

Ausdrill Limited ABN 95 009 211 474

ASX Half-year information - 31 December 2012

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the
30 June 2012 Annual report

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Results for announcement to the market

Revenue for ordinary activities	Up	13.4%	to	\$'000 580,160
Profit from continuing ordinary activities after tax attributable to members	Down	11.9%	to	48,139
Net profit for the period attributable to members	Down	11.9%	to	48,139
Dividends				
Interim dividend	(cents)	Amount per security 6.5	Franked amount per security	6.5
Previous corresponding period	(cents)	6.5		6.5

Payment date of dividend

15 May 2013

Record date for determining entitlements to the interim dividend

16 April 2013

Date for receipt of dividend reinvestment plan notices

16 April 2013

Dividend reinvestment plans

Ausdrill Limited has a dividend reinvestment plan - the Ausdrill Limited Dividend Reinvestment Plan (**DRP**) - which is available for participation by all shareholders (subject to legal restraints applying in countries other than Australia). Participants will receive shares at a 2.5% discount to the weighted average market price of all shares traded through normal trades on ASX during the fifteen consecutive trading days immediately after the record date for determining entitlements to the dividend. All Notices of Election/Variation in respect of the **DRP** must be received by no later than the record date to be effective for this dividend. Ausdrill has entered into a **DRP Shortfall Placement Agreement** with CBA Equities (**CBA**) that will involve CBA subscribing for shares with a value of up to 100% of any shortfall in **DRP** participation by Ausdrill shareholders (**DRP Shortfall Placement Facility**). The **DRP Shortfall Placement Facility** will enable Ausdrill to preserve capital by helping to fund the **DRP** shortfall. However, given the nature of the **DRP Shortfall Placement Facility**, there is no guarantee that all or any of the **DRP** shortfall will be funded through the facility.

Net tangible assets per share

	31 December 2012 Cents	31 December 2011 Cents
Net tangible asset backing per ordinary share	227.54	218.74

Ausdrill Limited ABN 95 009 211 474
Interim financial report - 31 December 2012

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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 2012 and any public announcements made by Ausdrill Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2011.

Directors' report

Your directors present their report on the consolidated entity consisting of Ausdrill Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2012.

Directors

The following persons were directors of Ausdrill Limited during the whole of the half-year and up to the date of this report:

Terence Edward O'Connor AM QC (Chairman)
Ronald George Sayers (Managing Director)
Wallace Macarthur King AO (Deputy Chairman)
Terrence John Strapp

Donald James Argent and Mark Anthony Connelly were appointed as directors on 25 July 2012 and continue in office at the date of this report.

Review of operations

Highlights:

- Revenue is up 13.4% from \$511.7m to \$580.2m
- EBITDA is up 0.6% from \$142.7m to \$143.5m
- EBIT is down 6.4% from \$86.7m to \$81.1m
- Profit attributable to Ausdrill is down 11.9% from \$54.6m to \$48.1m
- Significant items reduced after tax earnings by \$9.3m
- Basic earnings per share is down 13.1% from 18.09 cents per share to 15.72 cents per share (excluding significant items, basic earnings per share is down 0.5% from 18.85 cents per share to 18.76 cents per share)
- Interim Dividend maintained at 6.5 cents per share, fully franked
- First half affected by mining sector slowdown however business is poised for an improvement in conditions in Australia and continued positive outlook for Africa

Overview

Ausdrill Limited (ASX: ASL) is pleased to announce a **net profit attributable to Ausdrill of \$48.1 million** for the half year to 31 December 2012. The Board has elected to maintain the interim dividend at the same level as the previous corresponding period, and has declared an interim dividend of 6.5 cents per share, fully franked, payable on 15 May, 2013.

Whilst revenues have increased as a result of increased activity in Africa, the Group's profits were impacted by a number of significant items as well as a general slowdown in activity in the Australian mining sector from September 2012 onwards. After adjusting for the effects of the significant items the Group reported results that were in line with the previous corresponding half which demonstrates the benefits of the Group's strategy of providing a diverse and vertically integrated service to the mining industry.

From an operating perspective the three areas that led to the flat result were equipment hire, exploration services and the contraction of services provided as a result of the slow-down in the Australian mining sector.

Review of operations (continued)

During the period Ausdrill incurred significant costs in relation to the restructure of its debt facilities as well as the acquisition of BTP. These costs together with other significant items amounted to an after tax loss of \$9.3 million and comprise:

A\$ million	6 months to December 2011	6 months to December 2012
Unrealised foreign exchange gains/(losses)	2.5	(1.7)
Bad debt provision against Central Norseman Gold (in Administration)	-	(5.1)
Costs in relation to the restructure of Ausdrill's financing arrangements	-	(3.0)
Amortisation of intangibles in relation to Brandrill and Connector	(2.6)	(2.4)
BTP acquisition:		
• Expenses incurred in relation to the acquisition	-	(2.4)
• Expensing of fair value attributed to inventory now sold	-	(2.2)
• Amortisation of intangibles	-	(0.5)
• Additional depreciation on fair value attributed to equipment	-	(0.9)
Gain recorded by AUMS in relation to contract variations	-	3.4
Gain on acquisition of EDA	0.5	-
Additional tax charge resulting from changes to Law	(2.3)	-
Tax effect on above	(0.4)	5.5
Effect on Net Profit After Tax	(2.3)	(9.3)

On 31 October 2012 Ausdrill acquired 100% of the various entities making up the Best Tractor Parts Group (BTP) for a cash consideration of \$161 million on a debt free/cash free basis.

