GALE PACIFIC LIMITED

(ASX: GAP)

ASX and Media Release

21 February 2011

Amended Appendix 4D and Half-Yearly Report for 31 December 2010

The Company has amended its Appendix 4D and Half Yearly Report for 31 December 2010 (the Report) in order to clarify that the dividend declared by the Directors of 1 cent per share is fully franked. The clarification made appears in the table on page 9 of the attached amended Report.

Sophie Karzis
Company Secretary
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GALE PACIFIC LIMITED

APPENDIX 4D

Results, Appendix 4D & Financial Report
For the Half Year Ended 31 December 2010

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1

Results for the Half Year Ended 31 December 2010

DIRECTORS' STATEMENT

RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Financial Results

Gale Pacific Limited today announced a profit after tax of $3.6 million for the half year ended 31st December 2010 a $0.5 million (16%) increase over the previous corresponding period. The result represents 1.3 cents earnings per share and the directors have declared an interim dividend of 1 cent per share fully franked. The result includes a "one off" benefit of $0.5 million lower tax expense arising from the tax deductibility of non recoverable interest income from prior years European intercompany loans.

	6 months to December 2010 (A$ Million)	**6 months to December 2009 (A$ Million)**	**Change %**
Sales	$46.6	$51.4	(9%)
EBITDA	$7.9	$8.4	(6%)
EBIT	$4.8	$4.9	(2%)
Interest	$0.5	$0.8	37%
Profit before tax	$4.3	$4.1	5%
Tax	$0.7	$1.0	30%
Profit for the half year	$3.6	$3.1	16%
Net cash provided by operating activities	$1.5	$7.6	(80%)
Net debt	$1.3	$6.3	79%

Sales for the first half year decreased 9% to $46.6 million principally due to weak sales in Australia of retail shade fabrics, shade umbrellas and exterior window furnishings driven by the severe adverse weather conditions on the East Coast of Australia and generally subdued consumer demand.

EBIT for the Group was $4.8 million a 2% decrease over the $4.9 million EBIT reported for the 6 months to 31 December 2009. Cash provided from operations was $1.5 million which is $6.1 million lower than the previous corresponding period. Lower sales levels in Australia and the build up of inventory for early second half shipments to Northern Hemisphere customers were the main contributors.

"The mild and wet weather conditions and generally lower consumer demand in Australia have had a considerable negative impact on sales for the first half year especially when compared to the very hot November/December in 2009. As a result, Asia Pacific sales were down 14% for the half compared to last year. In local currencies the USA operations grew sales by 24% and the Middle East operations by 4% which was extremely pleasing given the difficult economic conditions. Our manufacturing operations continue to improve with efficiency gains being delivered in both the China and Australian plants." MD and CEO Peter McDonald said.

"Our strategy and focus of growing the business in branded screening and shading products is being implemented. We have won some additional business in new product categories which has helped offset some of the lower sales of traditional products from the cool summer temperatures recorded in Australia. "

Segment Summary – For the 6 Months to 31 December 2010

LOCAL CURRENCY	Sales			EBIT		
$ Million	**2010**	**2009**	**% change**	**2010**	**2009**	**% change**
Asia Pacific A$	36.2	42.3	(14%)	4.5	4.7	(4%)
Americas US$	6.7	5.4	24%	(0.5)	(0.7)	29%
Middle East US$	2.6	2.5	4%	0.5	0.3	67%
China US$				0.6	0.4	50%
Unallocated A$	0.4	0.2	-	(0.3)	0.1	(100%)
Total Group A$	46.6	51.4	(9%)	4.8	4.9	(2%)

Asia Pacific – Sales Down 14% and EBIT 4% to Prior Year

Sales of "Coolaroo" branded screening and shading products sold to retail channels in Australia were adversely impacted by the unseasonably mild and wet weather across the Eastern states of Australia. Sales of our Australian manufactured "Synthesis Landmark" coated fabric for grain storage covers, replacing the traditional PVC covers used, is an increasing part of the commercial and industrial business. As has been the case for several years, a significant portion of the Graincorp tender for the supply of grain storage covers was again won by Gale and supplied in this half year. Demand for Synthesis Landmark is increasing and has also been used by some of the other major grain handlers during the half year.

