



Kingsgate

Consolidated Limited

ABN 42 000 837 472

23 February 2011

**Via ASX Online (25 pages)
FOR PUBLIC RELEASE**

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 2010.

Yours faithfully,
KINGSGATE CONSOLIDATED LIMITED


GAVIN THOMAS
CEO & Managing Director

KINGSGATE CONSOLIDATED LIMITED

ABN 42 000 837 472

HALF-YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED

31 DECEMBER 2010

CONTENTS	PAGE
Results for Announcement to the Market	1
Directors' Report	3
Auditor's Independence Declaration	6
Consolidated Statements of Comprehensive Income	7
Consolidated Statements of Financial Position	9
Consolidated Statements of Changes in Equity	10
Consolidated Statements of Cash Flow	12
Notes to the Consolidated Financial Statements	13
Directors' Declaration	20
Independent Auditor's Review Report to the Members of Kingsgate Consolidated Limited	21

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 2010 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 2010

Results for Announcement to the Market

	Compared to half year December 2009	%		\$'000
Revenue from ordinary activities	down	25%	to	66,208
Profit before income tax expense	down	67%	to	10,569
Income tax benefit	up	36%	to	1,012
Profit from ordinary activities after tax attributable to members	down	65%	to	11,581
Net profit for the period attributable to members	down	65%	to	11,581
Dividends / distributions	Amount per security		Franked amount per security	
Interim dividend				
- current reporting period	0.10		-	
- previous reporting period	0.15		-	
Final dividend				
- previous reporting period	0.20		-	
Record date for determining entitlement to dividend 9 March 2011				

Current Reporting Period: 6 months ended 31 December 2010
Previous Corresponding Reporting Period: 6 months ended 31 December 2009

Controlled entities acquired

On 20 December 2010 Kingsgate Consolidated Limited acquired control over Laguna Resources NL (Laguna) by acquiring an interest in more than 50% of Laguna issued shares. On 31 December 2010 Kingsgate Consolidated Limited had acquired an interest in 59.98% of Laguna shares. On 15 February 2011 Kingsgate closed its unconditional offer to acquire Laguna shares and announced it had acquired a total of 69.84% interest in Laguna.

Dividend reinvestment plan

Kingsgate Consolidated Limited has a Dividend Reinvestment Plan in place under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. The rules of the Dividend Reinvestment Plan are detailed on Kingsgate's website.

<http://www.kingsgate.com.au/company/dividend-reinvestment-plan.htm>

DIRECTORS' REPORT

The Directors of Kingsgate Consolidated Limited (Kingsgate) present their report for the half-year ended 31 December 2010.

DIRECTORS

The following persons were Directors of Kingsgate 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 (Hons), B L (Kings Inn – Dublin, Ireland)

REVIEW OF OPERATIONS

Operational Performance

Gold production for the half-year to 31 December 2010 was 43,284 ozs, a decrease of 37.7% on the half-year to 31 December 2009. The decrease in production was impacted by wet weather, scheduled major maintenance and scheduled mining of lower grade zone.

Chatree continues to be the world's safest gold mine, based on publicly available data, with 15.6 million hours worked (almost 8 years) since the last and only Lost Time Injury (LTI) and over 17.7 million hours worked over ten years with one LTI since the commencement of mine construction in the year 2000. The Lost Time Injury Frequency Record (LTIFR) of zero compares favourably to the Australian industry average LTIFR of 2.9 (Minerals Council of Australia June 2009) and to Canada's Ontario province industry average of 5 (June 2008 data). There have been no reportable environmental incidents during the life of the mine and it remains in compliance with all environmental regulations.

Financial Results

Kingsgate achieved an after tax profit of \$11.581 million for the half-year compared to an after tax profit of \$33.215 million for the previous corresponding period.

The profit result for the December 2010 half-year included unusual items before tax of \$8.4 million unrealised loss on foreign currency denominated intercompany loans and bank accounts, and also the write-off of \$4.5 million in relation to costs associated with the acquisition of Dominion Mining Limited (Dominion) and Laguna Resources NL (Laguna). The underlying profit before tax, after adding back unusual items, is \$23.5 million for the half-year.