The acquisition of BTP complements Ausdrill's existing equipment hire offering and more importantly introduces new revenue streams to Ausdrill's existing activities in Australia through the BTP parts business, enhances our maintenance capabilities and captures additional opportunities to build relationships with blue chip customers.

BTP was established more than 25 years ago and its business includes the supply of new and reconditioned/refurbished earthmoving parts; rental of heavy earthmoving equipment and specialised mining support vehicles; and sales of earthmoving equipment. These businesses are also supported by a hydraulics and engineering capability and a global procurement network.

During the period Ausdrill was successful in refinancing its debt and signed a new three year dual currency, syndicated facility with a number of leading commercial and investment banks for a total of \$550 million. The Company's new debt arrangement allowed Ausdrill to refinance its existing \$150 million revolver, refinance approximately \$30 million of asset finance facilities, and provided funding for the acquisition of Best Tractor Parts.

Ausdrill subsequently successfully issued US\$300 million of 6.875% seven year Senior Unsecured Notes due 2019 in an offering to qualified institutional buyers. The net proceeds of the Notes issue were used to repay existing indebtedness outstanding under the new \$550 million Syndicated Bank Facility and for general corporate purposes. Upon repayment, US\$250 million of the commitments under the \$550 million Syndicated Bank Facility were cancelled.

As a result, Ausdrill is well positioned with a more suitable debt structure that matches long term debt against \$1.5 billion of assets and a strong level of undrawn liquidity to underpin the Group's growth and ongoing funding requirements in both Australia and Africa.

Review of operations (continued)
Financial Performance

A\$ million	6 months to December 2011	6 months to June 2012	6 months to December 2012	% change from previous corresponding period
Revenue	511.7	550.5	580.2	13.4%
EBITDA (1)	142.7	145.7	143.5	0.6%
EBIT (2)	86.7	85.6	81.1	(6.4)%
Profit attributable to Ausdrill	54.6	58.3	48.1	(11.9)%

(1) EBITDA is calculated as follows: Profit from continuing operations plus depreciation and amortisation expense plus finance costs less interest received

(2) EBIT is calculated as follows: Profit from continuing operations plus finance costs less interest received

Group revenue has increased across all key segments of the Group.

EBITDA has increased from \$142.7 million in the previous corresponding period to \$143.5 million for the half year to December 2012. The EBITDA margin of 24.8% has decreased from previous periods largely as a result of the impact of significant items at the EBITDA level of \$8.0 million expensed during the period. An improved performance from the African business was offset by the effects of a contraction in activity levels in Australia and in particular the equipment hire and exploration sectors and businesses that were still being established or expanding their operations which included Energy Drilling Australia and MinAnalytical. The BTP acquisition was completed on 31 October 2012 and its results were consolidated into Ausdrill's results from 1 November 2012.

EBIT has decreased from \$86.7 million in the previous corresponding period to \$81.1 million for the half year to December 2012 whilst the EBIT margin of 14.0% has declined from the previous corresponding period again mainly due to the impact of significant items at the EBIT level of \$11.8 million expensed during the period.

The after tax profit attributable to Ausdrill shareholders has decreased from \$54.6 million in the previous corresponding period to \$48.1 million for the half year ended December 2012. After adjusting for the effects of the significant items of \$9.3 million, the Group recorded an adjusted profit after tax of \$56.9 million which is in line with the prior corresponding period's adjusted attributable profit after tax of \$57.4 million.

During the half year to December 2012 the Group continued to expand its asset base and acquired plant and equipment of \$127 million. The increased capital expenditure was required to meet the expected growing demand from the mining industry with almost half of the amount expended in West Africa. Australian growth areas include Connector Drilling and Energy Drilling Australia, as well as the core drill and blast business. The capital expenditure for the second half is expected to be materially lower than the first half with minimal expenditure currently committed other than capital works in progress.

The return on average capital employed (1) was 11.8% for the half year to December 2012 compared to 14.6% in the previous corresponding period.

Bearing in mind that Ausdrill operates a business model where nearly all of the assets required to perform its services are owned by the Group and are on the balance sheet, the financial position of the Group remains strong with net debt to adjusted EBITDA of 1.59 times, a gearing ratio (net debt to net debt plus equity) of 38%, cash of \$85 million, and net interest cover (adjusted EBITDA/adjusted Net Interest) of 9.1 times. EBITDA and Net Interest in this case have been adjusted to exclude the effects of the significant items to reflect operating performance.

The Company's net tangible asset position has increased from \$2.187 per share at 31 December 2011 to \$2.275 per share at 31 December 2012.

