Pacific Limited follows an activity-based allocation method of reporting. Intersegment sales/margin and central costs have allocated to external revenue generating segments where the final economic benefit is derived. This enhanced method of reporting is being used by the Group Managing Director (who is identified as the Chief Operating Decision Maker (‘CODM’), to target product costing, product line profitability analysis, customer profitability analysis, and service pricing structures.

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Note 4. Operating segments (continued)

The operating segments are as follows:

Australasia	Manufacturing and distribution facilities are located in Australia, and distribution facilities are located in New Zealand. Sales offices are located in all states in Australia and in New Zealand.
EurAsia	Sales distribution based in China and Australasia, servicing European and Asian countries.
Americas	Sales office is located in Florida. Custom blind assembly and distribution facilities are located in both California and Florida which service the North American region.
Middle East and North Africa ('MENA')	A sales office and distribution facility is located in the United Arab Emirates to service this market.

The 'Other Segments' represents Corporate and Intersegment eliminations.

Major customers
During the year ended 30 June 2020 approximately 35% (2019: 38%) of the Group's external revenue was derived from sales to two customers (2019: Two), one customer located in the Australasian region and one customer located in the Americas region.

Operating segment information

Consolidated - 2020	Australasia $'000	Americas $'000	MENA $'000	EurAsia $'000	Other Segments $'000	Total $'000
Revenue						
Sales to external customers	64,554	73,337	10,469	7,978	-	156,338
Total revenue	64,554	73,337	10,469	7,978	-	156,338
Segment EBITDA	5,397	11,827	2,161	2,656	(3,310)	18,731
Depreciation and amortisation	(4,465)	(6,389)	(514)	(412)	-	(11,780)
Finance costs	(752)	(1,243)	(89)	(64)	(46)	(2,194)
Profit/(loss) before income tax expense	180	4,195	1,558	2,180	(3,356)	4,757
Income tax expense						(1,038)
Profit after income tax expense						3,719
Assets						
Segment assets	45,575	74,139	15,871	36,185	19,917	191,687
Total assets						191,687
Liabilities						
Segment liabilities	23,814	32,481	639	15,072	31,315	103,321
Total liabilities						103,321

Note 4. Operating segments (continued)

Consolidated - 2019	Australasia $'000	Americas $'000	MENA $'000	EurAsia $'000	Other Segments $'000	Total $'000
Revenue						
Sales to external customers	57,988	70,954	12,922	7,353	-	149,217
Total revenue	57,988	70,954	12,922	7,353	-	149,217
Segment EBITDA	2,792	13,849	3,975	2,310	(3,658)	19,268
Depreciation and amortisation	(1,227)	(4,184)	(343)	(433)	(31)	(6,218)
Finance costs	(458)	(1,146)	(140)	(98)	-	(1,842)
Profit/(loss) before income tax expense	1,107	8,519	3,492	1,779	(3,689)	11,208
Income tax expense						(2,010)
Profit after income tax expense						9,198
Assets						
Segment assets	36,095	45,937	16,994	35,601	19,920	154,547
Total assets						154,547
Liabilities						
Segment liabilities	6,806	19,507	617	12,712	24,708	64,350
Total liabilities						64,350

Accounting policy for 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 CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Other income

	Consolidated 2020 $'000	Consolidated 2019 $'000
Other income (including sales of scrap material from manufacturing)	1,255	1,353

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Note 6. Expenses

	Consolidated	
	2020	2019
	$'000	$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Property, plant and equipment (note 12)	5,908	4,869
Right-of-use assets (note 14)	4,651	-
Total depreciation	10,559	4,869
Amortisation		
Intangible assets (note 13)	1,221	1,349
Total depreciation and amortisation	11,780	6,218
Employee benefit expense		
Employment costs and benefits	34,951	33,668
Share-based payment expense	16	11
Total employee benefit expense	34,967	33,679
Finance costs		
Interest and finance charges paid/payable on borrowings	1,326	1,842
Interest and finance charges paid/payable on lease liabilities	868	-
Finance costs expensed	2,194	1,842
Leases		
Minimum lease payments	-	5,890
Variable lease payments	2,016	-
	2,016	5,890

