



GALE PACIFIC LIMITED

APPENDIX 4D

Results, Appendix 4D & Financial Report
For the Half Year Ended 31 December 2009

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SECTION

1

Results for the Half Year Ended 31 December 2009



DIRECTORS' STATEMENT

RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Financial Results

Gale Pacific Limited today announced a 41% increase in profit after tax from continuing operations to \$3.1 million for the half year ended 31st December 2009. This is a \$15.1 million improvement on the reported loss after tax from the previous corresponding period.

Sales for the first half increased 10% to \$51.4 million principally due to strong sales in Australia of retail shade fabrics, shade umbrellas and exterior window furnishings.

EBIT for the Group was \$4.9 million a 20% increase over the \$4.1 million EBIT from continuing operations reported for the 6 months to 31 December 2008.

Strong cash flow generated from operations of \$7.6 million for the half year has reduced net debt at 31 December 2009 to \$6.3 million, a net debt to equity ratio of 9%. This compares to the net debt position at 30 June 2009 of \$14.1 million and \$28.3 million at 31 December 2008.

	6 months to December 2009 (Million)	6 months to December 2008 (Million)	Change %
Sales	\$51.4	\$46.9	10%
EBITDA	\$8.4	\$8.0	5%
EBIT	\$4.9	\$4.1	20%
Interest	\$0.8	\$0.9	(12%)
Profit before tax	\$4.1	\$3.2	41%
Tax	\$1.0	\$1.0	-
Profit for the half year from continuing operations	\$3.1	\$2.2	41%
Discontinued businesses		(\$14.2)	
Profit / (loss) for the half year	\$3.1	(\$12.0)	
Net cash provided by operating activities	\$7.6	\$0.5	
Net debt	\$6.3	\$28.3	

“The overall result was extremely pleasing and generated primarily from excellent growth in the Australian region. Our USA, Middle East, and New Zealand operations have experienced some very tough business conditions. Our China operations have consistently improved in yields, productivity and lower waste levels. The plant has operated at lower production levels to last year as part of the reduction of group inventories.” CEO and MD Peter McDonald said.

“Our focus is to grow the business in branded screening and shading products in accordance with robust performance criteria. Product innovation and expansion into related product categories will be the key measures of continued success. The business has recorded consistent positive cash flow which will be used for reinvesting in the growth of the business.

Segment Summary – For the 6 Months to 31 December 2009

Local Currency ¹	Sales			EBIT		
\$ Million	2009	2008	% change	2009	2008	% change
Asia Pacific A\$	42.3	36.2	17%	4.7	4.7	-
China US\$	0.2	-	100%	0.4	0.3	33%
Americas US\$	5.4	5.6	(3%)	(0.7)	(1.2)	42%
Middle East US\$	2.5	2.9	(14%)	0.3	0.5	(40%)
Unallocated A\$	-	-	-	0.1	(0.2)	-
Total Group A\$	51.4	46.9	10%	4.9	4.1	20%

The results are for continuing businesses.

Asia Pacific – Sales Up 17% and EBIT Equal to Prior Year

Retail sales in Australia of “Coolaroo” branded screening and shading products was the major contributor to this very strong result. A revolutionary new “high performance” waterproof outdoor fabric, Xceltex, was launched in a range of “Coolaroo” shade umbrellas. The range was quickly sold out. The fabric will form the basis of an expanded offer of related shade products in the 2010/11 summer period. Sales of the Australian manufactured polypropylene coated “Landmark” grain storage covers, replacing the traditional PVC covers used, is an increasing part of the commercial and industrial business. A significant portion of the Graincorp tender for the supply of grain storage covers was again won by Gale and supplied in this half.

The weak New Zealand economy continues to affect demand for agricultural related products. Sales of retail shade products in New Zealand grew due to the expanded “Coolaroo” branded product offer.

Whilst sales for the half increased 17%, EBIT was in line with the prior comparative period due to lower margins resulting from higher input costs, particularly polymer, and adverse foreign currency movements. Note Asia Pacific now excludes China manufacturing.