(1) Return on average capital employed is calculated as follows: after tax EBIT excluding significant items divided by the sum of the average receivables, inventory, plant and equipment, intangibles less payables and current tax liabilities).

Review of operations (continued)

The growth in business levels is not possible without human resources and the Ausdrill Group has increased total staff from 5,054 at 31 December 2011 to 6,441 at 31 December 2012, mainly in Africa (this includes the AUMS joint venture where staff numbers have increased from 783 to 1,104).

Mining Services - Australia

Segment revenues		Segment EBIT	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
318,774	293,078	33,307	42,684

The Australian mining services business has reported increased revenue but a fall in reported earnings. The fall has been impacted by the bad debt provision against Central Norseman Gold of \$5.1 million and amortisation/expensing of fair value uplift required under Accounting Standards in relation to the BTP acquisition of \$3.6 million.

The core drill and blast operations have reported better earnings on flat revenues with salient points being that the two major contracts that were renegotiated last year for the Superpit (Kalgoorlie, Western Australia) and Prominent Hill (South Australia) showed improvements which were offset by the reduction in activity levels at FMG from September 2012 onwards. This resulted in a reduction in the equipment fleet deployed (grade control and drill and blast rigs) and a reduction in employees at FMG sites. The deployment of surplus grade control rigs remains uncertain however the drill and blast rigs are expected to be redeployed in coming months. During the period drill and blast services commenced with Evolution Mining over four years at the Edna May Gold Mine (Western Australia).

The Australian exploration drilling services market has seen a significant slowdown towards the end of the year resulting in lower utilisation of the rig fleet which is expected to continue into the first quarter of 2013 and the prospects for any recovery are uncertain at this stage until the mining sector resumes spending on discretionary items such as exploration.

The equipment hire business has also experienced a significant slowdown from September 2012 resulting in lower utilisation of the hire fleet. A recovery is anticipated during the first half of 2013 due to ongoing construction activity associated with new mining projects in Western Australia. This business is, however, subject to challenges due to the high levels of idle equipment in the industry.

MinAnalytical Laboratory Services was fully operational by mid-2012 and continued to ramp-up its operations with recruitment and training of staff however activity levels have been hampered by the general slowdown in the exploration sector. The reported results include a loss before tax from this business of \$2.7 million.

Connector Drilling, a hydrogeological drilling business, has continued to invest in an expanded fleet and now has twelve operational rig suites. A further three rig suites are in the final stages of fabrication with commissioning scheduled for the third quarter of this calendar year. This fleet expansion is underpinned by strong market demand for its services including multiple rig, two and three year service agreements with the iron ore majors. The sector is however facing increased competition, a smaller spot market and increasing compliance costs that are resulting in tighter margins.

Energy Drilling Australia (EDA) provides exploration and production drilling services to the coal seam gas industry in Australia and has expanded from two to three rigs that are now fully operational and expected to be deployed in the first half of 2013. These services will be augmented by the provision of specialised well servicing equipment with three well servicing units currently on order and also expected to be commissioned and operational in the first half of 2013. Work in the Galilee basin for Exoma Energy has been completed and EDA is now tendering on work for the expanded fleet.

The BTP business was acquired on 31 October 2012. A sharp decline in activity levels in the mining industry in the latter part of 2012 impacted on the provision by BTP of equipment hire and parts in Queensland and NSW. There has, however, been an increased level of inquiry from clients and a resumption of maintenance activities by the coal mining industry is expected during the first quarter of 2013.

The integration of BTP into the Ausdrill Group has proceeded to plan with the merger of the equipment hire businesses (Ausdrill Mining Services and BTP Equipment) under one brand being BTP equipment, planning the roll out of the Ausdrill accounting system to BTP and the evaluation of synergies and cross-selling opportunities within the Group with a team from BTP visiting Africa late in 2012.

Review of operations (continued)

Contract Mining Services - Africa

Segment revenues		Segment EBIT	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
190,173	153,201	46,427	30,084

The African contract mining services business has reported strong growth largely as a result of increased demand from existing clients as well as the commencement of operations at the Syama project, in Mali, for Resolute Mining. A strong result was also recorded by the African Underground Mining Services joint venture. Activities in Burkina Faso were affected by an extended wet season.

There are two contracts for surface mining services that are nearing completion in West Africa at Yatela in Mali, expected to cease operations in the first half of 2014, and Chirano in Ghana expected to cease operations late in the first half of 2013. The personnel and assets are expected to be redeployed to expansion projects with existing clients or alternatively to new projects.

Activities in East Africa are centered on the drilling and blasting operations for Anglo Gold Ashanti (AGA) at the Geita Gold Mine in Tanzania which provides a significant base from which further opportunities in Eastern Africa can be targeted. A base has also been established in Zambia where we deployed three rigs to carry out exploration drilling services with opportunities being sourced for those rigs.

Ausdrill has a 50% interest in African Underground Mining Services (AUMS) with Barmenco holding the other 50%. This business provides underground mining services to customers in Ghana, Mali and Burkina Faso and was established 4 years ago. Net profit after tax increased from A\$12.8 million in the previous corresponding period to A\$26.2 million with Ausdrill's share being 50%. The reported equity accounted profit in the six months to December 2012 includes the benefit of variation claims less stock adjustments of \$3.4 million.

