



Kingsgate

Consolidated Limited

ABN 42 000 837 472

24 February 2010

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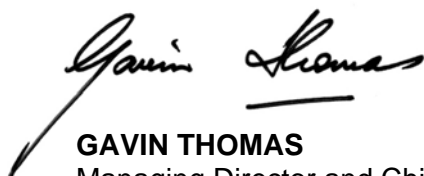
The Manager
Announcements
Company Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

HALF-YEAR FINANCIAL REPORT

We enclose the Half-year Financial Report for the period ending 31 December 2009.

Yours faithfully,
KINGSGATE CONSOLIDATED LIMITED



GAVIN THOMAS
Managing Director and Chief Executive Officer

KINGSGATE CONSOLIDATED LIMITED

ABN 42 000 837 472

HALF-YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED

31 DECEMBER 2009

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2009 and any public announcements made by Kingsgate Consolidated Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Kingsgate Consolidated Limited
ABN 42 000 837 472

Appendix 4D
Half Year Report
For the 6 months ended 31 December 2009

Results for Announcement to the Market

	Compared to half year December 2008	\$'000		\$'000
Revenue from ordinary activities	up	69,090	to	88,420
Profit before income tax expense	up	42,842	to	32,472
Income tax expense	down	2,281	to	(743)
Profit from ordinary activities after tax attributable to members	up	45,123	to	33,215
Net profit for the period attributable to members	up	45,123	to	33,215
Dividends / distributions	Amount per security	Franked amount per security		
Interim dividend	0.15	-		
- current reporting period	Nil	n/a		
- previous reporting period				
Final dividend	0.15	0.15		
- previous reporting period				
Record date for determining entitlement to dividend 9th March 2010				

Current Reporting Period: 6 months ended 31 December 2009
Previous Corresponding Reporting Period: 6 months ended 31 December 2008

DIRECTORS' REPORT

The Directors of Kingsgate Consolidated Limited present their report for the half year ended 31 December 2009.

DIRECTORS

The following persons were Directors of Kingsgate Consolidated Limited during the whole of the half year and up to the date of this report:

Ross Smyth-Kirk, BCom, CPA, F Fin (Chairman)
Gavin Thomas, BSc FAusIMM (Managing Director)
Craig Carracher, LLB (Sydney), BCL (Oxford)
Peter McAleer, B Com , B L

REVIEW OF OPERATIONS

Operational Performance

Gold production for the half year to 31 December 2009 was 69,526 ozs, an increase of 300% on the half year to 31 December 2008. The increase in production reflects both the return to full capacity from January 2009 and increased gold grades.

Chatree continues to be the world's safest gold mine, based on publicly available data, with 12.5 million hours worked (6 years) since the last and only Lost Time Injury (LTI) and over 14.6 million hours worked over nine years with one LTI since the commencement of mine construction in the year 2000. There have been no reportable environmental incidents during the life of the mine and it remains in compliance with all environmental regulations under the approved EIA (Environmental Impact Assessment).

During the half year, Kingsgate received the following awards:

- "Producer of the Year 2009 Award" from Resource Stocks magazine, which is part of Aspermont's Mining News Group.
- "Business of the Year 2009" from the Australia/Thailand Chamber of Commerce (AustCham).
- "Thai Prime Minister's Award" for Best Labour Relations and Welfare 2009 from the Thai Ministry of Labour to Akara Mining Limited.
- "The Zero Accident Award 2009" from the Thai Ministry of Labour to Akara Mining Limited.

Financial Results

The Company incurred an after tax profit of \$33.2 million for the half year compared to an after tax loss of \$11.9 million for the previous corresponding period.

The profit result for the December 2009 half year included an unrealised exchange loss of \$7.1 million on the Baht denominated intercompany loan to the Company's Thai operating subsidiary, Akara Mining Limited. The accounting treatment for the intercompany loan has changed since the December 2008 half year. As the intercompany loan will now be settled in the foreseeable future, the intercompany loan is no longer regarded as part of net investment and consequently exchange differences on the intercompany loan previously taken directly to the foreign currency reserve are now recognized in the income statement.

Unit cash costs per ounce of gold decreased to US\$332 from US\$911 for the previous corresponding period. This substantial improvement was achieved due to the higher throughput and gold grade. The Company remains unhedged and realised US\$1,032 per ounce of gold sold.