Sales of retail shade products in New Zealand grew by 22% due to the expanded "Coolaroo" branded product offer. The weak New Zealand agricultural market continues to affect demand for agricultural related products particularly for netting used for the protection of vineyard crops.

EBIT was 4% lower than the previous corresponding period due to the lower level of sales but higher margins resulted from favourable foreign currency movements offset by some higher input costs, particularly aluminium, steel and labour wage rates.

Americas – Sales Up 24% and EBIT Loss Reduced by 29%

Sales of Coolaroo window furnishings have increased due to expanded retail and e-commerce distribution, and increased sales of custom made window shades which are manufactured by us in our Californian fabrication unit. The July to December half year reflects the seasonal low sales at the end of the northern hemisphere summer period. Tough economic conditions and subdued consumer demand continue in the USA. During this half year additional resources have been added to our commercial sales force to further expand distribution and sales of commercial products. Sales of Synthesis architectural fabrics have increased despite low general construction spending.

Middle East – Sales up 4% and EBIT up 67%

There has been some improving activity in the Middle East, particularly in the Saudi market. Gale is the long term market leader in the knitted architectural shade fabric market in this region with the "Synthesis" brand and has an excellent product and business reputation. Gale has expanded the product offering in the region and now includes high end PVC architectural tension membrane fabrics and coated Commercial 95 waterproof knitted fabrics which were both successfully released to market during the half year and show cased at the Big 5 Show in Dubai in November.

Gale has recently been awarded a 300,000 m2 project in Oman for shade covering for mass vehicle storage. Shipments for this project will commence in early 2011.

China – Manufacturing

Consistent improvements have again been made in all performance indicators throughout the half year. Plant yields have been maintained at levels well above those achieved in the previous corresponding period. Waste levels and indirect labour costs have reduced significantly. Direct labour wage rates have increased throughout the period as experienced by all manufacturers in China and these pressures are expected to continue. Low levels of maintenance capital expenditure were required in the half year. We expect low capital expenditure requirements to continue in the near term.

Shareholder Value Realisation Review

As announced by the Company at the Annual General Meeting in October last year, the Board has been exploring various strategic alternatives for the business. The process has uncovered a number of opportunities for the business to pursue. We expect to be able to advise shareholders more specifically of the outcome in the near term.

Outlook

Cooler weather conditions across most of Australia and the January floods in Queensland, New South Wales and Victoria will impact the second half year performance in the Australian business unit. Whilst we are cautious about the recovery of the USA economy and the level of consumer spending for retail shade products, we have won expanded distribution for our retail products for the upcoming North American summer season.

Further positive cash generation is expected for the second half year as we dramatically reduce inventory levels in the business. This will further reduce net debt and result in lower interest costs in the second half year.

Directors have declared an interim fully franked dividend of 1 cent per share.

Whilst we now expect full year sales to be down compared to FY10 driven by the poor summer in Australia and the high Australian dollar, we remain cautiously optimistic of moderate profit after tax growth for the full year, provided that there is no rapid increase in input costs, particularly polymer costs which are impacted by rising oil prices.

Mr Peter McDonald
Managing Director & Chief Executive Officer
18 February 2011

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

SECTION

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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 2010

Name of Entity:	Gale Pacific Limited
ABN or Equivalent Company Reference:	80 082 263 778
Report for the Half Year Ended:	31 December 2010
Previous Full Year Period is the Financial Year Ended:	30 June 2010
Previous Corresponding Period is the Half Year Ended:	31 December 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		%	Half Year to 31 December 2009 $'000		Half Year to 31 December 2010 $'000
Revenues from continuing operations:	Down	9.5%	51,445	To	46,557
Profit from continuing operations after tax attributable to members:	Up	17.9%	3,092	To	3,646
Net profit for the period attributable to members:	Up	17.7%	3,092	To	3,638

Please refer to the accompanying Directors' announcement to the Australian Securities Exchange for further commentary.