During the period AUMS commenced operations at the Perkoa zinc project in Burkina Faso. AUMS is also expecting to renew the contract for underground development and production services at the Gara and Yalea projects in Mali. The Chirano contract has been renewed until November 2013.

Revenues in the Africa segment are mainly derived in US dollars and historically the strength in the Australia dollar has eroded the strength in the reported results. In the current half year, the Australian dollar was, on average, at similar levels to that in the corresponding period.

Manufacturing

Segment revenues		Segment EBIT	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
72,923	68,665	5,961	10,032

The manufacturing businesses comprise Drilling Tools Australia, Remet Engineers, Drill Rigs Australia and DT HiLoad. This segment has recorded a small improvement in revenues due to increased sales of light weight truck trays to the mining sector which has been offset by a reduction in sales of drilling consumables. Overall profitability declined due to lower volumes in two of the four manufacturing businesses.

Both Drilling Tools Australia and Remet Engineers experienced lower levels of activity due to a decline in spending in the mining industry from September 2012 onwards, and as a result of a key client not purchasing drilling consumables while conducting product testing.

Review of operations (continued)

Activity levels are expected to increase as the mining sector resumes spending and will be bolstered if a tender for the provision of drill consumables to a key client is successful as well as the development of new product lines. DTA has also been short listed for appointment as a preferred supplier for the supply of drilling consumables for BHP in Western Australia. Both Remet and Drilling Tools Australia have a sales and service presence in Brisbane. This also allows us to provide additional services to the oil and gas market. In February 2013 steps were undertaken to restructure DTA and Remet in order to rationalise operations under one management structure and a new general manager has been appointed to lead the businesses.

Drill Rigs Australia manufactures exploration, blast hole and grade control rigs mainly for Ausdrill use. However, with a slowdown in the industry, the business will focus on manufacturing blast hole rigs for the near term for which there is demand.

Supply & Logistics

Segment revenues		Segment EBIT	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
38,070	37,661	1,527	736

Supply Direct has reported a slight increase in overall activity with an improvement in operating margins in particular from increased activities in West Africa that are provided by Logistics Direct based in Accra, Ghana.

All Other

Segment revenues		Segment EBIT	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
17,570	18,712	(6,132)	3,129

Diamond Communications reported an improved result for the period achieved through works in the western half of Australia for the IT and power sectors.

The All Other segment includes corporate overheads, unrealised foreign exchange losses of \$1.7m (gain of \$2.5 million in prior corresponding period) and costs expensed in relation to the acquisition of BTP of \$2.4 million.

Outlook

At an operating level the second half should see the benefit of a full six month contribution from the BTP acquisition as well as the ramp-up at the Syama project. Improved trading conditions are also expected in Western Australia as a result of improved confidence from a higher iron ore price with conditions for Coal related services in Queensland and NSW also expected to recover during the period albeit at a slower rate. This is however tempered by the fact that the mining industry is seeking to reduce costs and defer discretionary expenditure which along with increased competition and surplus equipment may lead to tightening margins.

Taking into consideration these matters, and subject to any change in circumstances, the Company expects that the second half performance will be better than that reported in the first half with an overall target of at least matching the reported net profit after tax for the year ended 30 June 2012 of \$112 million.

The resource industry is expected to remain strong over the medium term in Australia and Africa where Ausdrill has a long established presence and local know-how and, as a consequence, Ausdrill remains very well placed for continued growth beyond the current financial year.

Dividends - Ausdrill Limited

The Directors have decided to pay an interim ordinary dividend based on the December 2012 half year result of 6.5 cents per share, 100% franked, payable on 15 May 2013.

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 11.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

This report is made in accordance with a resolution of directors.



Ronald George Sayers
Managing Director

Perth
25 February 2013



Auditor's Independence Declaration

As lead auditor for the review of Ausdrill Limited for the half year ended 31 December 2012, 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 Ausdrill Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Henry'.

Nick Henry
Partner
PricewaterhouseCoopers

Perth
25 February 2013

Ausdrill Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2012

	Notes	2012 \$'000	2011 \$'000
Revenue from continuing operations	3	580,160	511,738
Other income			
Realised foreign exchange gains		522	811
Unrealised foreign exchange (losses)/gains		(1,707)	2,543
Other income		3,245	3,507
Gain relating to business combination	11	-	500
Materials		(187,260)	(162,842)
Labour		(194,388)	(166,599)
Rental and hire		(10,584)	(12,694)
Depreciation and amortisation expense	4	(62,433)	(56,008)
Finance costs	4	(21,025)	(9,959)
Other expenses from ordinary activities	4	(55,858)	(38,848)
Business combination/merger costs	11	(2,366)	-
Impairment of goodwill	4	(47)	-
Share of net profits of associates accounted for using the equity method		13,129	6,411
Profit before income tax		61,388	78,560
Income tax expense		(13,804)	(24,174)
Profit from continuing operations		47,584	54,386
Other comprehensive income			
Items that may be reclassified to profit or loss			
(Loss)/gain on revaluation of land and buildings, net of tax		(36)	9
Exchange differences on translation of foreign operations		(1,121)	2,930
Other comprehensive income for the half-year, net of tax		(1,157)	2,939
Total comprehensive income for the half-year		46,427	57,325
Profit is attributable to:			
Equity holders of Ausdrill Limited		48,139	54,643
Non-controlling interests		(555)	(257)
		47,584	54,386
Total comprehensive income for the half-year is attributable to:			
Equity holders of Ausdrill Limited		46,982	57,582
Non-controlling interests		(555)	(257)
		46,427	57,325
		Cents	Cents
Earnings per share:			
Basic earnings per share		15.72	18.09
Diluted earnings per share		15.67	17.97

