Ausdrill Limited
ABN 95 009 211 474
ASX Half-year information - 31 December 2010

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2010 Annual Report

Contents

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$'000
Revenue from ordinary activities	Up	60.4%	to	415,985
Profit from continuing ordinary activities after tax attributable to members	Up	71.5%	to	36,338
Net profit for the period attributable to members	Up	71.5%	to	36,338

Dividends		Amount per security	Franked amount per security
Interim dividend	(cents)	5.5	5.5
Previous corresponding period	(cents)	5.0	5.0

Payment date of dividend	21 April 2011
Record date for determining entitlements to the interim dividend	12 April 2011
Date for receipt of dividend reinvestment plan notices	12 April 2011

Dividend reinvestment plans

The company has a dividend reinvestment plan - Ausdrill Ltd Dividend Reinvestment Plan which is available for participation by all shareholders eligible to participate in the Plan in accordance with the Plan rules. There will be no discount applied to the weighted average market price of all shares traded during the five business days up to and including the record date for determining the entitlement to this dividend.

Net tangible assets per share

	31 December 2010 Cents	31 December 2009 Cents
Net tangible asset backing per ordinary share	**179.3**	160.2

Ausdrill Limited ABN 95 009 211 474
Interim financial report
31 December 2010

Contents

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 Ausdrill Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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 2010.

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 (Chairman)
Ronald George Sayers (Managing Director)
James Edward Askew
Terrence John Strapp
Mason Gordon Hills

Review of operations

Highlights:

- **Revenue is up 60.4% from $259.3m to $416.0m**
- **EBITDA is up 47.7% from $64.9m to $95.9m**
- **EBIT is up 49.9% from $37.8m to $56.6m**
- **Profit attributable to Ausdrill is up 71.5% from $21.2m to $36.3m**
- **Basic earnings per share is up 16.5% from 11.91 cents per share to 13.87 cents per share on an enlarged capital base**
- **Interim Dividend increased from 5.0 cents per share to 5.5 cents per share, fully franked**
- **Positive outlook for the mining sector**

Overview

Ausdrill Limited (ASX: ASL) is pleased to announce a strong net **profit attributable to Ausdrill of $36.3 million** for the half year to 31 December, 2010. Following the improved earnings, the Board has elected to increase the interim dividend from the previous corresponding period, and has declared an interim dividend of 5.5 cents per share, fully franked, payable on 21 April, 2011.

The increase in revenues and profits is as a result of the contribution from the Brandrill acquisition in December 2009, the benefits of the Group’s strategy of providing a diverse and vertically integrated service to the mining industry as well as the increased level of activity resulting from a strong resources sector.

The reported profits include pre-tax unrealised foreign exchange losses of $4.9 million resulting from the strong Australian Dollar. The profits for the corresponding half year period to 31 December 2009 included Brandrill merger costs and unrealised foreign exchange losses of $2.8 million on a pre-tax basis.

Sadly, in December 2010 Ausdrill reported the fatality of a contract worker at its maintenance workshop at the Cloudbreak mine operated by Fortescue Metals Group (“FMG”). The incident remains under investigation. This incident has marred an otherwise pleasing improvement in our safety performance over the last 3 years and we remain committed to continued improvement in the areas of health, safety and the environment. The Ausdrill relationship with FMG remains strong and we continue to provide drill and blast services and equipment hire to FMG.

Review of operations (Continued)

Financial Performance

A$ million	6 months to December 2009	6 months to June 2010	6 months to December 2010	% change from previous corresponding period
Revenue	259.3	373.5	416.0	60.4
EBITDA	64.9	85.5	95.9	47.7
EBIT	37.8	42.8	56.6	49.9
Profit attributable to Ausdrill	21.2	27.1	36.3	71.5

Group revenue has increased following the acquisition of Brandrill, which now forms part of the Australian contract mining services segment as well as continued growth in all other parts of the group.