DIVIDENDS

	Date of Payment	**Total Amount of Dividend**
Interim dividend for the year ending 30 June 2011	25th March 2011	$ 2,796,917
Final dividend for the year ending 30 June 2010	22nd October 2010	$ 2,796,917
Special dividend for the year ending 30 June 2010	22nd October 2010	$ 2,796,917

Date dividend is payable	Monday 25 March 2011
Record date for determining entitlements to the dividend	Wednesday 16 March 2011
Trading ex dividend	Thursday 10 March 2011

The Company's Dividend Reinvestment Plan was suspended in September 2006 and the Directors have determined that the plan is to remain suspended.

Amount per security

		Amount per security (100% franked)	Franked amount per security at 30% tax (100% franked)	Amount per security of foreign source dividend
Dividends:	Current year - Interim dividend	1.0 cents	1.0 cents	0.0 cents
	Previous full year - Final dividend - Special dividend	1.0 cents 1.0 cents	1.0 cents 1.0 cents	0.0 cents 0.0 cents

NET TANGIBLE ASSET PER SECURITY

	As at 31 December 2010	As at 30 June 2010	As at 31 December 2009
Net tangible asset per ordinary security	22.0 cents	26.1 cents	23.5 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 REPORT.

Signed:
Name: Peter McDonald
Title: Managing Director & Chief Executive Officer
Date: 18 February 2011

SECTION

3

Financial Report for the Half Year Ended 31 December 2010

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 2010

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 2010 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 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 $3.6 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.

AUDITOR'S 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.

D. J. Alle

Mr David Allman
Chairman
18 February 2011

Mr Peter McDonald
Managing Director and Chief Executive Officer
18 February 2011

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 2010, 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
18 February 2011

PITCHER PARTNERS
MELBOURNE

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 14 to 26 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 2010 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.

D. J. Allman

Mr David Allman
Chairman
18 February 2011

Mr Peter McDonald
Managing Director and Chief Executive Officer
18 February 2011

Condensed Consolidated Income Statement For The Half Year Ended 31 December 2010

	Half Year to 31 December 2010 ($'000)	Year to 30 June 2010 ($'000)	Half Year to 31 December 2009 ($'000)
Revenue	46,557	98,811	51,445
Cost of goods sold	(27,935)	(62,788)	(32,706)
Gross profit	18,622	36,023	18,739
Other Income	230	472	526
Warehousing and distribution	(4,023)	(7,675)	(4,118)
Marketing and selling	(4,002)	(7,538)	(3,837)
Administration	(4,712)	(10,458)	(5,372)
Other expenses	(1,333)	(1,506)	(1,086)
Net Finance costs	(448)	(1,247)	(725)
Profit from continuing operations before income tax	4,334	8,071	4,127
Income tax expense	(688)	(2,060)	(1,035)
Profit from continuing operations after income tax	3,646	6,011	3,092
(Loss) / profit from discontinued operations	(8)	11	-
Profit for the half year	3,638	6,022	3,092
Earnings Per Share			
From continuing and discontinued operations			
Basic earnings per share (cents per share)	1.30	2.15	1.11
Diluted earnings per share (cents per share)	1.24	2.08	1.07
From continuing operations			
Basic earnings per share (cents per share)	1.30	2.15	1.11
Diluted earnings per share (cents per share)	1.24	2.07	1.07

Condensed Consolidated Statement of Comprehensive Income For The Half Year Ended 31 December 2010

	Half Year to 31 December 2010 ($'000)	Year to 30 June 2010 ($'000)	Half Year to 31 December 2009 ($'000)
Profit for the period	3,638	6,022	3,092
Other Comprehensive Income			
Movement in fair value of cash flow hedges, net of tax	(575)	558	81
Exchange differences on translation of foreign operations	(9,656)	(2,749)	(6,228)
Other comprehensive income / (loss) for the period	(10,231)	(2,191)	(6,147)
Total comprehensive income / (loss) for the period	(6,593)	3,831	(3,055)
Profit Attributable To			
Members of the parent	3,638	6,022	3,092
Non controlling interest	-	-	-
Profit for the period	3,638	6,022	3,092
Total Comprehensive Income / (Loss) Attributable To			
Members of the parent	(6,593)	3,831	(3,055)
Non controlling interest	-	-	-
Total comprehensive income / (loss) for the period	(6,593)	3,831	(3,055)