	Half-Year	
	2010 \$'000	2009 \$'000
Profit before tax for the half-year	10,569	32,472
Unrealised foreign exchange losses	8,427	7,977
Transaction costs related to business acquisition	4,515	-
Underlying profit before tax for the half-year	23,511	40,449

Unit cash costs per ounce of gold increased to US\$461 (including US\$107/oz Thai royalty) from US\$332 for the previous corresponding period. The higher cash costs are predominantly due to lower grade ore feed. The cash costs should decrease as the scheduled gold grade increases over the next half-year. The average gold price realised for the period was US\$1,299 per ounce. With low cash costs, the current gold price is generating a very strong cash margin.

Acquisition

Dominion Mining Limited

On 20 October 2010 Kingsgate and Dominion signed a Scheme Implementation Agreement for Kingsgate to acquire all of the shares in Dominion via a Scheme of Arrangement. Consideration for the transaction is Kingsgate shares, with Dominion shareholders were offered 0.31 Kingsgate shares for each Dominion share they own.

On 2 February 2011, as announced to the Australian Stock Exchange, shareholders and option holders of Dominion Mining Limited approved the Scheme of Arrangement. This was subsequently approved by Federal Court of Australia on 4 February 2011. The acquisition date is 2 February 2011.

Dominion shares were subsequently suspended from 8 February 2011 and traded in New Kingsgate Shares on a deferred settlement basis. The Scheme of Arrangement was implemented on 21 February 2011.

Laguna Resources NL

On 25 October 2010 Kingsgate and Laguna signed a Bid Implementation Agreement for an unconditional off-market takeover bid by Kingsgate for all the issued and outstanding shares in Laguna. The transaction valued Laguna at \$0.02 per share.

On 20 December 2010 Kingsgate acquired control over Laguna Resources NL by acquiring an interest in more than 50% Laguna issued shares. On 31 December 2010 Kingsgate Consolidated Limited had acquired an interest in 59.98% of Laguna shares (Refer to Note 8).

On 15 February 2011 Kingsgate closed its unconditional offer to acquire Laguna shares and announced it had acquired a total of 69.84% interest in Laguna.

Dividends

An interim dividend of 10 cents per share was declared on 22 February 2011 with respect of the half-year ended 31 December 2010. The record date is 9 March 2011 and the dividend will be paid on the 16 March 2011.

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

Taxation

Kingsgate's Thai operating subsidiary, Akara Mining Limited (Akara), has paid \$3.972 million income tax during the half-year ended 31 December 2010. The BOI half-year tax rate of 15% applied for the whole reporting period.

During the half-year, Kingsgate recognised \$1.90 million in deferred tax assets on temporary differences and \$3.61 million tax losses arising from prior periods.

Exploration

Resource Development continued to focus on the drilling of A-Pit, S-Pit and Q-Pit areas with the main aim of increasing resources and to fully understand the open pit potential of the mine.

Additional drilling has commenced to target deeper high grade structures, particularly at A-Pit East and S-Pit areas. This continues to advance the underground mining potential with good continuous high-grade mineralization now intersected over considerable strike lengths.

Drilling in the A-Pit was designed to target potential structures between A-Pit Hill and A-Pit Central and beneath the A-Pit Central zone. Alteration studies combining pit mapping, drill logging and spectral data is underway for the A-Pit East and A-Pit Hill areas.

The S-Pit structure is one of the most consistent and significant high-grade structures in the Chatree mining leases. Follow-up drillings during the reporting period were incurred and have confirmed and extended previously reported high grade gold zones below the pit.

An extensive drill program to increase resources in the proposed Q-Pit area is ongoing. The focus is on drilling gaps in the Q-Pit Central design area and drilling out the proposed waste dump area.

The deep drilling on S-Pit and A-Pit East has continued to advance potential underground targets. Both zones have reasonable grades, considerable strike lengths and are open in all directions. The A-Pit mineralisation has great potential to depth and down-dip to the north within the preferred sedimentary host unit. More drilling is planned to test these targets as suitable for underground mining.