Dividends

An interim dividend of 15 cents per share was declared on 23rd February 2010 with respect of the half year ended 31 December 2009. The record date is 9th March 2010 and the dividend will be paid on the 16th March 2010.

The Kingsgate Dividend Reinvestment Plan remains active. The rules of the Dividend Reinvestment Plan are detailed on the Company's website.

Taxation

In December 2009 the Thai Board of Investment concessional zero percent tax rate for the Company's Thai subsidiary, Akara Mining Limited, expired. Akara will now be subject to a 15% concessional tax rate and it is expected Akara will commence to make tax payments during the June 2010 half year.

Exploration

Resource Development drilling within the mining leases at Chatree North within the A-Pit and Q-Pit areas, and the old D-Pit were the main exploration focus during the period from July to December 2009.

Several holes were drilled to test for deeper mineralisation with the aim of assessing the underground potential below the A-pit. Results of this deeper drilling have been mixed with the best hole reporting 30 metres (m) at 5.55g/t gold. Drilling along strike of this intersection has shown that the mineralisation extends both north and south, albeit at a lower grades. Follow up drilling of this mineralisation will occur later this year.

During the reporting period drilling also concentrated more on the southern Q Prospect and this evaluation programme is ongoing. Drilling in the southern Q-Pit area has intersected significant mineralisation outside of the current pit limits with the best hole reporting 19m at 2.8g/t gold. This part of the deposit is under drilled and further drilling is planned to determine the extent of the mineralisation with the aim of fully defining the limits of the Q-Pit.

Resource development drilling in the main part of Q-Pit reported 31m at 3.41g/t gold from near surface.

Given the increase in the gold price a review of all current and past mining areas was made in order to determine where our exploration efforts should be focused. This review highlighted the D-Pit previously mined as a target for additional drilling. Subsequently drilling was focused there in the last part of the reporting period.

The Resource Development drilling programme in D-Pit has identified new gold veins and extended gold zones beneath the previously closed D-Pit at Chatree, within the original mining leases.

Near surface gold results show the potential to re-open and expand D-Pit. Results from the drilling under D-Pit to date have shown the mineralisation to extend over a lateral distance of more than 250 metres, with some of the best results including 14m at 3.8g/t gold from close to surface, 21m at 2.9g/t gold and 9m at 4.2g/t gold. There is additional higher grade gold and silver potential in a new vein at depth to the east of the current D Pit.

Regional Exploration is focusing on further testing the known prospects of Chokdee, Sua and several other targets close to the Chatree Gold Mine.

Outlook

The Company's forecast gold production for the year ended 30 June 2010 remains at the upper end of 120,000-140,000 ounces of gold.

The Company continues to complete the detailed design and engineering for the proposed increase in gold processing capacity to 5.0 million tonnes per annum. Besides expenditure on engineering design, the grinding mills have been purchased with the majority of components now located at the

Chatree mine. The Thai Board of Investment is still considering the Company's application for fiscal support for the expansion project.

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 page 5.

Rounding of amounts to nearest thousand dollars

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



ROSS SMYTH-KIRK
Chairman

Sydney
23 February 2010

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Auditor's Independence Declaration

As lead auditor for the review of Kingsgate Consolidated Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kingsgate Consolidated Limited during the period.



Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
23 February 2010

Consolidated Income Statement
For the half year ended 31 December 2009

	Half Year	
	2009	2008
	\$'000	\$'000
Revenue from continuing operations	88,420	19,330
Other income	126	773
Changes in inventories of finished goods and work in progress	14,209	3,112
Direct costs of mining and processing	(42,913)	(22,320)
Employee benefits expense	(5,666)	(4,021)
Depreciation and amortisation expenses	(7,604)	(2,496)
Finance costs	(1,055)	(1,611)
Exploration expensed	(98)	(242)
Foreign exchange gains / (losses)	(7,977)	809
Other expenses	(4,970)	(3,704)
	<hr/>	<hr/>
(Loss)/Profit before income tax	32,472	(10,370)
Income tax (expense) / benefit	743	(1,538)
	<hr/>	<hr/>
(Loss)/Profit for the half year	33,215	(11,908)
	<hr/>	<hr/>
(Loss)/Profit attributable to members of Kingsgate Consolidated Limited	33,215	(11,908)
	<hr/>	<hr/>
Earnings per share for profit attributable to ordinary equity holders of the Company		
	Cents	Cents
Basic earning per share	34.4	(12.7)
Diluted earnings per share	33.9	(12.7)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2009