Note 7. Income tax

	Consolidated 2020 $'000	Consolidated 2019 $'000
Income tax expense		
Current tax	1,401	2,414
Deferred tax - origination and reversal of temporary differences	(363)	(933)
Adjustment recognised for prior periods	-	529
Aggregate income tax expense	1,038	2,010
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(363)	(933)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	4,757	11,208
Tax at the statutory tax rate of 30%	1,427	3,362
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non allowable/(non assessable) items	151	(741)
	1,578	2,621
Adjustment recognised for prior periods	-	529
Difference in overseas tax rates	(540)	(1,140)
Income tax expense	1,038	2,010

	Consolidated 2020 $'000	Consolidated 2019 $'000
Amounts credited directly to equity		
Deferred tax assets	(91)	(574)

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Note 7. Income tax (continued)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Net deferred tax asset		
Deferred taxes comprises temporary differences attributable to:		
Amounts recognised in P&L:		
Tax losses	1,704	1,718
Property, plant and equipment	(936)	(1,218)
Foreign exchange	(458)	(669)
Capitalised costs	(444)	(733)
Provisions	850	(174)
Impairment of receivables	-	6
Other financial liabilities	116	1,581
Employee benefits	503	469
Franking Deficit Credit	1,590	1,590
Other	410	302
Net deferred tax asset	3,335	2,872
Movements:		
Opening balance	2,872	789
Credited to profit or loss	363	933
Credited to equity	91	574
Transfer from current tax liability	9	576
Closing balance	3,335	2,872

	Consolidated 2020 $'000	Consolidated 2019 $'000
Provision for income tax		
Provision for income tax	1,023	2,169

The 2020 net deferred tax asset of $3,335,000 (2019: $2,872,000) is comprised of $11,100,000 in deferred tax assets (2019: $4,345,000) and $7,765,000 (2019: $1,473,000) in deferred tax liabilities, reflecting various tax positions in different jurisdictions. The increase in deferred tax assets and deferred tax liabilities for the financial year is predominantly due to the implementation of AASB16 (Refer Note 2).

Accounting policy for income tax
The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the 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.

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.

Note 7. Income tax (continued)

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. 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.

Note 8. Earnings per share

	Consolidated	
	2020 $'000	2019 $'000
Profit after income tax attributable to the owners of Gale Pacific Limited	3,719	9,198
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	277,684,598	286,763,316
Adjustments for calculation of diluted earnings per share:		
Performance rights	3,537,653	4,765,008
Weighted average number of ordinary shares used in calculating diluted earnings per share	281,222,251	291,528,324
	Cents	**Cents**
Basic earnings per share	1.34	3.21
Diluted earnings per share	1.32	3.16

Accounting policy for 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.

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Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2020	2019
	$'000	$'000
Cash on hand	7	2
Cash at bank	27,804	29,844
	27,811	29,846

Accounting policy for 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.

Note 10. Current assets - trade and other receivables

	Consolidated	
	2020	2019
	$'000	$'000
Trade receivables	40,644	28,431
Less: Allowance for expected credit losses	(1,199)	(406)
	39,445	28,025
Other receivables	158	127
	39,603	28,152

The Group has recognised a loss of $884,000 (2019: $178,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2020.