China – Manufacturing

The manufacturing operations in Gale China are a 100% export facility. Senior management changes were made in the early part of 2009 to specifically focus on manufacturing performance improvement. Consistent improvements have been made in all performance indicators throughout the half. Waste levels and indirect labour costs have reduced significantly. Due to the substantial capital expenditure investment in 2005/6, very little maintenance capital expenditure has been necessary in the recent period. We expect low capital expenditure requirements to continue in the near term.

Americas – Sales Down 3% and EBIT Loss Reduced by 42%

Economic conditions and subdued consumer demand prevail in the USA. The July to December half year reflects the seasonal low sales at the end of the northern hemisphere summer period. Sales of architectural fabrics have also been lower on the back of significantly lower general construction spending.

Cost containment and substantially lower inventory levels have driven the improved performance for this region. We expect that this region will return to full year profitability this year.

¹ Asia Pacific includes foreign exchange hedge and Australian corporate costs. New Zealand dollars are converted at average exchange rates for the period.

Middle East – Sales Down 14% and EBIT Down 40%

The construction industry in the Middle East and in particular Dubai, has been extremely slow. Gale is the market leader in the knitted architectural shade fabric market in this region with the “Synthesis” brand. Gale has an excellent product and business reputation developed from many years of operation in this region. Gale recently partnered with Sioen, one of Europe’s largest PVC architectural shade manufacturers, to extend the Gale product offering in the region to now include high end architectural tension membrane fabrics.

Outlook

As the second half of the year results traditionally reflect the end of the summer sales period in the southern hemisphere, seasonally lower sales for the Asia Pacific region compared to the December half year are expected. We remain cautious about the recovery of the USA economy and the level of consumer spending for retail shade products. We anticipate that construction activity in the USA and the Middle East will continue to be very subdued.

Positive cash generation is expected for the second half which will further reduce net debt and result in lower interest costs in the second half.

As reported to the market on 21st January 2010, Gale expects that the full year net profit after tax to be approximately \$5 million, provided that there are no adverse movements in input costs, exchange rates or selling prices.

Directors have determined not to pay an interim dividend.



Mr Peter McDonald
Managing Director & Chief Executive Officer
19 February 2010

For further information contact the Managing Director, Mr Peter McDonald on (03) 9518 3312.

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Appendix 4D

Gale Pacific Limited
ABN 80 082 263 778
Appendix 4D
Australian Stock Exchange Listing
Results for Announcement
to the Market

HALF YEARLY REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2009

Name of Entity:	Gale Pacific Limited
ABN or Equivalent Company Reference:	80 082 263 778
Report for the Half Year Ended:	31 December 2009
Previous Corresponding Period is the Financial Year Ended:	30 June 2009
And Half Year Ended:	31 December 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

			Half Year to 31 December 2008 \$'000		Half Year to 31 December 2009 \$'000
Revenues from continuing operations:	Up	9.7%	46,908	To	51,445
Profit from continuing operations after tax attributable to members:	Up	40.7%	2,197	To	3,092
Net profit for the period attributable to members:	Up		(11,972)	To	3,092
Please refer to the accompanying Directors' announcement to the Australian Securities Exchange for further commentary.					

D I V I D E N D S

The Directors have not declared a dividend in either of the current period or the previous correspondent period.

NET TANGIBLE ASSET PER SECURITY

	As at 31 December 2009	As at 30 June 2009	As at 31 December 2008
Net tangible asset per ordinary security	23.5 cents	24.3 cents	54.6 cents

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

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



Signed:
Name: Peter McDonald
Title: Managing Director & Chief Executive Officer
Date: 19 February 2010

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SECTION

3

Financial Report for the Half Year Ended 31 December 2009

Gale Pacific Limited
ABN 80 082 263 778

*This half year financial report is to be read
in conjunction with the financial report for
the year ended 30 June 2009*

Directors' Report

The Directors present their report together with the condensed financial report of the consolidated economic entity consisting of Gale Pacific Limited and the entities it controlled, for the half-year ended 31 December 2009 and independent auditors review report thereon.