Regional Exploration is focusing on further testing the known prospects of Chokdee, Suwan and several other targets close to the Chatree Gold Mine. A review of the Suwan District was completed and a plan is now in place to fully assess the potential of this district. Exploration is on hold in the Chokdee District, awaiting further permitting. Several drillable targets have been generated including re-logged EOH Air-Core chips, alteration analysis and re-processing geophysical data.

Outlook

Kingsgate has revised its production forecast for the 30 June 2011 financial year to 110,000 – 120,000 ounces (from 120,000 – 130,000 ounces) as a result of delayed access to higher grade ore at the Chatree mine. In addition to this, it is expected that Dominion will contribute approximately 40,000 ounces for the 5 months from acquisition on 2 February 2011 to 30 June 2011.

Construction of the Chatree North plant expansion was approximately 60% complete at the end of December 2010 and remains on schedule and budget. The new plant is anticipated to be commissioned in the September quarter 2011. This will result in a combined total ore processing capacity over 5.0 million tonnes per annum with a potential gold production rate of over 200,000 ounces per annum. Funding for the expansion is expected to be completed mid-March 2011. Non-binding expressions of interest were received in mid-January 2011 from six Thai and international banks for in-excess of US\$250 million.

It is Kingsgate's intention to progress the initial public offering of Akara on the Stock Exchange of Thailand (IPO), but the timing of the IPO will be dependent on the outcome of the settlement of the dispute with Sinphum, the preference shareholder in Akara, and market conditions.

Sinphum has still not met its obligation under the shareholders agreement with the Group. Ongoing negotiations to settle this matter out of court have not been successful and, consequently, Kingsgate is now seeking to have the matter settled by arbitration in Singapore in accordance with the dispute clauses in the shareholders' agreement.

Kingsgate remains very confident that arbitration proceedings will be favourable.

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 6.

Rounding of amounts to nearest thousand dollars

Kingsgate is of a kind referred to in Class Order 98/100, 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 in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollars.

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



ROSS SMYTH-KIRK
Director

Sydney
23 February 2011

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the review of Kingsgate Consolidated Limited for the half year ended 31 December 2010, 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 and the entities it controlled during the period.



Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
23 February 2011

Consolidated Statements of Comprehensive Income
For the half-year ended 31 December 2010

	Half-Year	
	2010 \$'000	2009 \$'000
Revenue from continuing operations	66,208	88,546
Changes in inventories of finished goods and work in progress	13,070	14,209
Direct costs of mining and processing	(36,783)	(42,817)
Employee benefits expense	(6,839)	(5,666)
Depreciation and amortisation expenses	(5,401)	(7,604)
Finance costs	(587)	(1,151)
Exploration expensed	(22)	(98)
Foreign exchange losses	(9,286)	(7,977)
Other expenses from ordinary activities	(9,791)	(4,970)
Profit / (loss) before income tax	10,569	32,472
Income tax benefit / (expense)	1,012	743
Profit / (loss) for the half-year	11,581	33,215
Other comprehensive income		
Exchange differences on translation of foreign operations	(18,021)	(10,177)
Net change in fair value of available-for-sale financial assets	651	-
Total other comprehensive (loss) / income for the half-year, net of tax	(17,370)	(10,177)
Total comprehensive (loss) / income for the half-year	(5,789)	23,038
Profit / (loss) attributable to:		
Owners of Kingsgate Consolidated Limited	11,581	33,215
Non-controlling interests	-	-
Profit / (loss) for the half-year	11,581	33,215

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

Consolidated Statements of Comprehensive Income (continued)
For the half-year ended 31 December 2010

	Half-Year	
	2010 \$'000	2009 \$'000
Total comprehensive (loss) / income for the half-year attributable to:		
Owners of Kingsgate Consolidated Limited	(5,789)	23,038
Non-controlling interests	-	-
Total comprehensive (loss) / income for the half-year	(5,789)	23,038
	Cents	Cents
Earnings per share		
Basic earnings per share	11.5	34.4
Diluted earnings per share	11.4	33.9