EBITDA has increased from $64.9 million in the previous corresponding period to $95.9 million for the half year to December 2010 whilst the EBITDA margin of 23% has remained at the levels seen in the half year ended June 2010 which included the effects of the Brandrill acquisition for the first time. This result was achieved despite the adverse impact of the strong Australian Dollar on the reported profits.

EBIT has increased from $37.8 million in the previous corresponding period to $56.6 million for the half year to December 2010 whilst the EBIT margin of 13.6% has improved from that seen in the half year ended June 2010 which included the accelerated depreciation and amortisation of intangibles arising from the Brandrill acquisition.

The after tax profit attributable to Ausdrill shareholders has increased from $21.2 million in the previous corresponding period to $36.3 million for the half year ended December 2010. The improved profits also include the benefit of a lower tax charge due to the profits from the operations in Mali being subject to a tax holiday for the first 8 years and a revenue based tax system in Tanzania.

During the half year to December 2010 Ausdrill continued to expand its asset base and acquired plant and equipment of $75.8 million. This included a fleet of 21 Caterpillar 100 tonne second hand trucks that have been deployed in West Africa (13) and Australia (8).

The return on average capital employed was 12.6% for the half year to December 2010 compared to 10.0% in the previous corresponding period. (This is calculated as follows: after tax EBIT divided by the sum of the average receivables, inventory, plant and equipment, intangibles less payables).

The financial position of the Group remains strong with a net debt to equity ratio of 24%, cash of $67.6 million, and interest cover (EBIT/Interest) of 6.2 times. The Company’s net tangible asset position has increased from $1.602 per share to **$1.793 per share**.

Contract Mining Services – Australia

$’000	Segment revenues		Segment results (profit before tax)	
	2010	2009	**2010**	2009
Contract Mining Services Australia	**244,018**	133,579	**28,257**	22,493

The Australian contract mining services business has continued to grow steadily whilst showing an improvement in net profit largely as a result of the improved results from Brandrill.

Following the completion of the merger with Brandrill on the 16th December 2009, the integration of Brandrill has progressed well. The Brandrill contracts are being reassigned into the existing Ausdrill businesses and the majority of Brandrill employees are now on the Ausdrill payroll. Key contracts are being renegotiated as and when they fall due for renewal which has contributed to an improved performance for the business. There are however some contracts, mainly on the East Coast, that are still underperforming relative to the Group and which will be managed in order to improve their performance.

Review of operations (Continued)

Our production drilling and blasting business secured an extension for three years at FMG's Chichester Operations in Western Australia.

The Australian exploration drilling services market has seen renewed activity resulting in a higher utilisation of the rig fleet.

During the period a new business, MinAnalytical Laboratory Services, was formed to provide analysis of samples to the mining industry. The business is 80% owned by Ausdrill and is currently in the process of establishing a brand new facility with state of the art equipment in Canning Vale, Western Australia. The business is expected to be operational by the 3rd quarter of 2011. The formation of this business continues the strategy of vertical integration whereby the Ausdrill Group will provide a "one-stop shop" to its mining clients.

In pursuance of this strategy Ausdrill has subsequent to December 2010 announced the acquisition of a hydrogeological drilling business called Connector Drilling. This acquisition will enable the Group to offer waterwell drilling services to its clients in this growing market.

Contract Mining Services – Africa

$'000	Segment revenues		Segment results (profit before tax)	
	2010	2009	**2010**	2009
Contract Mining Services Africa	**112,753**	94,872	**19,839**	10,759

The African contract mining services business has also continued to grow steadily whilst showing an improvement in net profit largely due to the contribution from the recently established operations in Mali. The improvement in revenue was achieved notwithstanding the effects of the stronger Australian dollar in the current period. If the reported revenues and profits were translated at the average exchange rates used in the corresponding period then the revenue and profit before tax for the half to December 2010 would increase by $11.3 million and $1.7 million respectively.

Our African Mining Services business was successful in securing a significant new 63 month, US$300m, contract at the Ayanfuri mine for Perseus Mining Limited which has commenced pre-production works in the first quarter of 2011. We also commenced works at the Nzema mine for Adamus Resources Limited in November 2010 where we were awarded a 3 year, US$58m contract.