DIRECTORS' NAMES

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

Name	Period of Directorship
Mr David Allman	Director since 17 November 2009
Mr Harry Boon	Director since 25 August 2005, resigned 17 November 2009
Mr Peter McDonald	Director since 7 July 1998
Mr George Richards	Director since 17 May 2004
Mr John Murphy	Director since 24 August 2007

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

REVIEW OF OPERATIONS

The consolidated profit of the economic entity for the half-year after providing for income tax amounted to \$3.1 million.

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

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

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

AUDITORS' DECLARATION

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

Signed in accordance with a resolution of the Board of Directors.



Mr David Allman
Chairman
19 February 2010



Mr Peter McDonald
Managing Director and Chief Executive Officer
19 February 2010

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Auditor's Independence Declaration

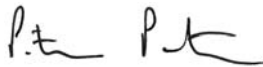
TO THE DIRECTORS OF GALE PACIFIC LIMITED

In relation to the half year independent review for the six months to 31 December 2009, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*.
- (ii) No contraventions of any applicable code of professional conduct.



S Schonberg
Partner
19 February 2010



PITCHER PARTNERS
MELBOURNE

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Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 14 to 27 are in accordance with the *Corporations Act 2001* and:

- Comply with Accounting Standard AASB 134 "Interim Financial Reporting", and the *Corporations Regulations 2001*, and
- Give a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Gale Pacific Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr David Allman
Chairman
19 February 2010



Mr Peter McDonald
Managing Director and Chief Executive Officer
19 February 2010

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Condensed Consolidated Income Statement For The Half Year Ended 31 December 2009

	Note	Half Year to 31 December 2009 (\$'000)	Year to 30 June 2009 (\$'000)	Half Year to 31 December 2008 (\$'000)
Revenue		51,445	98,251	46,908
Cost of goods sold		(32,706)	(64,664)	(29,355)
Gross profit		18,739	33,587	17,553
Other Income		526	1,904	1,273
Warehousing and distribution		(4,118)	(8,130)	(4,255)
Marketing and selling		(3,837)	(8,334)	(4,188)
Administration		(5,372)	(11,335)	(5,608)
Other expenses		(1,086)	(5,124)	(670)
Net Finance costs		(725)	(1,892)	(902)
Profit from continuing operations before income tax		4,127	676	3,203
Income tax expense		(1,035)	(1,166)	(1,006)
Profit / (loss) from continuing operations after income tax		3,092	(490)	2,197
Loss from discontinued operations	5(a)	-	(11,461)	(14,169)
Profit / (loss) for the half year		3,092	(11,951)	(11,972)
Earnings Per Share				
From continuing and discontinued operations				
Basic earnings / (loss) per share (cents per share)		1.11	(6.75)	(8.75)
Diluted earnings / (loss) per share (cents per share)		1.07	(6.75)	(8.75)
From continuing operations				
Basic earnings / (loss) per share (cents per share)		1.11	(0.28)	1.61
Diluted earnings / (loss) per share (cents per share)		1.07	(0.28)	1.59

Condensed Consolidated Statement of Comprehensive Income For The Half Year Ended 31 December 2009

	Note	Half Year to 31 December 2009 (\$'000)	Year to 30 June 2009 (\$'000)	Half Year to 31 December 2008 (\$'000)
Profit / (loss) for the period		3,092	(11,951)	(11,972)
Other Comprehensive Income				
Movement in fair value of cash flow hedges, net of tax		81	(316)	-
Exchange differences on translation of foreign operations		(6,228)	4,302	19,166
Other comprehensive income for the period		(6,147)	3,986	19,166
Total comprehensive income for the period		(3,055)	(7,965)	7,194
Profit / (Loss) Attributable To				
Members of the parent		3,092	(11,962)	(11,972)
Non controlling interest		-	11	-
Profit / (loss) for the period		3,092	(11,951)	(11,972)
Total Comprehensive Income Attributable To				
Members of the parent		(3,055)	(7,976)	7,194
Non controlling interest		-	11	-
Total comprehensive income for the period		(3,055)	(7,965)	7,194