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

Consolidated Statements of Financial Position
As at 31 December 2010

	Notes	31 Dec 2010 \$'000	30 Jun 2010 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		21,709	49,098
Receivables		8,751	13,844
Inventories		8,537	11,744
Other assets		37,953	28,615
Total current assets		76,950	103,301
Non-current assets			
Inventories		48,389	37,552
Exploration, mine property, plant and equipment		265,851	221,516
Deferred tax assets		9,454	3,732
Available-for-sale financial assets		2,000	1,071
Other assets		2,197	1,903
Total non-current assets		327,891	265,774
TOTAL ASSETS		404,841	369,075
LIABILITIES			
Current liabilities			
Payables		19,303	15,055
Provisions		1,068	1,003
Current tax liabilities		4,418	3,225
Borrowings		40,187	10,982
Total current liabilities		64,976	30,265
Non-current liabilities			
Provisions		11,069	11,157
Payables		4,463	5,909
Borrowings		82	82
Deferred tax liabilities		5,442	5,619
Total non-current liabilities		21,056	22,767
TOTAL LIABILITIES		86,032	53,032
NET ASSETS		318,809	316,043
EQUITY			
Contributed equity		175,486	156,068
Reserves	5	(13,868)	4,008
Retained profits		147,398	155,967
Total equity attributable to equity holders of Kingsgate Consolidated Limited		309,016	316,043
Non-controlling interests		9,793	-
TOTAL EQUITY		318,809	316,043

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

Consolidated Statements of Changes in Equity
For the half-year ended 31 December 2010

	Attributable to owners of Kingsgate Consolidated Limited				Non-controlling interests	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000		
Balance as at 1 July 2009	129,300	4,579	111,161	245,040	-	245,040
Total comprehensive (loss) / income for the half-year	-	(10,177)	33,215	23,038	-	23,038
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	9,770	-	-	9,770	-	9,770
Dividends provided for or paid	-	-	(14,434)	(14,434)	-	(14,434)
Movement in share option reserve	-	(995)	-	(995)	-	(995)
Balance at 31 December 2009	139,070	(6,593)	129,942	262,419	-	262,419

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

Consolidated Statements of Changes in Equity (continued)
For the half-year ended 31 December 2010

	Attributable to owners of Kingsgate Consolidated Limited				Non-controlling interests	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000		
Balance as at 1 July 2010	156,068	4,008	155,967	316,043	-	316,043
Total comprehensive (loss) / income for the half-year	-	(17,370)	11,581	(5,789)	-	(5,789)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	7,110	-	-	7,110	-	7,110
Issue of ordinary shares related to Laguna acquisition	12,308	-	-	12,308	-	12,308
Dividends provided for or paid	-	-	(20,150)	(20,150)	-	(20,150)
Movement in share option reserve	-	(506)	-	(506)	-	(506)
Total contribution by and distribution to owners of Kingsgate Consolidated Limited	175,486	(13,868)	147,398	309,016	-	309,016
Non-controlling interests relating to acquisition	-	-	-	-	9,793	9,793
Balance at 31 December 2010	175,486	(13,868)	147,398	309,016	9,793	318,809

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

Consolidated Statements of Cash Flow
For the half-year ended 31 December 2010

	Half-Year	
	2010 \$'000	2009 \$'000
Cash flows from operating activities		
Receipts from customers	67,406	78,587
Payments to suppliers and employees	(57,427)	(52,201)
Interest received	334	72
Finance costs paid	(482)	(1,038)
Income tax paid	(3,972)	-
Net cash inflow from operating activities	5,859	25,420
Cash flows from investing activities		
Payments for exploration and evaluation	(551)	(872)
Payments for mine properties, plant, equipment and land	(45,593)	(13,970)
Payments for available-for-sale financial assets	-	(1,071)
Payments for acquisition of subsidiary	(626)	-
Net cash (outflow) from investing activities	(46,770)	(15,913)
Cash flows from financing activities		
Proceeds from borrowings, net of transaction costs	29,400	-
Proceeds from the issue of shares	3,484	6,596
Dividends paid	(17,116)	(12,526)
Net cash inflow / (outflow) from financing activities	15,768	(5,930)
Net (decrease) / increase in cash held	(25,143)	3,577
Cash at the beginning of the reporting period	49,098	29,680
Effects of exchange rate changes on cash	(2,246)	(912)
Cash at the end of the reporting period	21,709	32,345