		Half Year	
	Note	2009	2008
		\$'000	\$'000
Profit for the half year		33,215	(11,908)
Other comprehensive income			
Exchange differences on translation of foreign operations		(10,177)	39,013
Other comprehensive income for the half year, net of tax		(10,177)	39,013
Total comprehensive income for the half year		23,038	27,105
Total comprehensive income for the half year is attributable to:			
Owners of Kingsgate Consolidated Limited		23,038	27,105

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet
As at 31 December 2009

	Note	31 December 2009 \$'000	30 June 2009 \$'000
Current assets			
Cash and cash equivalents		32,345	29,680
Trade and receivables		17,214	7,522
Inventories		8,581	10,521
Other assets		11,552	9,805
Total current assets		69,692	57,528
Non-current assets			
Mine property, plant and equipment		189,771	199,700
Deferred tax assets		3,976	136
Inventories		23,859	9,393
Other assets		2,808	3,890
Total non-current assets		220,414	213,119
Total assets		290,106	270,647
Current liabilities			
Payables		(13,123)	(13,665)
Provisions		(1,407)	(1,448)
Borrowings		-	(2,103)
Current tax liabilities		-	-
Total current liabilities		(14,530)	(17,216)
Non-current liabilities			
Borrowings		(41)	(41)
Provisions		(8,913)	(7,162)
Deferred tax liabilities		(4,203)	(1,188)
Total non-current liabilities		(13,157)	(8,391)
Total liabilities		(27,687)	(25,607)
Net assets		262,419	245,040
Equity			
Contributed equity		139,070	129,300
Reserves	5	(6,593)	4,579
Retained earnings		129,942	111,161
Total equity		262,419	245,040

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half year ended 31 December 2009

	Note	Attributable to owners of Kingsgate Consolidated Limited			Total \$'000
		Contri- buted equity \$'000	Reserves \$'000	Retained earnings \$'000	
Consolidated					
Balance at 1 July 2008		111,576	(9,202)	78,639	181,013
Total comprehensive income for the half year			39,024	(11,908)	27,116
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		1,439			1,439
General reserve				(233)	(233)
Movement in share option reserve			(810)		(810)
Balance at 31 December 2008		113,015	29,012	66,498	208,525
Balance at 1 July 2009		129,300	4,579	111,161	245,040
Total comprehensive income for the half year			(10,177)	33,215	23,038
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		9,770			9,770
Dividends provided for or paid				(14,434)	(14,434)
Movement in share option reserve			(995)		(995)
Balance at 31 December 2009		139,070	(6,593)	129,942	262,419

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

Consolidated Cash Flow Statement
For the half year ended 31 December 2009

	Half Year	
	2009 \$'000	2008 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	78,587	18,377
Payments to suppliers and employees (inclusive of goods and services tax)	(52,201)	(35,302)
Interest received	72	815
Finance costs	(1,038)	(1,211)
Net cash inflow/(outflow) from operating activities	25,420	(17,321)
Cash flows from investing activities		
Payments for financial assets	(1,071)	-
Payments for exploration acquisitions	(872)	(5,197)
Payments for mine properties	(8,186)	(16,245)
Payments for property, plant and equipment	(5,784)	(4,565)
Net cash inflow/(outflow) from investing activities	(15,913)	(26,007)
Cash flows from financing activities		
Proceed from issue of shares	6,596	1,308
Payment of dividends	(12,526)	-
Proceeds from borrowings – net of transaction costs	-	5,966
Payment of borrowings	-	-
Net cash inflow/(outflow) from financing activities	(5,930)	7,274
Net increase/(decrease) in cash held	3,577	(36,054)
Cash at the beginning of the reporting period	29,680	40,226
Effects of exchange rate changes on cash	(912)	630
Cash at the end of the reporting period	32,345	4,802

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements
For the half year ended 31 December 2009

1. Basis of preparation of the half year report

This general purpose interim financial report for the half year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Kingsgate Consolidated Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Impact of standards issued but not yet applied by the entity

In December 2009, the AASB issued AASB 9 *Financial Instruments* which addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group is yet to assess its full impact.