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Condensed Consolidated Statement of Financial Position For The Half Year Ended 31 December 2009

	31 December 2009 (\$'000)	30 June 2009 (\$'000)	31 December 2008 (\$'000)
Current Assets			
Cash and cash equivalents	5,372	7,141	4,000
Receivables	16,880	14,674	19,616
Inventories	23,026	23,663	34,710
Current tax assets	779	980	40
Other current assets	701	741	604
Total current assets	46,758	47,199	58,970
Non Current Assets			
Property, plant and equipment	49,457	57,505	69,805
Intangible assets	6,857	7,405	11,600
Deferred tax assets	844	1,038	1,530
Total non current assets	57,158	65,948	82,935
Total assets	103,916	113,147	141,905
Current Liabilities			
Payables	11,358	8,703	17,937
Borrowings	10,503	19,419	29,398
Other financial liabilities	627	459	14
Current tax liabilities	-	217	655
Provisions	2,938	2,689	2,426
Total current liabilities	25,426	31,487	50,430
Non Current Liabilities			
Borrowings	1,185	1,754	2,888
Deferred tax liabilities	4,796	4,372	2,119
Provisions	61	118	107
Total non current liabilities	6,042	6,244	5,114
Total liabilities	31,468	37,731	55,544
Net Assets	72,448	75,416	86,361
Equity			
Contributed equity	105,586	105,594	100,813
Reserves	(12,017)	(5,965)	9,446
Retained earnings	(21,121)	(24,213)	(23,887)
Parent entity interest	72,448	75,416	86,372
Minority interests	-	-	(11)
Total equity	72,448	75,416	86,361

Condensed Consolidated Statement of Changes in Equity For The Half Year Ended 31 December 2009

	Contributed Equity (\$'000)	Reserves (\$'000)	Retained Earnings (\$'000)	Non Controlling Interest (\$'000)	Total Equity (\$'000)
Balance at 1 July 2009	105,594	(5,965)	(24,213)	-	75,416
Profit for the half year	-	-	3,092	-	3,092
Other comprehensive income for the half year	-	(6,147)	-	-	(6,147)
Total comprehensive income for the half year	-	(6,147)	3,092	-	(3,055)
Transactions With Owners In Their Capacity As Owners					
Contributions, net of raising costs and tax	(8)	-	-	-	(8)
Employee share based payments	-	95	-	-	95
Total transactions with owners in their capacity as owners	(8)	95	-	-	87
Balance at 31 December 2009	105,586	(12,017)	(21,121)	-	72,448

	Contributed Equity (\$'000)	Reserves (\$'000)	Retained Earnings (\$'000)	Non Controlling Interest (\$'000)	Total Equity (\$'000)
Balance at 1 July 2008	100,813	(10,026)	(12,030)	(11)	78,746
(Loss) / profit for the year	-	-	(11,962)	11	(11,951)
Other comprehensive income for the year	-	3,986	-	-	3,986
Total comprehensive income for the year	-	3,986	(11,962)	11	(7,965)
Transactions With Owners In Their Capacity As Owners					
Contributions, net of raising costs and tax	4,781	-	-	-	4,781
Employee share based payments	-	(146)	-	-	(146)
Statutory transfer to reserves	-	221	(221)	-	-
Total transactions with owners in their capacity as owners	4,781	75	(221)	-	4,635
Balance at 30 June 2009	105,594	(5,965)	(24,213)	-	75,416

Condensed Consolidated Statement of Changes in Equity For The Half Year Ended 31 December 2009 (continued)