Condensed Consolidated Statement of Financial Position As At 31 December 2010

	31 December 2010 ($'000)	30 June 2010 ($'000)	31 December 2009 ($'000)
Current Assets			
Cash and cash equivalents	10,399	15,139	5,372
Receivables	14,608	14,142	16,880
Other financial assets	-	341	-
Inventories	23,583	20,281	23,026
Current tax assets	-	-	779
Other current assets	770	913	701
Total current assets	49,360	50,816	46,758
Non Current Assets			
Property, plant and equipment	40,360	49,552	49,457
Intangible assets	6,115	6,649	6,857
Deferred tax assets	563	379	844
Total non current assets	47,038	56,580	57,158
Total assets	96,398	107,396	103,916
Current Liabilities			
Payables	8,585	7,269	11,358
Borrowings	11,703	11,989	10,503
Other financial liabilities	652	-	627
Current tax liabilities	587	1,355	-
Provisions	2,450	2,832	2,938
Total current liabilities	23,977	23,445	25,426
Non Current Liabilities			
Borrowings	-	-	1,185
Deferred tax liabilities	4,822	4,382	4,796
Provisions	51	73	61
Total non current liabilities	4,873	4,455	6,042
Total liabilities	28,850	27,900	31,468
Net Assets	67,548	79,496	72,448
Equity			
Contributed equity	105,586	105,586	105,586
Reserves	(17,891)	(7,899)	(12,017)
Retained earnings	(20,147)	(18,191)	(21,121)
Total equity	67,548	79,496	72,448

Condensed Consolidated Statement of Changes in Equity For The Half Year Ended 31 December 2010

	Contributed Equity ($'000)	Reserves ($'000)	Retained Earnings ($'000)	Non Controlling Interest ($'000)	Total Equity ($'000)
Balance at 1 July 2010	105,586	(7,899)	(18,191)	-	79,496
Profit for the half year	-	-	3,638	-	3,638
Other comprehensive income / (loss) for the half year	-	(10,231)	-	-	(10,231)
Total comprehensive income / (loss) for the half year	-	(10,231)	3,638	-	(6,593)
Transactions With Owners In Their Capacity As Owners					
Employee share based payments	-	239	-	-	239
Dividends paid	-	-	(5,594)	-	(5,594)
Total transactions with owners in their capacity as owners	-	239	(5,594)	-	(5,355)
Balance at 31 December 2010	105,586	(17,891)	(20,147)	-	67,548

	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 year	-	-	6,022	-	6,022
Other comprehensive income / (loss) for the year	-	(2,191)	-	-	(2,191)
Total comprehensive income / (loss) for the year	-	(2,191)	6,022	-	3,831
Transactions With Owners In Their Capacity As Owners					
Contributions, net of raising costs and tax	(8)	-	-	-	(8)
Employee share based payments	-	257	-	-	257
Total transactions with owners in their capacity as owners	(8)	257	-	-	249
Balance at 30 June 2010	105,586	(7,899)	(18,191)	-	79,496

Condensed Consolidated Statement of Changes in Equity For The Half Year Ended 31 December 2010 (continued)

	Contributed Equity ($'000)	Reserves ($'000)	Retained Earnings ($'000)	Total Equity ($'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 / (loss) 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

Condensed Consolidated Statement of Cash Flows For The Half Year Ended 31 December 2010