African Mining Services is currently experiencing full utilisation of its exploration drilling fleet and we are in the process of mobilising additional drilling equipment to the region in order to support newly established operations in Burkina Faso.

Drilling and blasting operations for Anglo Gold Ashanti (AGA) at the Geita Gold Mine in Tanzania have formed a significant base from which further opportunities in Eastern Africa can be targeted as evidenced by the recent expansion into Zambia with BHP Billiton where we will deploy three rigs to carry out exploration drilling services for a 12 month period with an option for a further 12 months.

Ausdrill has a 50% interest in African Underground Mining Services with Barminco holding the other 50%. This business provides underground mining services to customers in Ghana and Mali and was established 2 years ago. As expected the business has been steadily growing over that period with the number of underground operations increasing from 1 to 4. Revenue for that business has grown from A$15.1 million for the 6 months to December 2009 to A$55.9 million in the 6 months to December 2010. EBITDA has increased from A$3.7 million in the corresponding period to A$12.3 million with net profit after tax increasing from A$0.7million to A$5.1 million with Ausdrill's share being 50%.

Manufacturing

$'000	Segment revenues		Segment results (profit before tax)	
	2010	2009	**2010**	2009
Manufacturing	**46,264**	20,477	**5,374**	1,275

Review of operations (Continued)

The manufacturing businesses comprise Drilling Tools Australia, Remet Engineers, Drill Rigs Australia and DT HiLoad, which was acquired as part of the Brandrill acquisition. This segment has recorded a substantial improvement in revenues and profits due to increased sales of drilling consumables to the mining sector and the improvement at DT HiLoad. This follows the investment in June 2010 in new equipment that allows DT Hi Load to manufacture their specialist dump truck trays locally. The resulting reductions in manufacturing cost has improved margins and improved its competitiveness.

Remet is currently installing a new friction welder and has installed an automated diamond rod manufacturing cell in 2010. This will add new product lines to our business as well as improving production cost and quality on existing products. It will also allow us to service parts of the oil and gas market.

We now sell more than half of the products produced by the manufacturing businesses to external customers.

Supply & Logistics

$'000	Segment revenues		Segment results (profit before tax)	
	2010	2009	**2010**	2009
Supply & Logistics	**35,559**	19,229	**817**	(787)

Supply Direct has recorded a significant improvement in revenues and consequently in net profit. The improved profit is due to a recovery in general mining activity.

Other

$'000	Segment revenues		Segment results (profit before tax)	
	2010	2009	**2010**	2009
All Other Segments	**12,939**	10,931	**(4,272)**	(3,239)

Diamond Communications reported an improved result for the period achieved through works in the western half of Australia for the IT and power sectors. An increase in activity is expected once the National Broadband Network rollout commences.

Following the decision by Ausdrill to enter the Australian coal seam gas market during 2010, the operations have moved to production. The operation in Queensland has had a slow start due to adverse weather conditions and has as a result reported a loss for the 6 months to December 2010. Ausdrill has a 50% interest in this venture with the net loss of A$2.0 million recorded in the accounts as a share of Associates losses. An improvement in operations is expected in 2011.

Outlook

Current tendering activity remains high and the company expects to convert a significant part of these tenders to contracts in the next year.

The second half to June 2011 includes the cessation of the contract at Damang and the start up at Ayanfuri, in Ghana. There will be closing down costs at Damang and whilst we expect a smooth transition from one contract to the other, there is a risk that this does not occur. We are also subject to foreign exchange fluctuations that impact on our reported results from our African businesses, and have experienced unusually wet weather in parts of Australia which, if it continues, may have an adverse impact on operations.

The Company is on track to deliver an improved full year result for the year ended 30 June 2011 of around $70 million, subject to weather conditions, and provided the mining sector remains strong is very well placed for growth leading into the next financial year.