	Contributed Equity (\$'000)	Reserves (\$'000)	Retained Earnings (\$'000)	Non Controlling Interest (\$'000)	Total Equity (\$'000)
Balance at 1 July 2008	100,813	(10,026)	(12,030)	(11)	78,746
Loss for the half year	-	-	(11,972)	-	(11,972)
Other comprehensive income for the half year	-	19,166	-	-	19,166
Total comprehensive income for the half year	-	19,166	(11,972)	-	7,194
Transactions With Owners In Their Capacity As Owners					
Employee share based payments	-	108	-	-	108
Statutory transfer to reserves	-	198	115	-	313
Total transactions with owners in their capacity as owners	-	306	115	-	421
Balance at 31 December 2008	100,813	9,446	(23,887)	(11)	86,361

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Condensed Consolidated Statement of Cash Flows

For The Half Year Ended 31 December 2009

	Note	Half Year to 31 December 2009 (\$'000)	Year to 30 June 2009 (\$'000)	Half Year to 31 December 2008 (\$'000)
Cash Flow From Operating Activities				
Receipts from customers		52,894	114,700	54,436
Payments to suppliers and employees		(44,112)	(100,090)	(52,146)
Interest received		10	471	334
Borrowing costs paid		(737)	(2,468)	(1,408)
Income tax payments		(490)	(1,225)	(699)
Net cash provided by operating activities	9(b)	7,565	11,388	517
Cash Flow From Investing Activities				
Proceeds from sale of plant and equipment		39	470	54
Payment for plant and equipment		(219)	(1,007)	(424)
Payment for intangible assets		-	(198)	(115)
Net cash used by investing activities		(180)	(735)	(485)
Cash Flow From Financing Activities				
(Costs) / proceeds from issue of equity securities		(8)	4,687	-
Repayment of borrowings		(8,460)	(20,584)	(16,980)
Repayment of principal on finance leases		(52)	(148)	(90)
Repayment of principal on hire purchase		(14)	(359)	(342)
Net cash used by investing activities		(8,534)	(16,404)	(17,412)
Net decrease in cash held		(1,149)	(5,751)	(17,380)
Cash at beginning of year		7,141	15,685	15,685
Effects of exchange rate changes on items denominated in foreign currencies		(620)	(2,793)	5,695
Cash at the end of the period	9(a)	5,372	7,141	4,000

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2009

NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

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

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2009 and any public announcements made by Gale Pacific Limited during the half year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

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

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

The half year financial report has been prepared under the historical cost convention, as modified by revaluation to fair value for certain classes of assets as described in the accounting policies presented in the financial report for the year ended 30 June 2009.

The half year financial report was authorised for issue as at the date of the directors' report.

(b) Summary Of The Significant Accounting Policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2009.

Segment reporting

The Group has applied revised AASB 8 Operating Segments as of 1 July 2009. Operating segments are now reported based on internal reporting provided to the Managing Director and Chief Executive Officer, who is the Group's chief operating decision maker. This has resulted in the China being identified as an operating segment as disclosed in Note 6; previously China was a part of the Asia Pacific operating segment.

Changes in segment reporting have also impacted the goodwill allocation by management to groups of cash generating units on a segment level. This change in reportable segments has resulted in a reallocation of goodwill of \$176,000 from the Asia Pacific operating segment to the newly identified China operating segment.

Comparative segment information has been restated in this half year financial report to conform to the transitional requirement of AASB 8.

(c) Principles Of Consolidation

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

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

(d) Rounding Amounts

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

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Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2009

(e) Discontinued Operations

On 22 December 2008 the Company closed its European full service operation Gale Europe GmbH and entered into a distribution agreement with an established European sales and distribution company, Windhager GmbH, to have it take over the inventory, sales and distribution of Gale products in key European markets. The comparative income statements reflect this change by disclosing the closure costs and the trading results of Gale Europe GmbH (to 22 December 2008) as a separate line under the description "loss from discontinued operations". Note 5 details the breakdown of the discontinued operations results and the impact on cash flows.