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

Ausdrill Limited
Consolidated statement of financial position
As at 31 December 2012

		31 December	30 June
		2012	2012
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	85,022	124,188
Trade and other receivables		223,430	226,451
Inventories		262,472	186,388
Total current assets		570,924	537,027
Non-current assets			
Receivables		12,932	12,991
Investments accounted for using the equity method		49,365	35,888
Available-for-sale financial assets		15	-
Property, plant and equipment		826,127	709,445
Deferred tax assets		22,238	14,888
Intangible assets		73,050	32,376
Total non-current assets		983,727	805,588
TOTAL ASSETS		1,554,651	1,342,615
LIABILITIES			
Current liabilities			
Trade and other payables		159,664	174,523
Borrowings	6	90,367	107,747
Current tax liabilities		7,181	25,346
Provisions		7,538	6,264
Total current liabilities		264,750	313,880
Non-current liabilities			
Borrowings	7	475,870	256,194
Deferred tax liabilities		32,392	27,345
Provisions		4,477	4,435
Total non-current liabilities		512,739	287,974
TOTAL LIABILITIES		777,489	601,854
NET ASSETS		777,162	740,761
EQUITY			
Contributed equity		522,009	508,513
Other reserves		(10,764)	(10,461)
Retained earnings		267,536	243,773
Capital and reserves attributable to the owners of Ausdrill Limited		778,781	741,825
Non-controlling interests		(1,619)	(1,064)
TOTAL EQUITY		777,162	740,761

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

Ausdrill Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2012

		Attributable to members of Ausdrill Limited				Non-con- trolling interests \$'000	Total equity \$'000
Notes		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000		
	Balance at 01 July 2011	501,696	(17,214)	170,187	654,669	274	654,943
	Profit for the half year	-	-	54,643	54,643	(257)	54,386
	Other comprehensive income	-	2,939	-	2,939	-	2,939
	Total comprehensive income for the half-year	-	2,939	54,643	57,582	(257)	57,325
	Transactions with owners in their capacity as owners:						
	Contributions of equity, net of transaction costs and tax	9	2,987	-	2,987	-	2,987
	Transactions with non-controlling interests		-	602	602	(602)	-
	Shares issued on conversion of employee share options, net of transaction costs	9	951	-	951	-	951
	Dividends provided for or paid	8	-	(19,610)	(19,610)	-	(19,610)
	Employee share options - value of employee services		-	538	538	-	538
	Balance at 31 December 2011	505,634	(13,135)	205,220	697,719	(585)	697,134
	Balance at 01 July 2012	508,513	(10,461)	243,773	741,825	(1,064)	740,761
	Profit for the half year	-	-	48,139	48,139	(555)	47,584
	Other comprehensive income	-	(1,157)	-	(1,157)	-	(1,157)
	Total comprehensive income for the half-year	-	(1,157)	48,139	46,982	(555)	46,427
	Transactions with owners in their capacity as owners:						
	Contributions of equity, net of transaction costs and tax	9	12,685	-	12,685	-	12,685
	Shares issued on conversion of employee share options, net of transaction costs	9	811	-	811	-	811
	Dividends provided for or paid	8	-	(24,376)	(24,376)	-	(24,376)
	Employee share options - value of employee services		-	854	854	-	854
	Balance at 31 December 2012	522,009	(10,764)	267,536	778,781	(1,619)	777,162

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

Ausdrill Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2012

	2012	2011
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	630,936	530,006
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(530,765)</u>	<u>(432,295)</u>
	100,171	97,711
Interest received	1,323	1,854
Interest and other costs of finance paid	(16,794)	(9,459)
Income taxes paid	(34,517)	(22,221)
Management fee received from associate	2,697	431
Net cash inflow from operating activities	<u>52,880</u>	<u>68,316</u>
Cash flows from investing activities		
Payment for purchase of subsidiary net of cash acquired	11(b) (161,271)	119
Payments for property, plant and equipment	(110,898)	(103,968)
Proceeds from sale of property, plant and equipment	1,861	958
Payment of development costs	(173)	(107)
Loans to associates	(528)	(7,550)
Payments for patents and trademarks	-	(1,703)
Net cash (outflow) from investing activities	<u>(271,009)</u>	<u>(112,251)</u>
Cash flows from financing activities		
Proceeds from issues of shares, net of transaction costs	8,166	941
Proceeds from secured borrowings	431,704	50,602
Proceeds from unsecured borrowings	286,972	-
Return of bank guarantee	587	-
Repayment of secured borrowings	(457,292)	(14,029)
Repayment of unsecured borrowings	(7,741)	(3,645)
Repayment of hire purchase and lease liabilities	(66,936)	(32,347)
Dividends paid to company's shareholders	8 (19,046)	(16,618)
Net cash inflow (outflow) from financing activities	<u>176,414</u>	<u>(15,096)</u>
Net (decrease) in cash and cash equivalents	(41,715)	(59,031)
Cash and cash equivalents at the beginning of the financial year	124,188	140,714
Effects of exchange rate changes on cash and cash equivalents	(300)	(372)
Cash and cash equivalents at end of half-year	5 <u>82,173</u>	<u>81,311</u>