	Consolidated	
	2020	2019
	$'000	$'000
1 to 4 months overdue	27	-
4 to 12 months overdue	12	46
Over 12 months overdue	1,160	360
	1,199	406

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2020	2019
	$'000	$'000
Opening balance	406	277
Additional provisions recognised	884	178
Receivables written off during the year as uncollectable	(91)	(49)
Closing balance	1,199	406

Past due but not impaired
Customers with balances past due but without provision for impairment of the receivables amount to $11,554,000 as at 30 June 2020 ($8,933,000 as at 30 June 2019)

Note 10. Current assets - trade and other receivables (continued)

Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of trade receivables not impaired at the reporting date was:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Consolidated		
Outside Credit Terms 0-30 Days	4,295	1,721
Outside Credit Terms 31-120 Days	2,956	3,392
Outside Credit Terms 121 Days to one year	3,556	3,260
More than One Year	747	560
	11,554	8,933

Accounting policy for 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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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 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.

Note 11. Current assets - inventories

	Consolidated 2020 $'000	Consolidated 2019 $'000
Raw materials - at cost	5,948	6,967
Work in progress - at cost	2,717	2,151
Finished goods - at cost	43,251	39,062
Less: Provision for impairment	(3,217)	(1,984)
	40,034	37,078
	48,699	46,196

Accounting policy for 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.

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Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	2020 $'000	2019 $'000
Buildings and leasehold improvements - at cost	17,708	17,663
Less: Accumulated depreciation	(7,243)	(6,735)
	10,465	10,928
Plant and equipment - at cost	113,402	107,979
Less: Accumulated depreciation	(92,024)	(92,074)
	21,378	15,905
Motor vehicles - at cost	248	312
Less: Accumulated depreciation	(130)	(218)
	118	94
Capital work-in-progress - at cost	393	8,565
	32,354	35,492

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 and leasehold improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Capital work-in-progress $'000	Total $'000
Balance at 1 July 2018	10,078	16,265	97	3,683	30,123
Additions	201	2,044	-	9,209	11,454
Disposals	-	(244)	-	-	(244)
Exchange differences	136	297	-	13	446
Transfers in/(out)	1,212	1,710	-	(4,340)	(1,418)
Depreciation expense	(699)	(4,167)	(3)	-	(4,869)
Balance at 30 June 2019	10,928	15,905	94	8,565	35,492
Additions	9	552	38	2,488	3,087
Disposals	-	(230)	(10)	-	(240)
Exchange differences	(52)	3	-	26	(23)
Transfers in/(out)	511	10,121	-	(10,686)	(54)
Depreciation expense	(931)	(4,973)	(4)	-	(5,908)
Balance at 30 June 2020	10,465	21,378	118	393	32,354

Accounting policy for property, plant and equipment
Property, 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.

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over their estimated useful lives as follows:

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

Note 12. Non-current assets - property, plant and equipment (continued)

Depreciation commences from the time the asset is held ready for use. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. When changes are made, adjustments are reflected in current and future periods only.

Leasehold improvements 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.

Impairment testing for property, plant and equipment
During the year, as a result of current economic conditions including COVID19, the Group carried out a review of the recoverable amount of property, plant and equipment. The review had a particular focus on the Australasia segment as the segment holding the majority of the Group's assets, coupled with the fact that assets within the America's segment were considered as part of goodwill impairment testing detailed further in Note 13.

Similar to goodwill impairment testing recoverable amount was determined based on value-in-use. Value-in-use was calculated based on the present value of cash flow projections over a five year period with the period extending beyond five years extrapolated using a terminal growth rate of 2% and a discount rate of 10.5%. The review did not result in an impairment charge being recognised by the Group for the year ended 30 June 2020.