NOTE 2: COMPARATIVE INFORMATION SEASONAL OPERATIONS

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

The condensed consolidated income statement, statement of financial position, statement of changes in equity and statement of cash flows provide comparative information for the half year ended 31 December 2008 and for the year ended 30 June 2009. The condensed consolidated statement of financial position provides comparative information as at 31 December 2008 and 30 June 2009.

The presentation of the condensed consolidated income statement has been changed from the nature of expense method used in previous reporting periods to the function of expense method. This change has been made because the function of expense method aligns the condensed consolidated financial statements with the presentation used for management reporting and provides a better understanding of the expense drivers within the Group's operations. The 31 December 2008 and 30 June 2009 comparative information has been reclassified to this new format. Additionally, to assist with understanding and transitioning to this change the significant items previously disclosed under the nature of expense method are disclosed in Note 4: Significant Items.

NOTE 3: SUBSEQUENT EVENTS

There has not arisen in the interval between 31 December 2009 and the date of this report any item, transaction or event of a material and unusual nature that, in the opinion of the Directors has significantly affected or may significantly affect the operations, or the state of affairs of the economic entity in subsequent financial periods.

NOTE 4: SIGNIFICANT ITEMS

	Half Year to 31 December 2009 (\$'000)	Year to 30 June 2009 (\$'000)	Half Year to 31 December 2008 (\$'000)
Changes in inventories of finished goods and work in progress and raw materials and consumables used	19,670	42,085	18,005
Employee benefits expense	8,107	16,384	8,410
Depreciation and amortisation expense	3,552	8,180	3,921
Impairment of goodwill	-	3,155	-
Restructuring and termination costs	-	422	-
Discontinued operations closure	-	11,461	14,169
Total significant items	31,329	81,687	44,505

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2009

NOTE 5: CHANGES IN THE COMPOSITION OF THE ENTITY

As previously reported the Group closed the loss making full service European operation in the previous financial year and entered into a distribution agreement with European sales and distribution company Windhager GmbH.

The costs associated with this decision have been classified under discontinued operations.

Financial information relating to the discontinued operation for the period to 31 December 2009, 30 June 2009 and 31 December 2008 comparatives are set out below. Further information is set out in the segment information.

(a) Loss From Discontinued Operations

	Half Year to 31 December 2009 (\$'000)	Year to 30 June 2009 (\$'000)	Half Year to 31 December 2008 (\$'000)
Revenue	-	2,219	1,530
Other income	-	327	49
Expenses	-	(12,754)	(15,748)
Loss before income tax	-	(10,208)	(14,169)
Income tax benefit	-	(1,253)	-
Loss after income tax of discontinued operations	-	(11,461)	(14,169)

(b) Cash Flows From Discontinued Operations

	Half Year to 31 December 2009 (\$'000)	Year to 30 June 2009 (\$'000)	Half Year to 31 December 2008 (\$'000)
Net cash outflow from operating activities	-	(4,419)	(556)
Net cash inflow from investing activities	-	(146)	-
Effects of exchange rate changes on items denominated in foreign currencies	(7)	4,525	(634)
Net decrease in cash generated by discontinued operations	(7)	(40)	(1,190)

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Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2009

NOTE 6: SEGMENT INFORMATION

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

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

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

	Asia Pacific (\$000)	China (\$000)	Americas (\$000)	Middle East / Africa (\$000)	Unallocated (\$000)	Total Continuing Operations (\$000)	Discontinued Operations (\$000)	Consolidation (\$000)
31 December 2009								
Revenue outside the economic entity	42,290	153	6,175	2,827	-	51,445	-	51,445
Inter-segment revenue	225	14,636	42	68	(14,971)	-	-	-
Total revenue	42,515	14,789	6,217	2,895	(14,971)	51,445	-	51,445
Segment EBITDA	5,722	2,755	(513)	360	80	8,404	-	8,404
Depreciation and amortisation	(990)	(2,294)	(265)	(3)	-	(3,552)	-	(3,552)
Segment EBIT	4,732	461	(778)	357	80	4,852	-	4,852
Net finance expense						(725)	-	(725)
Profit before income tax						4,127	-	4,127
Income tax expense						(1,035)	-	(1,035)
Profit for the half year						3,092	-	3,092
Segment assets	37,527	52,920	10,384	3,387	(463)	103,755	161	103,916
Segment liabilities	11,383	17,274	1,663	186	(79)	30,427	1,041	31,468