	Note	Half Year to 31 December 2010 ($'000)	Year to 30 June 2010 ($'000)	Half Year to 31 December 2009 ($'000)
Cash Flow From Operating Activities				
Receipts from customers		47,314	106,302	52,894
Payments to suppliers and employees		(44,441)	(87,652)	(44,109)
Interest received		89	95	10
Borrowing costs paid		(530)	(1,350)	(737)
Income tax refunds / (payments)		(912)	558	(490)
Net cash provided by operating activities	8(b)	1,520	17,953	7,568
Cash Flow From Investing Activities				
Proceeds from sale of plant and equipment		6	40	39
Payment for plant and equipment		(201)	(1,160)	(219)
Payment for intangible assets		(16)	-	-
Net cash used by investing activities		(211)	(1,120)	(180)
Cash Flow From Financing Activities				
Costs from issue of equity securities		-	(11)	(11)
Drawdown / (repayment) of borrowings		1,437	(8,588)	(8,460)
Repayment of principal on finance leases		(33)	(69)	(52)
Repayment of principal on hire purchase		(15)	(29)	(14)
Dividends paid		(5,594)	-	-
Net cash used by investing activities		(4,205)	(8,697)	(8,537)
Net (decrease) /increase in cash held		(2,896)	8,136	(1,149)
Cash at beginning of year		15,139	7,141	7,141
Effects of exchange rate changes on items denominated in foreign currencies		(1,844)	(138)	(620)
Cash at the end of the period	8(a)	10,399	15,139	5,372

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2010

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 2010 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 revaluations 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 2010.

(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 2010.

(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.

(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 income statements of the current and comparative periods reflect this change by disclosing the closure costs and the trading results and closure costs of Gale Europe GmbH as a separate line under the description "(loss) / profit from discontinued operations".

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2010

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 2009 and for the year ended 30 June 2010. The condensed consolidated statement of financial position provides comparative information as at 31 December 2009 and 30 June 2010.

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 2009 and 30 June 2010 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 2010 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 2010 ($'000)	**Year to 30 June 2010 ($'000)**	**Half Year to 31 December 2009 ($'000)**
Changes in inventories of finished goods and work in progress and raw materials and consumables used	16,493	37,665	19,670
Employee benefits expense	7,886	16,154	8,107
Depreciation and amortisation expense	3,153	7,186	3,552
Total significant items	27,532	61,005	31,329

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2010

NOTE 5: 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 2010								
Revenue outside the economic entity	36,168	423	7,187	2,779	-	46,557	-	46,557
Inter-segment revenue	345	12,909	21	105	(13,380)	-	-	-
Total revenue	36,513	13,332	7,208	2,884	(13,380)	46,557	-	46,557
Segment EBITDA	5,258	2,881	(407)	501	(298)	7,935	(8)	7,927
Depreciation and amortisation	(783)	(2,226)	(139)	(5)	-	(3,153)	-	(3,153)
Segment EBIT	4,475	655	(546)	496	(298)	4,782	(8)	4,774
Net finance expense						(448)	-	(448)
Profit before income tax						4,334	(8)	4,326
Income tax expense						(688)	-	(688)
Profit for the half year						3,646	(8)	3,638
Segment assets	40,782	43,816	9,098	3,244	(609)	96,331	67	96,398
Segment liabilities	17,353	9,393	1,186	285	(119)	28,098	752	28,850

Notes

a). All intersegment pricing is on a commercial basis

b). The segment result excludes finance costs, interest revenue and income tax expense

c). Asia Pacific includes foreign exchange hedge and Australian corporate costs

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2010

NOTE 5: 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 2010								
Revenue outside the economic entity	71,401	(81)	21,343	6,148	-	98,811	-	98,811
Inter-segment revenue	571	27,721	69	150	(28,511)	-	-	-
Total revenue	71,972	27,640	21,412	6,298	(28,511)	98,811	-	98,811
Segment EBITDA	9,286	5,082	915	989	232	16,504	18	16,522
Depreciation and amortisation	(2,136)	(4,586)	(457)	(7)	-	(7,186)	(30)	(7,216)
Segment EBIT	7,150	496	458	982	232	9,318	(12)	9,306
Net finance expense						(1,247)	-	(1,247)
Profit before income tax						8,071	(12)	8,059
Income tax expense						(2,060)	23	(2,037)
Profit for the year						6,011	11	6,022
Segment assets	34,235	52,901	16,381	4,116	(311)	107,322	74	107,396
Segment liabilities	12,175	12,701	1,869	286	(44)	26,987	913	27,900