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

1 Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated 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 2012 and any public announcements made by Ausdrill 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.

2 Segment information

(a) Description of segments

Management has determined the operating segments based on the internal reports reviewed by the Board that are used to make strategic decisions. The Board assesses the performance of the operating segments based on revenue, EBIT, EBITDA and profit before tax.

The operating segments are identified by the Board based on the nature of the services provided. The Board considers the business from a geographic perspective, similarity of the services provided and the nature of risks and returns associated with each business. The entity is organised into the following divisions by service type:

Mining Services Australia:

The provision of mining services including drilling and blasting, in-pit grade control, exploration drilling, earthmoving, waterwell drilling, energy drilling, equipment hire, equipment parts and sales and mineral analysis in Australia.

Contract Mining Services Africa:

The provision of mining services including drilling and blasting, in pit grade control, exploration drilling and earthmoving in Africa.

Manufacturing:

The manufacture of drilling rods and consumables, drill rigs and dump truck tray bodies.

Supply and Logistics:

The provision of mining supplies and logistics services.

All other segments

Operating segments which do not meet the aggregation criteria for the current segments. This segment also includes Group central functions like treasury, financing and administration.

Intersegment eliminations

Represents transactions which are eliminated on consolidation.

2 Segment information (continued)

(b) Segment information provided to the Board

Half-year ended 31 December 2012	Mining Services Australia \$'000	Contract Mining Services Africa \$'000	#Manu- facturing \$'000	*Supply & Logistics \$'000	All other segments \$'000	Inter- segment Eliminations \$'000	Consolidated \$'000
Segment revenue							
Sales to external customers	317,893	190,063	40,592	22,540	7,749	-	578,837
Intersegment sales	239	-	32,252	15,505	34	(48,030)	-
Total sales revenue	318,132	190,063	72,844	38,045	7,783	(48,030)	578,837
Other revenue	642	110	79	25	9,787	(9,320)	1,323
Segment revenue	318,774	190,173	72,923	38,070	17,570	(57,350)	580,160
Segment EBITDA	69,613	68,433	9,088	1,606	(5,217)	-	143,523
Depreciation expense	(33,773)	(22,006)	(2,660)	(79)	(915)	-	(59,433)
Amortisation expense	(2,533)	-	(467)	-	-	-	(3,000)
Segment EBIT	33,307	46,427	5,961	1,527	(6,132)	-	81,090
Interest income	642	110	79	25	9,787	(9,320)	1,323
Interest expense	(8,715)	(7,904)	(947)	(795)	(11,984)	9,320	(21,025)
Segment result	25,234	38,633	5,093	757	(8,329)	-	61,388
Income tax expense							(13,804)
Profit for the half-year							47,584
Segment assets	1,166,329	545,172	134,986	34,302	709,882	(1,036,020)	1,554,651
Segment liabilities	504,978	346,033	93,868	30,216	764,581	(962,187)	777,489
Other segment information							
Investments in associates	-	49,365	-	-	-	-	49,365
Share of profit from associates and joint venture partnership	-	13,129	-	-	-	-	13,129
Acquisition of property, plant and equipment, intangibles and other non-current assets	97,820	67,842	4,086	36	1,201	-	170,985

This segment operates in the Australian region.

* This segment predominantly operates in the African region.

2 Segment information (continued)

(b) Segment information provided to the Board (continued)