Notes

- All intersegment pricing is on a commercial basis
- The segment result excludes finance costs, interest revenue and income tax expense
- Asia Pacific includes foreign exchange hedge and Australian corporate costs
- Asia Pacific excludes China which is now disclosed separately

Notes To The Condensed Consolidated Financial Statements

For The Half Year Ended 31 December 2009

NOTE 6: SEGMENT INFORMATION (CONTINUED)

	Asia Pacific (\$000)	China (\$000)	Americas (\$000)	Middle East / Africa (\$000)	Unallocated (\$000)	Total Continuing Operations (\$000)	Discontinued Operations (\$000)	Consolidation (\$000)
30 June 2009								
Revenue outside the economic entity	66,275	742	23,263	7,971	-	98,251	2,219	100,470
Inter-segment revenue	593	34,072	484	236	(35,385)	-	-	-
Total revenue	66,868	34,814	23,747	8,207	(35,385)	98,251	2,219	100,470
Segment EBITDA	6,499	6,446	(650)	1,412	196	13,903	(9,643)	4,260
Depreciation and amortisation	(2,349)	(5,087)	(717)	(27)	-	(8,180)	(247)	(8,427)
Impairment of assets	(3,155)	-	-	-	-	(3,155)	(144)	(3,299)
Segment EBIT	995	1,359	(1,367)	1,385	196	2,568	(10,034)	(7,466)
Net finance expense						(1,892)	(174)	(2,066)
Profit before income tax						676	(10,208)	(9,532)
Income tax expense						(1,166)	(1,253)	(2,419)
Loss for the year						(490)	(11,461)	(11,951)
Segment assets	33,147	59,848	16,017	4,503	(543)	112,972	175	113,147
Segment liabilities	19,307	14,782	2,387	278	(95)	36,659	1,072	37,731

	Asia Pacific (\$000)	China (\$000)	Americas (\$000)	Middle East / Africa (\$000)	Unallocated (\$000)	Total Continuing Operations (\$000)	Discontinued Operations (\$000)	Consolidation (\$000)
31 December 2008								
Revenue outside the economic entity	36,308	-	6,944	3,656	-	46,908	1,530	48,438
Inter-segment revenue	233	18,616	440	95	(19,384)	-	-	-
Total revenue	36,541	18,616	7,384	3,751	(19,384)	46,908	1,530	48,438
Segment EBITDA	5,973	2,735	(1,120)	668	(230)	8,026	(13,398)	(5,372)
Depreciation and amortisation	(1,196)	(2,372)	(343)	(10)	-	(3,921)	(599)	(4,520)
Segment EBIT	4,777	363	(1,463)	658	(230)	4,105	(13,997)	(9,892)
Net finance expense						(902)	(172)	(1,074)
Profit before income tax						3,203	(14,169)	(10,966)
Income tax expense						(1,006)	-	(1,006)
Profit for the half year						2,197	(14,169)	(11,972)
Segment assets	48,588	72,534	14,824	5,227	(968)	140,205	1,700	141,905
Segment liabilities	28,058	22,221	1,311	301	(177)	51,714	3,830	55,544

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Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2009

NOTE 7: ISSUANCES OF EQUITY SECURITIES

	Half Year to 31 December 2009 (\$'000)	Year to 30 June 2009 (\$'000)	Half Year to 31 December 2008 (\$'000)
Paid Up Capital			
279,691,658 fully paid ordinary shares (June 2009: 279,691,658)	105,586	105,594	100,813
Movement In Share Capital			
Shares issued at the beginning of the financial period	105,594	100,813	100,813
142,857,142 shares issued in a rights issue – 18 March 2009	-	5,000	-
Costs of capital raising (net of tax)	(8)	(219)	-
Paid up capital at the end of the financial period	105,586	105,594	100,813