Note 13. Non-current assets - intangibles

	Consolidated	
	2020	2019
	$'000	$'000
Goodwill - at cost	11,286	11,222
Less: Impairment	(7,961)	(7,961)
	3,325	3,261
Development - at cost	3,242	2,452
Less: Accumulated amortisation	(191)	(95)
	3,051	2,357
Patents, trademarks and licenses - at cost	1,658	1,629
Less: Accumulated amortisation	(1,381)	(1,324)
	277	305
Application software - at cost	9,264	9,143
Less: Accumulated amortisation	(7,798)	(6,674)
	1,466	2,469
	8,119	8,392

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Note 13. Non-current assets - intangibles (continued)

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	Development $'000	Patents, trademarks and licenses $'000	Application software $'000	Total $'000
Balance at 1 July 2018	3,112	1,666	327	2,259	7,364
Additions	-	739	1	23	763
Exchange differences	149	-	1	46	196
Transfers in/(out)	-	-	9	1,409	1,418
Amortisation expense	-	(48)	(33)	(1,268)	(1,349)
Balance at 30 June 2019	3,261	2,357	305	2,469	8,392
Additions	-	790	-	23	813
Exchange differences	64	-	-	17	81
Transfers in/(out)	-	-	29	25	54
Amortisation expense	-	(96)	(52)	(1,073)	(1,221)
Balance at 30 June 2020	3,325	3,051	282	1,461	8,119

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

	Consolidated 2020 $'000	Consolidated 2019 $'000
Goodwill		
USA (2020: US$2,077,000; 2019: US$ 2,077,000)	2,978	2,914
China	347	347
	3,325	3,261

Impairment testing for goodwill
In accordance with the accounting policies, the Group performs an annual impairment assessment of goodwill. The review did not result in an impairment charge being recognised by the Group for the year ended 30 June 2020.

Impairment testing approach
Impairment testing compares the carrying value of a CGU with its recoverable amount, based on value-in-use. Value-in-use was calculated based on the present value of cash flow projections over a five year period with the period extending beyond five years extrapolated using a terminal growth rate of 1.9%.

USA
In assessing the recoverable amount of the USA CGU, management considered information available from industry analysts and other sources in relation to the key assumptions used. Management considers that it has taken an appropriate view of the market conditions and business operations.

Note 13. Non-current assets - intangibles (continued)

The following assumptions were used in the value-in-use calculations in the model for USA:

Discount Rate
The discount rate used in the model is 10.0% (2019:10%)

EBITDA assumptions
EBITDA for FY 2021 is based on the Board approved budget, with FY2022 to FY2025 increasing by an average of 1.9% per annum, which is lower than historical growth rates. Management believe this is achievable based on historical trends and the plans to continue to invest in product development and expansion within the Americas region.

Sensitivity Analysis
Management have conducted an analysis of the sensitivity of the impairment test to reasonably possible changes in the key assumptions used to determine the recoverable amount of the CGU. This sensitivity analysis highlights that the recoverable amount is sensitive to the achievement of short term EBITDA and that achievement of 95% of FY2021 EBITDA would reduce the headroom in the CGU to nil but would not result in an impairment charge.

China
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.

Accounting policy for 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.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

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 useful 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 useful life of 5 years.

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Note 14. Non-current assets - right-of-use assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Land and buildings - right-of-use	26,371	-
Less: Accumulated depreciation	(4,591)	-
	21,780	-

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

Consolidated	Land and buildings - right-of-use $'000	Total $'000
Balance at 1 July 2018	-	-
Balance at 30 June 2019	-	-
Balance on initial adoption of AASB16 on 1 July 2019	24,323	24,323
Additions	2,246	2,246
Exchange differences	(138)	(138)
Depreciation expense	(4,651)	(4,651)
Balance at 30 June 2020	21,780	21,780

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2020 $'000	2019 $'000
Trade payables	14,390	10,762
Sundry payables and accruals	9,037	5,196
	23,427	15,958

Refer to note 25 for further information on financial instruments.

Accounting policy for 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.

Note 16. Current liabilities - borrowings

	Consolidated	
	2020 $'000	2019 $'000
Bank loans	23,274	25,793

Refer to note 25 for further information on financial instruments.

Note 17. Current liabilities - provisions

	Consolidated	
	2020 $'000	2019 $'000
Warranties	144	457

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.