Half-year ended 31 December 2011	Mining Services Australia \$'000	Contract Mining Services Africa \$'000	#Manu- facturing \$'000	*Supply & Logistics \$'000	All other segments \$'000	Inter- segment Eliminations \$'000	Consolidated \$'000
Segment revenue							
Sales to external customers	291,590	152,985	32,092	23,549	9,668	-	509,884
Intersegment sales	108	-	36,484	14,091	28	(50,711)	-
Total sales revenue	291,698	152,985	68,576	37,640	9,696	(50,711)	509,884
Other revenue	1,380	216	89	21	9,016	(8,868)	1,854
Total segment revenue	293,078	153,201	68,665	37,661	18,712	(59,579)	511,738
Segment EBITDA	77,184	48,214	12,383	809	4,083	-	142,673
Depreciation expense	(32,275)	(18,130)	(2,006)	(73)	(954)	-	(53,438)
Amortisation expense	(2,225)	-	(345)	-	-	-	(2,570)
Segment EBIT	42,684	30,084	10,032	736	3,129	-	86,665
Interest income	1,380	216	89	21	9,016	(8,868)	1,854
Interest expense	(9,561)	(6,479)	(870)	(812)	(1,105)	8,868	(9,959)
Segment result	34,503	23,821	9,251	(55)	11,040	-	78,560
Income tax expense							(24,174)
Profit for the half-year							54,386
Segment assets	951,746	424,961	113,562	36,088	399,865	(749,133)	1,177,089
Segment liabilities	344,549	277,705	87,728	33,157	412,261	(675,445)	479,955
Other segment information							
Investments in associates	-	28,590	-	-	-	-	28,590
Share of net profits of associates	-	6,411	-	-	-	-	6,411
Acquisition of property, plant and equipment, intangibles and other non-current assets	71,233	77,759	8,524	70	2,398	-	159,984

This segment operates in the Australian region.

* This segment predominantly operates in the African region.

3 Revenue

	31 December 2012 \$'000	31 December 2011 \$'000
From continuing operations		
Sales revenue		
Sale of goods	57,125	52,399
Services	521,712	457,485
	<u>578,837</u>	<u>509,884</u>
Other revenue		
Interest - Others	1,145	1,701
Interest - Related Parties	178	153
	<u>1,323</u>	<u>1,854</u>
	<u>580,160</u>	<u>511,738</u>

4 Expenses

Profit before income tax includes the following specific expenses:

Depreciation		
Buildings	605	646
Plant and equipment	58,828	52,792
Total depreciation	<u>59,433</u>	<u>53,438</u>
Amortisation		
Amortisation of intangibles	<u>3,000</u>	<u>2,570</u>
Finance costs		
Hire purchase interest	5,348	6,398
Prepaid costs expensed following refinancing of facilities	2,929	-
Interest paid	12,748	3,561
Finance costs expensed	<u>21,025</u>	<u>9,959</u>
Net loss on disposal of property, plant and equipment	<u>1,061</u>	<u>1,849</u>
Total rental expense relating to operating leases	<u>3,080</u>	<u>2,211</u>
Impairment losses - financial assets		
Trade receivables	<u>4,952</u>	<u>1,028</u>
Impairment of acquisition		
Impairment of goodwill	<u>47</u>	<u>-</u>

5 Current assets - Cash and cash equivalents

	31 December 2012 \$'000	30 June 2012 \$'000
Cash at bank and in hand	85,022	124,188

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial period as shown in the statement of cash flows as follows:

Cash and cash equivalents	85,022	124,188
Bank overdrafts (note 6)	(2,849)	-
Balances per consolidated statement of cash flows	82,173	124,188

6 Current liabilities - Borrowings

Secured

Bank overdrafts	2,849	-
Bank loans	37,159	41,847
Hire purchase liabilities	49,490	64,744
Total secured current borrowings	89,498	106,591

Unsecured

Insurance Premium Funding	869	1,156
Total unsecured current borrowings	869	1,156
Total current borrowings	90,367	107,747

7 Non-current liabilities - Borrowings

	31 December 2012 \$'000	30 June 2012 \$'000
Secured		
Bank loans	140,532	163,773
Prepaid borrowing costs	(2,291)	(2,470)
Hire purchase liabilities	57,895	94,891
Total secured non-current borrowings	<u>196,136</u>	<u>256,194</u>
Unsecured		
Senior unsecured notes	289,184	-
Prepaid borrowing costs	(9,450)	-
Total unsecured non-current borrowings	<u>279,734</u>	<u>-</u>
Total non-current borrowings	<u>475,870</u>	<u>256,194</u>

On 5 October 2012, Ausdrill refinanced its debt and signed a new three year dual currency, syndicated facility with a number of leading commercial and investment banks for a total of \$550 million.

This arrangement allowed Ausdrill to refinance its existing \$150 million revolver, refinance approximately \$30 million of asset finance facilities, and provided funding for the acquisition of Best Tractor Parts, which completed on 31 October 2012.

On 12 November 2012, Ausdrill completed an offering of US\$300 million in aggregate principal amount of 6.875% Guaranteed Senior Unsecured Notes due 2019 in an offering to qualified institutional buyers in the United States pursuant to Rule 144A under the United States Securities Act of 1993, and to certain persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

The net proceeds of the Notes issued were used to repay existing indebtedness outstanding under the \$550 million Syndicated Bank Facility entered into in early October and for general corporate purposes. Concurrent with this, US\$250 million of the commitments under the \$550 million Syndicated Bank Facility were cancelled.