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

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2010

1. Basis of preparation of the half-year report

This general purpose interim financial report for the half-year reporting period ended 31 December 2010 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 2010 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 applied are the same as those applied by Kingsgate in its annual financial report for the year ended 30 June 2010.

2. Consolidated segment information

Management has determined the operating segments be based on a geographical perspective, identifying two reportable segments, being Asia Pacific and South America.

The Group operates exclusively in one business segment of gold mining and exploration.

		Half-Year	
	Gold mining and exploration	2010 \$'000	2009 \$'000
Sales to external customers	Asia Pacific	65,843	88,420
Other revenue	Asia Pacific	365	126
Total revenue		66,208	88,546
Segment results:			
Profit / (loss) before tax	Asia Pacific	11,017	32,720
	South America	(448)	(248)
Total profit / (loss) before tax		10,569	32,472
Income tax benefit	Asia Pacific	1,012	743
	South America	-	-
Total income tax benefit		1,012	743
Profit / (loss) after tax	Asia Pacific	12,029	33,463
	South America	(448)	(248)
Total profit / (loss) after tax		11,581	33,215
Segment assets	Asia Pacific	379,958	290,060
	South America	24,883	46
Total segment assets		404,841	290,106
Segment liabilities	Asia Pacific	85,674	27,675
	South America	358	12
Total segment liabilities		86,032	27,687

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	
	2010 \$'000	2009 \$'000
Unrealised foreign exchange losses	8,427	7,977
Transaction costs related to business acquisition	4,515	-
Deferred tax assets on temporary differences	(1,900)	-
Recognition of prior period tax losses	(3,610)	-

4. Contributed equity

	Half-Year		Half-Year	
	2010 Shares	2009 Shares	2010 \$'000	2009 \$'000
Issue of ordinary shares during the half-year:				
Exercise of options	805,398	1,054,206	4,076	7,862
Dividend Reinvestment Plan	286,605	252,670	3,034	1,908
Issue of ordinary shares related to Laguna acquisition	1,198,465	-	12,308	-
Total ordinary shares issued	2,290,468	1,306,876	19,418	9,770

5. Reserves

	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Foreign currency translation reserve	(15,989)	2,032
Available-for-sale investment revaluation reserve	651	-
Share option reserve	1,470	1,976
Total reserves as at 31 December 2010	(13,868)	4,008

Foreign currency translation reserve

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

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 option reserve

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

6. Dividends

	Half-Year	
	2010 \$'000	2009 \$'000
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half-year		
Paid in cash	17,116	12,526
Satisfied by the issue of shares	3,034	1,908
Total dividends paid	20,150	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. Acquisition

(i) Laguna Resources NL

On 25 October 2010 Kingsgate Consolidated Limited announced that it had signed a Bid Implementation Agreement with Laguna Resources NL pursuant to which Kingsgate will make an unconditional off-market takeover bid to acquire all of the issued and outstanding shares in Laguna. Kingsgate Bidder's Statement was lodged with the ASIC and served on Laguna Resources NL on 30 November 2010.

Under the terms of the Bidder's Statement, Kingsgate Consolidated Limited offered one Kingsgate Share for every 520 fully paid Laguna Share held by Laguna Shareholders.

On 20 December 2010 Kingsgate Consolidated Limited acquired control over Laguna Resources NL by acquiring an interest in more than 50% Laguna issued shares.

On 31 December 2010 Kingsgate Consolidated Limited had acquired an interest in 59.98% of Laguna.