	Consolidated	
	2020 $'000	2019 $'000
Warranty movements		
Carrying amount at the start of the year	457	475
Additional provisions recognised	312	664
Claims	(625)	(682)
Carrying amount at the end of the year	144	457

Accounting policy for 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 in profit or loss.

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Note 18. Current liabilities - lease liabilities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Lease liability	3,830	-

Refer to note 25 for further information on financial instruments.

Note 19. Non-current liabilities - borrowings

	Consolidated 2020 $'000	Consolidated 2019 $'000
Total Bank loans	19,824	14,956

Refer to note 25 for further information on financial instruments.

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

	Consolidated 2020 $'000	Consolidated 2019 $'000
Total Bank loans	43,098	40,749

Assets pledged as security
The bank loans are secured by a fixed and floating charge (or equivalent foreign charge) over all the assets and undertakings, including uncalled capital of each entity in the Group.

Accounting policy for 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.

Note 20. Non-current liabilities - lease liabilities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Lease liability	19,338	-

Refer to note 25 for further information on financial instruments.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 21. Equity - issued capital

	Consolidated 2020 Shares	Consolidated 2019 Shares	Consolidated 2020 $'000	Consolidated 2019 $'000
Ordinary shares - fully paid	275,391,310	282,217,475	63,068	65,097

Movements in ordinary share capital

	Consolidated 2020 Shares	Consolidated 2019 Shares	Consolidated 2020 $'000	Consolidated 2019 $'000
Opening Balance	282,217,475	288,181,757	65,097	67,641
Shares Issued	-	1,863,000	-	-
Shares Buy Back	(6,826,165)	(7,827,282)	(2,029)	(2,544)
Closing Balance	275,391,310	282,217,475	63,068	65,097

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
On March 28th 2019 an on-market share buy-back was announced. It ran from 15th April 2019 to 14th April 2020. At the end of this program, a total of 9,641,360 shares were bought by the company. No new buy-back scheme has been initiated up until 30 June 2020.

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.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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.

Accounting policy for 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.

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Note 22. Equity - reserves

	Consolidated 2020 $'000	Consolidated 2019 $'000
Foreign currency reserve	(991)	(486)
Hedging reserve - cash flow hedges	(145)	67
Share-based payments reserve	1,172	1,156
Enterprise reserve fund	3,956	3,333
	3,992	4,070

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.

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 2018	(2,374)	173	1,145	2,808	1,752
Foreign currency translation *	1,887	-	-	-	1,887
Movement in hedge	-	(152)	-	-	(152)
Income tax	-	46	-	-	46
Share-based payment	-	-	11	-	11
Statutory transfers from retained earnings	-	-	-	526	526
Balance at 30 June 2019	(487)	67	1,156	3,334	4,070
Foreign currency translation *	(504)	-	-	-	(504)
Movement in hedge	-	(303)	-	-	(303)
Income tax	-	91	-	-	91
Share-based payment	-	-	16	-	16
Statutory transfers from retained earnings	-	-	-	622	622
Balance at 30 June 2020	(991)	(145)	1,172	3,956	3,992

* Refer to note 24 for details of monetary items identified as a net investment in a foreign operation

Note 23. Equity - dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2020 $'000	2019 $'000
Final Dividend for the year ended 30 June 2018 of 1.00 cents per ordinary share (unfranked)	-	2,872
Interim Dividend for the year ended 30 June 2019 of 1.00 cents per ordinary share (unfranked)	-	2,850
Final Dividend for the year ended 30 June 2019 of 1.00 cents per ordinary share (unfranked)	2,822	-
	2,822	5,722

On 25 August 2020 the Directors declared a dividend of 1.00 cent per share to the holders of fully paid ordinary shares in respect of the year ended 30 June 2020. This dividend has not been included as a liability in these financial statements. Including the final dividend with respect to 30 June 2020, for the full year, the dividends of 1.00 cent per ordinary share have been declared on earnings of 1.34 cents per share.