8 Dividends

(a) Ordinary shares

	Half-year ended	
	2012	2011
	\$'000	\$'000
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half years ended 31 December 2012 and 2011 were as follows:		
Paid in cash	19,046	16,618
Satisfied by issue of shares	5,330	2,992
	24,376	19,610

(b) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since half-year end the directors have recommended the payment of an interim dividend of 6.5 cents per fully paid ordinary share (2011 - 6.5 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 15 May 2013 out of retained profits at 31 December 2012, but not recognised as a liability at the end of the half-year, is

	20,114	19,707
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9 Equity securities issued

	2012 Shares	2011 Shares	2012 \$'000	2011 \$'000
Issue of ordinary shares during the half-year				
Dividend reinvestment plan issues	1,893,999	1,002,309	5,330	2,992
Shares issued pursuant to Shortfall Placement Facility for the 2012 dividend	2,560,674	-	7,404	-
Shares issued pursuant to the exercise of options	600,001	733,329	823	959
Less shares issue costs net of tax credit	-	-	(61)	(13)
	5,054,674	1,735,638	13,496	3,938

10 Investments in associates

(a) Summarised financial information of associates

	Ownership interest	
	Half-year ended	
	2012	2011
	%	%
African Underground Mining Services Ghana Ltd	50	50
African Underground Mining Services Mali Sarl	50	50
African Underground Mining Services Burkina Faso Sarl	50	-

11 Business combination

(a) Current period

Summary of acquisition of Best Tractor Parts Group

On 31 October 2012 Ausdrill Limited acquired 100% interest of Best Tractor Parts Group, a company that provides refurbished earthmoving parts, plant hire and rental, specialised mining support vehicles, and sales of earthmoving equipment.

Details of the purchase consideration and the net assets and liabilities acquired on acquisition are as follows:

	\$'000
Purchase consideration	
Cash paid	164,712
Total purchase consideration	<u>164,712</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	3,441
Property plant and equipment	55,945
Intangible assets	1,606
Inventories	65,866
Receivables	21,959
Other non-current assets	14
Deferred tax asset (net)	1,169
Payables	(23,727)
Employee benefit liabilities	(1,603)
Current tax liability	(1,901)
Net identifiable assets acquired	<u>122,769</u>
Goodwill on acquisition	<u>41,943</u>
Net assets acquired	<u>164,712</u>

The goodwill is attributable to the workforce and profitability of the acquired business along with the synergies that are expected to arise. None of the goodwill recognised is expected to be deductible for tax purposes.

The acquisition of Best Tractor Parts Group occurred on 31 October 2012. In accordance with AASB 3R Business Combinations, the initial accounting determined above is provisional. The provisional accounting for the acquisition may be adjusted in the next reporting period in the event that the finalisation of fair value procedures produces fair values which are different to those provisionally determined.

(i) Acquired receivables

The fair value of acquired receivables is \$21,959,411. The gross contractual amount for trade receivables due is \$22,329,595 of which \$370,184 is expected to be uncollectable.

11 Business combination (continued)

(a) Current period (continued)

(ii) Acquisition related costs

Acquisition related costs of \$2,366,445 are included in the statement of comprehensive income.

(iii) Revenue and profit contribution

The acquired business contributed revenues of \$17,208,166 and net (loss) of (\$694,384) to the group from the period for 1 November 2012 to 31 December 2012. Included in the net loss of the period were amortisation/expensing of fair value uplift of \$3,589,474 required under Accounting Standards in relation to the BTP acquisition.

If the acquisition had occurred on 1 July 2012, consolidated revenue and consolidated (loss) for the half year ended 31 December 2012 would have been \$62,978,918 and (\$126,037) respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2012, together with the consequential tax effects. The subsidiary's costs of the merger have also been excluded.

(b) Purchase consideration - cash outflow

	2012 \$'000	2011 \$'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	164,712	-
Less: balances acquired		
Cash	(3,441)	-
Outflow of cash - investing activities	161,271	-

(c) Prior period

On 1 July 2011 Ausdrill Limited acquired the remaining 50% of the issued share capital of Energy Drilling Australia Pty Ltd, a company that provides drilling services to the coal seam gas industry. Details of the business combination were disclosed in note 33 of the group's annual financial statements for the year ended 30 June 2012.

12 Non-cash investing and financing activities

	Half-year ended 2012 \$'000	2011 \$'000
Acquisition of plant and equipment by means of finance leases or hire purchases	14,734	50,443
Issue of shares under company dividend reinvestment plan	5,330	2,992
	20,064	53,435

13 Events occurring after the balance sheet date

On 26 February 2013, the directors declared the payment of an interim ordinary dividend of 6.5 cents (fully franked) per fully paid share to be paid on 15 May 2013 out of retained profits at 31 December 2012.

The financial effect of the above transaction has not been brought to account at 31 December 2012.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 12 to 24 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 2012 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that Ausdrill 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.



Ronald George Sayers
Managing Director
Perth
25 February 2013



Independent auditor's review report to the members of Ausdrill Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ausdrill Limited, which comprises the consolidated statement of financial position as at December 31, 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Ausdrill Limited Group (the consolidated entity). The consolidated entity comprises both Ausdrill 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 internal 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 a 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 2012 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 Ausdrill 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*.

PricewaterhouseCoopers, ABN 52 780 433 757

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Independent auditor's review report to the members of Ausdrill Limited (cont'd)

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 Ausdrill 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 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Henry

Nick Henry
Partner

Perth
25 February 2013