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Notes To The Condensed Consolidated Financial Statements

For The Half Year Ended 31 December 2009

NOTE 8: EARNINGS PER SHARE

	Half Year to 31 December 2009 (Cents Per Share)	Year to 30 June 2009 (Cents Per Share)	Half Year to 31 December 2008 (Cents Per Share)
Basic earnings per share			
From continuing operations	1.11	(0.28)	1.61
From discontinued operations	-	(6.47)	(10.36)
Total basic earnings per share	1.11	(6.75)	(8.75)
Diluted earnings per share			
From continuing operations	1.07	(0.28)	1.59
From discontinuing operations	-	(6.47)	(10.34)
Total diluted earnings per share²	1.07	(6.75)	(8.75)

	Half Year to 31 December 2009 (\$'000)	Year to 30 June 2009 (\$'000)	Half Year to 31 December 2008 (\$'000)
Earnings per share			
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:			
Net profit	3,092	(11,951)	(11,972)
Earnings used in the calculation of basic EPS			
Adjustments to exclude profit for the period from discontinued operations	-	11,461	14,169
Earnings used in the calculation of basic EPS from continuing operations	3,092	(490)	2,197

	Half Year to 31 December 2009 (No. '000)	Year to 30 June 2009 (No. '000)	Half Year to 31 December 2008 (No. '000)
Weighted average number of ordinary shares for the purposes of basic earnings per share	279,692	177,148	136,835
Weighted average number of shares deemed to be issued for no consideration in respect of:			
Employee options	-	378	610
Performance rights	9,053	719	850
Weighted average number of ordinary shares for the purposes of diluted earnings per share	288,745	178,245	138,295

² Due to the anti diluent effect from discontinued operations, total diluted earnings per share is not the sum of diluted earnings per share from continuing operations and diluted earnings per share from discontinued operations.

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2009

NOTE 9: CASH FLOW INFORMATION

(a) Reconciliation Of Cash

	Half Year to 31 December 2009 (\$'000)	Year to 30 June 2009 (\$'000)	Half Year to 31 December 2008 (\$'000)
Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash on hand	23	8	11
Cash at bank	4,387	4,647	2,283
Cash on deposit	962	2,486	1,706
Bank overdrafts	-	-	-
Total	5,372	7,141	4,000

(b) Reconciliation Of Cash Flow From Operations With Profit

	Half Year to 31 December 2009 (\$'000)	Year to 30 June 2009 (\$'000)	Half Year to 31 December 2008 (\$'000)
Profit / (loss) after income tax	3,092	(11,951)	(11,972)
Non cash flows in profit			
Loss on disposal of fixed assets	115	83	40
Depreciation of fixed assets	3,261	7,566	4,071
Amortisation/impairment of intangible assets	291	4,160	449
Equity settled share based payments	95	(146)	108
Changes in assets and liabilities processed directly in equity	81	(222)	313
Changes in tax balances due to foreign exchange movements	(6)	(9)	80
Changes in assets and liabilities			
(Increase) / decrease in receivables	(3,106)	6,854	4,446
(Increase) / decrease in inventories	(399)	5,349	(2,759)
(Increase) / decrease in other assets	(5)	99	323
Increase / (decrease) in payables, accruals and other financial liabilities	3,564	(1,690)	5,521
Increase / (decrease) in tax balances	582	1,295	(103)
Net cash inflow provided by operations	7,565	11,388	517

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Independent Auditor's Review Report To The Members Of Gale Pacific Limited

We have reviewed the accompanying half-year financial report of Gale Pacific Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE HALF-YEAR FINANCIAL REPORT

The directors of Gale Pacific Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Gale Pacific Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENCE

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

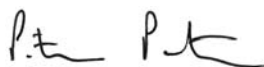
CONCLUSION

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gale Pacific Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.



S Schonberg
Partner
19 February 2010



PITCHER PARTNERS
MELBOURNE

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