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

Note 24. Monetary items identified as a net investment in a foreign operation

	Consolidated	
	2020 $'000	2019 $'000
Related party receivable to the Company from Gale Pacific Special Textiles (Ningbo) Limited	10,345	10,124
Related party receivable to the Company from Gale Pacific (New Zealand) Limited	3,905	4,038
Monetary items identified as a net investment in a foreign operation	14,250	14,162

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 is detailed in note 22.

Note 25. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market 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. 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.

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Note 25. Financial instruments (continued)

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 applicable 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.

The Group adopts fair value hedge accounting on forward exchange contracts that are designated and qualify as fair value hedges. Forward exchange contracts are recognised in the profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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	
	2020 $'000	2019 $'000	2020	2019
Buy US dollars/sell Australian dollars				
Maturity:				
Less than 6 months	9,828	12,063	0.6715	0.7129
6 - 12 months	1,508	719	0.6632	0.6950

	Sell US dollars		Average exchange rates	
	2020 $'000	2019 $'000	2020	2019
Buy Chinese Yuan/sell US Dollars				
Maturity:				
Less than 6 months	23,000	17,000	7.0093	6.7838

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	2020 $'000	2019 $'000	2020 $'000	2019 $'000
US dollars	52,903	49,456	28,603	28,578
New Zealand dollars	583	289	154	183
Chinese renminbi	272	1,132	-	-
UAE dirham	860	1,098	-	-
	54,618	51,975	28,757	28,761

The Group had net assets denominated in foreign currencies of $25,861,000 (assets of $54,618,000 less liabilities of $28,757,000 as at 30 June 2020 (2019: $23,214,000 (assets of $51,975,000 less liabilities of $28,761,000)). Based on this exposure, had the Australian dollar strengthened by 10% / weakened by 10% (2019: strengthened by 10% / weakened by 10%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been $322,000 higher/lower (2019: $448,000 lower/ higher) and equity would have been $2,601,000 higher/lower (2019: $1,620,000 higher/lower). 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.

Note 25. Financial instruments (continued)

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 use interest rate swaps to manage the risk of interest rate changes.

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

Consolidated	2020 Weighted average interest rate %	2020 Balance $'000	2019 Weighted average interest rate %	2019 Balance $'000
Cash and cash equivalents	-	27,810	-	29,846
Bank loans	2.49%	(43,036)	3.47%	(40,749)
Net exposure to cash flow interest rate risk		(15,226)		(10,903)

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 (2019: 100) basis points would have an adverse/favourable effect on profit before tax of $430,350 (2019: $407,500) 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 Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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.

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Note 25. 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 - 2019	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	-	13,507	-	-	-	13,507
Sundry payables and accruals	-	9,063	-	-	-	9,063
Interest-bearing - variable						
Lease liability	3.60%	3,830	-	19,338	-	23,168
Interest-bearing - fixed rate						
Bank loans	2.49%	23,274	19,824	-	-	43,098
Total non-derivatives		49,674	19,824	19,338	-	88,836

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

Note 26. 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 - 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Forward foreign exchange contracts	-	595	-	595
Total liabilities	-	595	-	595

Consolidated - 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Forward foreign exchange contracts	-	127	-	127
Total liabilities	-	127	-	127

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.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 26. Fair value measurement (continued)

Accounting policy for 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.

Note 27. Commitments

	Consolidated	
	2020 $'000	2019 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	61	4,901
One to five years	-	8,396
	61	13,297

Note 28. Related party transactions

Parent entity
Gale Pacific Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

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

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

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Note 29. 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	
	2020	2019
	$	$
Short-term employee benefits	2,453,525	2,770,342
Post-employment benefits	133,827	149,588
Termination benefits	103,717	-
Share-based payments	11,604	9,906
	2,702,673	2,929,836

Note 30. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020	2019
	$'000	$'000
Profit after income tax	2,550	5,201
Total comprehensive income	2,338	5,095