Dividends - Ausdrill Limited

The Directors have decided to pay an interim ordinary dividend based on the December 2010 half year result of 5.5 cents per share, 100% franked, payable on 21 April 2011.

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 8.

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 and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

Ronald George Sayers
Managing Director
Perth
24th day of February 2011

Auditor's Independence Declaration

As lead auditor for the review of Ausdrill 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 Ausdrill Limited and entities it controlled during the period.

Nick Henry
Partner
PricewaterhouseCoopers

Perth
24 February 2011

PricewaterhouseCoopers, ABN 52 780 433 757
QV1, 250 St Georges Terrace, GPO BOX D198,PERTH WA 6000
DX 77 Perth, Australia
T +61 8 9238 3000, F +61 8 9238 3999, www.pwc.com.au

	Half-year ended	
	2010	2009
	$'000	$'000
Revenue from continuing operations	**415,985**	259,336
Other income		
Realised foreign exchange (losses)	**(761)**	(495)
Unrealised foreign exchange (losses)	**(4,897)**	(2,242)
Other	**4,006**	1,824
Materials	**(139,146)**	(86,043)
Labour	**(139,257)**	(85,419)
Rental and hire	**(13,125)**	(5,728)
Depreciation and amortisation expense	**(39,256)**	(27,144)
Finance costs	**(9,140)**	(7,937)
Other expenses from ordinary activities	**(24,964)**	(15,082)
Merger costs	**-**	(550)
Share of net profits of associates accounted for using the equity method	**570**	(19)
Profit before income tax	**50,015**	30,501
Income tax expense	**(13,635)**	(9,318)
Profit from continuing operations	**36,380**	21,183
Other comprehensive income		
Changes in the fair value of available-for-sale financial assets	**75**	13
Exchange differences on translation of foreign operations	**(18,731)**	(12,650)
Other comprehensive income for the year, net of tax	**(18,656)**	(12,637)
Total comprehensive income for the half-year	**17,724**	8,546
Profit attributable to:		
Equity holders of Ausdrill	**36,338**	21,183
Non-controlling interests	**42**	-
Profit for the half-year	**36,380**	21,183
Total comprehensive income attributable to:		
Equity holders of Ausdrill	**17,682**	8,546
Non-controlling interests	**42**	-
Total comprehensive income for the half-year	**17,724**	8,546
	Cents	Cents
Earnings per share		
Basic earnings per share	**13.87**	11.91
Diluted earnings per share	**13.78**	11.84

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 2010

	31 December 2010	30 June 2010
	$'000	$'000
ASSETS		
Current assets		
Cash and cash equivalents	**67,624**	144,387
Trade and other receivables	**142,775**	132,638
Inventories	**108,133**	104,759
Total current assets	**318,532**	381,784
Non-current assets		
Receivables	**1,745**	2,257
Investments accounted for using the equity method	**21,209**	15,526
Available-for-sale financial assets	**211**	103
Property, plant and equipment	**466,332**	449,763
Deferred tax assets	**496**	174
Intangible assets	**34,116**	35,873
Total non-current assets	**524,109**	503,696
TOTAL ASSETS	**842,641**	885,480
LIABILITIES		
Current liabilities		
Trade and other payables	**116,942**	115,823
Borrowings	**81,807**	95,591
Current tax liabilities	**9,328**	2,252
Provisions	**4,901**	5,379
Total current liabilities	**212,978**	219,045
Non-current liabilities		
Borrowings	**109,647**	147,309
Deferred tax liabilities	**12,633**	15,523
Provisions	**1,851**	2,115
Total non-current liabilities	**124,131**	164,947
TOTAL LIABILITIES	**337,109**	383,992
NET ASSETS	**505,532**	501,488
EQUITY		
Contributed equity	**371,100**	369,181
Reserves	**(13,566)**	5,000
Retained profits	**147,596**	126,967
Capital and reserves attributable to the owners of Ausdrill Limited	**505,130**	501,148
Non-controlling interest	**402**	340
TOTAL EQUITY	**505,532**	501,488