8. Acquisition (continued)

Details of purchase consideration and identifiable assets acquired and liabilities assumed are as follows:

	Half-Year 2010 \$'000
Consideration transferred as at 31 December 2010	
Paid in cash	2,370
Satisfied by the issue of shares	12,308
Total consideration transferred	14,678

The net identifiable assets acquired and liabilities assumed are as follows:

	Fair value 2010 \$'000
Consideration transferred as at 31 December 2010	
Cash and cash equivalents	1,744
Receivables	125
Exploration, mine property, plant and equipment	22,947
Payables	(317)
Provision	(28)
Total net identified assets acquired	24,471
Less: Non-controlling interests	(9,793)
Net identifiable assets acquired	14,678

Equity instruments issued

Kingsgate Consolidated Limited issued 1,198,465 ordinary shares during the half-year in part consideration for acceptances of the share offer. The fair value of ordinary shares issued has been determined with reference to the price quoted on the Australian Stock Exchange.

8. Acquisition (continued)

Non-controlling interests

In accordance with the consolidated entity's accounting policies, the consolidated entity elected to recognise the non-controlling interests in Laguna Resources NL at its proportionate share of the acquired net identifiable assets.

	Half-Year 2010 \$'000
Purchase consideration – cash outflow	
Cash consideration of acquiring Laguna Resources NL	(2,370)
Less: cash balance acquired	1,744
Net cash outflow – investing activities	(626)

(ii) Dominion Mining Limited

On 20 October 2010 Kingsgate Consolidated Limited and Dominion Mining Limited signed a Scheme Implementation Agreement for Kingsgate to acquire all of the shares in Dominion via a Scheme of Arrangement. Consideration for the transaction is Kingsgate shares, with Dominion shareholders were offered 0.31 Kingsgate shares for each Dominion share they own.

The acquisition related costs of approximately \$4.4 million have been expensed during the half-year ended 31 December 2010.

9. Events occurring after reporting date

(i) Acquisition - Laguna Resources NL

On 15 February 2011 Kingsgate closed its unconditional offer to acquire Laguna shares and announced it had acquired a total of 69.84% interest in Laguna.

(ii) Acquisition - Dominion Mining Limited

On 2 February 2011, as announced to the Australian Stock Exchange, shareholders and option holders of Dominion Mining Limited approved the Scheme of Arrangement. This was subsequently approved by Federal Court of Australia on 4 February 2011. The acquisition date is 2 February 2011.

9. Events occurring after reporting date (continued)

Dominion shares were subsequently suspended from 8 February 2011 and traded in New Kingsgate Shares on a deferred settlement basis. The Scheme of Arrangement was implemented on 21 February 2011.

(iii) Interim dividend

An interim dividend of 10 cents per share was declared on 22 February 2011 with respect of the half-year ended 31 December 2010. The record date is 9 March 2011 and the dividend will be paid on the 16 March 2011.

10. Net tangible asset per ordinary share

	Half-Year	
	2010	2009
Net tangible asset backing per ordinary share: \$/share	3.12	2.69

11. Earnings per share

	Half-Year	
	2010 Cents	2009 Cents
Basic earnings per share	11.5	34.4
Diluted earnings per share	11.4	33.9
	\$'000	\$'000
Net profit / (loss) used to calculate basic and diluted earnings per share	11,581	33,215
	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	101,014,115	96,574,593
Adjustment for calculation of diluted earnings per share: option	694,765	1,274,175
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	101,708,880	97,848,768

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give 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) there are reasonable grounds to believe that Kingsgate will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



ROSS SMYTH-KIRK
Director

DATED at SYDNEY this 23 February 2011
On behalf of the Board

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 report of Kingsgate Consolidated Limited, which comprises the balance sheet as at 31 December 2010, 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, selected explanatory notes and the directors' declaration for 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

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 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.

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

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 management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2010 included on Kingsgate Consolidated Limited's web site. The company's directors are responsible for the integrity of the Kingsgate Consolidated Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

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 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*.



PricewaterhouseCoopers



Marc Upcroft
Partner

Sydney
23 February 2011