Statement of financial position

	Parent	
	2020	2019
	$'000	$'000
Total current assets	25,758	19,507
Total assets	123,030	101,978
Total current liabilities	21,584	16,104
Total liabilities	54,796	31,247
Equity		
Issued capital	63,068	65,097
Hedging reserve - cash flow hedges	(145)	67
Share-based payments reserve	1,172	1,156
Retained profits	4,139	4,411
Total equity	68,234	70,731

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity has guarantees in relation to the debts of its subsidiaries in fixed and floating charges (or equivalent foreign charge) over all the assets and undertakings, including uncalled capital of each entity in the Group as at 30 June 2020 and 30 June 2019.

Please note comparative year has been changed to reflect consolidation entries between group entities.

Note 30. Parent entity information (continued)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

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.
- 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 31. 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 2020 %	Ownership interest 2019 %
Gale Pacific (New Zealand) Limited	New Zealand	100%	100%
Gale Pacific FZE	United Arab Emirates	100%	100%
Gale Pacific Special Textiles (Ningbo) Limited	China	100%	100%
Gale Pacific Trading (Ningbo) Limited	China	100%	100%
Gale Pacific USA, Inc.	USA	100%	100%
Zone Hardware Pty Ltd	Australia	100%	100%
Riva Window Fashions Pty Ltd	Australia	100%	100%

Note 32. 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.

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 Group's diluted earnings per share.

Performance rights issued to executives during the financial 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.

Refer to note 6 for the amount expensed to profit or loss during the financial year.

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to certain key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Gale Pacific Limited
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Note 32. Share-based payments (continued)

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

2020

Grant date	Expiry date	Grant price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/09/2016	01/12/2019	$0.35	1,299,000	-	-	(1,299,000)	-
22/11/2017	01/12/2020	$0.31	1,774,000	-	-	(818,000)	956,000
13/11/2018	01/12/2021	$0.35	1,821,000	-	-	(935,000)	886,000
16/01/2020	01/12/2022	$0.31	-	1,034,971	-	-	1,034,971
			4,894,000	1,034,971	-	(3,052,000)	2,876,971

2019

Grant date	Expiry date	Grant price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
09/10/2015	01/12/2018	$0.23	1,863,000	-	(1,863,000)	-	-
21/09/2016	01/12/2019	$0.35	1,299,000	-	-	-	1,299,000
22/11/2017	01/12/2020	$0.31	1,774,000	-	-	-	1,774,000
13/11/2018	01/12/2021	$0.35	-	1,821,000	-	-	1,821,000
			4,936,000	1,821,000	(1,863,000)	-	4,894,000

Accounting policy for 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 is measured at fair value on grant date. Fair value is independently determined using 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.

The weighted average fair value of the share options granted during the financial year is $0.31 (2019: $0.35).

Expected volatility is based on the historical share price volatility over the past 3 years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after vesting date when the share price is two and a half times the exercise price.

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.

Note 32. Share-based payments (continued)

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.

Note 33. 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	
	2020	2019
	$	$
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	320,640	335,775
Other services - Deloitte Touche Tohmatsu		
Other services (including tax services)	302,309	79,631
	622,949	415,406

Note 34. New Accounting Standards and Interpretations not yet mandatory or early adopted

At the date of authorisation of the consolidated financial statements, other Standards and Interpretations in issue but not yet effective were listed below.

Standard and Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (AASB10 & AASB128), AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022	30 June 2023
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	1 January 2020	30 June 2021
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	30 June 2021
AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework	1 January 2020	30 June 2021
AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform	1 January 2020	30 June 2021
AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	1 January 2020	30 June 2021

In addition, at the date of authorisation of the financial statements no IASB Standards and IFRIC Interpretations were on issue but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued. The Directors of the Group do not anticipate that the adoption of above amendments will have a material impact in future periods on the financial statements of the Group.