	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 To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2010

NOTE 6: ISSUANCES OF EQUITY SECURITIES

	Half Year to 31 December 2010 ($'000)	Year to 30 June 2010 ($'000)	Half Year to 31 December 2009 ($'000)
Paid Up Capital			
279,691,658 fully paid ordinary shares (June 2010: 279,691,658)	105,586	105,586	105,586
Movement In Share Capital			
Shares on issue at the beginning of the financial period	105,586	105,594	105,594
Costs of capital raising (net of tax)	-	(8)	(8)
Paid up capital at the end of the financial period	105,586	105,586	105,586

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2010

NOTE 7: EARNINGS PER SHARE

	Half Year to 31 December 2010 (Cents Per Share)	Year to 30 June 2010 (Cents Per Share)	Half Year to 31 December 2009 (Cents Per Share)
Basic earnings per share			
From continuing operations	1.30	2.15	1.11
From discontinued operations	-	-	-
Total basic earnings per share	1.30	2.15	1.11
Diluted earnings per share			
From continuing operations	1.24	2.07	1.07
From discontinued operations	-	0.01	-
Total diluted earnings per share	1.24	2.08	1.07

	Half Year to 31 December 2010 ($'000)	Year to 30 June 2010 ($'000)	Half Year to 31 December 2009 ($'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	3,638	6,022	3,092
Earnings used in the calculation of basic EPS			
Adjustments to exclude (loss)/profit for the period from discontinued operations	(8)	11	-
Earnings used in the calculation of basic EPS from continuing operations	3,646	6,011	3,092

	Half Year to 31 December 2010 (No. '000)	Year to 30 June 2010 (No. '000)	Half Year to 31 December 2009 (No. '000)
Weighted average number of ordinary shares for the purposes of basic earnings per share	279,692	279,692	279,692
Weighted average number of shares deemed to be issued for no consideration in respect of:			
Performance rights	11,215	10,183	9,053
Weighted average number of ordinary shares for the purposes of diluted earnings per share	290,907	289,875	288,745

Notes To The Condensed Consolidated Financial Statements For The Half Year Ended 31 December 2010

NOTE 8: CASH FLOW INFORMATION

(a) Reconciliation Of Cash

	Half Year to 31 December 2010 ($'000)	Year to 30 June 2010 ($'000)	Half Year to 31 December 2009 ($'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	18	12	23
Cash at bank	7,693	8,486	4,387
Cash on deposit	2,688	6,641	962
Total	10,399	15,139	5,372

(b) Reconciliation Of Cash Flow From Operations With Profit

	Half Year to 31 December 2010 ($'000)	Year to 30 June 2010 ($'000)	Half Year to 31 December 2009 ($'000)
Profit after income tax	3,638	6,022	3,092
Non cash flows in profit			
Loss on disposal of fixed assets	142	147	115
Depreciation of fixed assets	3,008	6,589	3,261
Amortisation/impairment of intangible assets	145	626	291
Equity settled share based payments	239	257	95
Changes in assets and liabilities processed directly in equity	(575)	558	81
Changes in tax balances due to foreign exchange movements	21	51	(3)
Changes in assets and liabilities			
(Increase) /decrease in receivables	(2,025)	84	(3,106)
(Increase) / decrease in inventories	(5,244)	2,900	(399)
Decrease / (increase) in other assets	48	(194)	(5)
Increase / (decrease) in payables, accruals and other financial liabilities	2,614	(1,869)	3,564
(Decrease)/ increase in tax balances	(491)	2,782	582
Net cash inflow provided by operations	1,520	17,953	7,568

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 and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2010, 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 2010 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 2010 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
18 February 2011

PITCHER PARTNERS
MELBOURNE