Segment Reporting

During the period, the Group adopted AASB 8 Operating Segments. This Standard contains disclosure requirements only and has not impacted the accounting performance of the Group.

KCN has chosen to early adopt the amended AASB 8 Operating Segments released by the Australian Accounting Standards Board on 4 December 2009 to be applied to reporting periods commencing after 1 January 2010. The primary change is that assets and liabilities are not reported on a segment by segment basis but rather on a consolidated basis in line with how the chief operating decision maker regularly receives the information.

2. Consolidated segment information

Primary reporting - Business segments

The Group operated exclusively in one business segment being gold mining and exploration.

Secondary reporting - Geographical segments

	Half year	
	2009	2008
	\$'000	\$'000
Sales to external customers - Asia Pacific	88,420	18,557
Other income – Asia Pacific	126	773
	88,546	19,330
Segment results:		
Asia Pacific	32,720	(10,206)
South America	(248)	(164)
	32,472	(10,370)

3. Profit for the half-year

Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:

	Half Year	
	2009 \$'000	2008 \$'000
Gains		
Gain on sale of available-for-sale financial assets	-	-

4. Contributed equity

	Half Year		Half Year	
	2009 Shares	2008 Shares	2009 \$'000	2008 \$'000
Issue of ordinary shares during the half-year:				
Exercise of options	1,054,206	280,000	7,862	1,290
Dividend Reinvestment Plan	252,670	-	1,908	-
	<u>1,0306,876</u>	280,000	<u>9,770</u>	1,290

5. Reserves

	31 December	30 June
	2009 \$'000	2009 \$'000
Foreign currency translation reserve	(9,779)	398
General reserve	841	823
Share-based payments reserve	2,345	3,358
	<u>(6,593)</u>	<u>4,579</u>

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.

General reserve

Pursuant to the laws of Thailand, Akara Mining Limited appropriated to a reserve fund at each distribution of dividends, an amount equal to one-twentieth of the profit after tax payment until the reserve fund reached one-tenth of its registered capital. The reserve fund is now equal to one-tenth of the registered share capital of Akara Mining Limited.

Available-for-sale investment revaluation reserve

Changes in the fair value of investments classified as available-for-sale financial assets are taken to the available-for-sale investment revaluation reserve.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

6. Dividends

	Half Year	
	2009	2008
	\$'000	\$'000
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half year		
Paid in cash	12,526	-
Satisfied by the issue of shares	1,908	-
	14,434	-

7. Contingent Liabilities

Guarantees

Cross guarantees have been given by Kingsgate Consolidated Limited's controlled entities to participating banks in the revolving credit facility as part of the security package.

The guarantees may give rise to liabilities in the parent entity if the controlled entities do not meet their obligations under the terms of the loans subject to the guarantees. No material losses are anticipated in respect of the above contingent liabilities.

8. Events occurring after reporting date

An interim dividend of 15 cents per share was declared on 23rd February 2010 with respect of the half year ended 31 December 2009. The record date is 9th March 2010 and the dividend will be paid on the 16th March 2010.

9. Controlled entities acquired or disposed of

There were no controlled entities acquired or disposed of during the half year.

10. Net tangible asset per ordinary share

	Half Year	
	2009	2008
Net tangible asset backing per ordinary share: \$/share	2.69	2.24

11. Earnings per share

	Half Year	
	2009	2008
	Cents	Cents
Basic earnings per share	34.4	(12.7)
Diluted earnings per share	33.9	(12.7)
	\$'000	\$'000
Net (loss)/profit used to calculate basic and diluted earnings per share	33,215	(11,908)
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	96,574,593	92,919,081
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	97,848,768	92,919,081

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its performance, for the half year ended on that date; and

- (b) there are reasonable grounds to believe that Kingsgate Consolidated 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 Directors.



ROSS SMYTH-KIRK
Chairman

Sydney
23 February 2010

Independent auditor's review report to the members of Kingsgate Consolidated Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of Kingsgate Consolidated Limited, which comprise the statement of financial position as at 31 December 2009, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Kingsgate Consolidated Limited (the consolidated entity). The consolidated entity comprises both Kingsgate Consolidated Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company 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 Kingsgate Consolidated 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or

Independent auditor's review report to the members of Kingsgate Consolidated Limited (continued)

management.

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 Kingsgate Consolidated 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*.



PricewaterhouseCoopers



Marc Upcroft
Partner

Sydney
23 February 2010