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Note 35. Events after the reporting period

The Group has reviewed the impact of the additional lockdown measures in the state of Victoria from 5 August 2020 on the Group’s operations, customers, suppliers and employees across the business and concluded that there were no matters evident at the date of the financial report that require adjustment.

No other matter or circumstance has arisen since 30 June 2020 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.

Additional Securities Exchange Information

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 1 September 2020 (**Reporting Date**).

Corporate Governance Statement

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 complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (**Recommendations**).

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company (**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 (https://www.galepacific.com/investor-info/corporate-governance) 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 (https://www.galepacific.com/investor-info/corporate-governance).

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:

Class of Equity Securities	Number of Holders
Fully paid ordinary shares	1,725
Performance rights expiring 1 December 2020	6
Performance rights expiring 1 December 2021	5
Performance rights expiring 1 December 2022	5

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 1,725 holders of a total of 275,391,310 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:

"At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion."

Distribution of Holders of Equity Securities

The distribution of holder of equity securities on issue in the Company as at the Reporting Date is as follows:

Short Term Benefits

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	120	25,255	0.01
1,001 – 5,000	355	1,093,872	0.40
5,001 – 10,000	273	2,203,248	0.80
10,001 – 100,000	756	28,225,577	10.25
100,001 and over	221	243,843,358	88.54
Total	1,725	275,391,310	100

Performance Rights

Range	Holders of performance rights expiring 1 December 2019	Holders of performance rights expiring 1 December 2020	Holders of performance rights expiring 1 December 2021
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	6	5	5
Total	6	5	5

Unmarketable Parcels

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price as at the Reporting Date is as follows:

Unmarketable Parcels as at 1 September 2020	Minimum $500 parcel at $0.2400 per unit
Minimum Parcel Size	2,084
Holders	233
Units	216,135

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 . of Ordinary Full Paid Shares	%
Thorney Holdings Proprietary Limited	78,800,399	28.61
Windhager Holding AG	44,358,481	16.11
Gale Australia Pty Ltd	13,997,844	5.08

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	72,489,262	26.32
Windhager Holding AG	44,358,481	16.11
National Nominees Limited	16,531,603	6.00
GALE Australia Pty Ltd	13,997,844	5.08
UBS Nominees Pty Ltd	6,816,137	2.48
Mr Kenneth Joseph Hall <Hall Park A/C>	6,000,000	2.18
Contemplator Pty Ltd <ARG Pension Fund A/C>	4,691,433	1.70
Bond Street Custodians Limited <ZCERNA - D02137 A/C>	4,500,000	1.63
Bfa Super Pty Ltd <Gdn Super Fund A/C>	3,327,428	1.21
Stitching Pty Ltd <Ssg Superannuation Fund A/C>	3,095,759	1.12
J P Morgan Nominees Australia Pty Limited	3,050,000	1.11
Chillen Pty Limited (Tallen)	2,431,317	0.88
Stitching Pty Ltd <SSG SUPERANNUATION FUND A/C>	2,000,000	0.73
Venn Milner Superannuation Pty Ltd	1,857,200	0.67
Rathvale Pty Limited	1,300,000	0.47
Mr Peter Howells	1,154,853	0.42
Gfs Securities Pty Ltd <Glenfare Super Fund A/C>	1,154,853	0.42
Dalesam Pty Ltd <Jon Brett Super Fund A/C>	1,150,000	0.42
Mr David Corley	1,000,000	0.36
Dw & Co Pty Limited	949,733	0.34
Mr Peter Howells	900,000	0.33
TOTAL: TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AS AT 2 SEPTEMBER 2020	209,564,375	
TOTAL: % OF UNITS	76.10	

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 Ordinary Full Paid Shares	%
Performance Rights	2,876,971	7

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

There is no current on-market buy-back program in place.

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.

Securities purchased on-market

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Stock Exchange Listing

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

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.

GALE Pacific is a world leader in specialised textiles and associated products.

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