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

Consolidated	Attributable to members of Ausdrill Limited: Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2009	194,152	12,342	99,636	306,130	-	306,130
Total comprehensive income for the half-year	-	(12,637)	21,183	8,546	-	8,546
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	1,564	-	-	1,564	-	1,564
Shares issued in consideration of acquisition of subsidiary	70,490	-	-	70,490	-	70,490
Non-controlling interest on acquisition of subsidiary	-	-	-	-	418	418
Dividends paid	-	-	(10,486)	(10,486)	-	(10,486)
Employee share options - value of employee services	-	172	-	172	-	172
Balance at 31 December 2009	**266,206**	**(123)**	**110,333**	**376,416**	**418**	**376,834**

Consolidated	Attributable to members of Ausdrill Limited: Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-Controlling interest $'000	Total $'000
Balance at 1 July 2010	**369,181**	**5,000**	**126,967**	**501,148**	**340**	**501,488**
Total comprehensive income for the half-year	-	(18,656)	36,338	17,682	42	17,724
Transactions with owners in their capacity as owners:						
Non-controlling interest on new subsidiary	-	-	-	-	20	20
Shares issued pursuant to exercise of options	517	-	-	517	-	517
Contributions of equity, net of transaction costs	1,402	-	-	1,402	-	1,402
Dividends paid	-	-	(15,709)	(15,709)	-	(15,709)
Employee share options - value of employee services	-	90	-	90	-	90
Balance at 31 December 2010	**371,100**	**(13,566)**	**147,596**	**505,130**	**402**	**505,532**

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 2010

	Half-year ended 2010 $'000	2009 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**420,836**	268,027
Payments to suppliers and employees (inclusive of goods and services tax)	**(340,990)**	(192,743)
	79,846	75,284
Interest received	**2,549**	672
Interest and other costs of finance paid	**(8,779)**	(7,581)
Income taxes paid	**(7,013)**	(12,891)
Management Fee received	**2,759**	899
Net cash inflow from operating activities	**69,362**	56,383
Cash flows from investing activities		
Payments for purchase of subsidiary, net of cash acquired	**-**	111
Payment for purchase of equity investments	**(6,733)**	(500)
Payments for property, plant and equipment	**(69,576)**	(13,596)
Proceeds from sale of property, plant and equipment	**2,323**	647
Proceeds from sale of available-for-sale financial assets	**-**	333
Minority interest on formation of new subsidiary	**20**	-
Loans to associates	**-**	(2,429)
Net cash outflow from investing activities	**(73,966)**	(15,434)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	**477**	(5)
Proceeds from borrowings	**-**	828
Repayment of borrowings	**(18,532)**	(19,921)
Repayment of hire purchase and lease liabilities	**(36,940)**	(14,626)
Dividends paid to company's shareholders	**(14,267)**	(8,917)
Net cash outflow from financing activities	**(69,262)**	(42,641)
Net decrease in cash and cash equivalents	**(73,866)**	(1,692)
Cash and cash equivalents at the beginning of the half-year	**144,387**	44,686
Effects of exchange rate changes on cash and cash equivalents	**(2,897)**	(488)
Cash and cash equivalents at end of the half-year	**67,624**	42,506

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 general purpose financial report for the interim 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 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 chief operating decision maker that are used to make strategic decisions. The chief operating decision maker assesses the performance of the operating segments based on revenue and profit before tax.

The operating segments are identified by the chief operating decision maker based on the nature of the services provided. The reportable segments are based on aggregated operating segments determined by the similarity of the services provided and the nature of risks and returns associated with each business segment.

Business segments

The entity is organised into the following divisions by service type:

- **Contract Mining Services Australia:** The provision of mining services including drilling and blasting, in-pit grade control, exploration drilling and earthmoving 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 tray bodies.
- **Supply and Logistics:** The provision of mining supplies and logistics services.
- **All Other Segments:** Entities 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 (Cont)

(b) Financial Reporting by Segments

Half Year Ended 31 December 2010:

Primary Reporting - Business Segments	Contract Mining Services Australia $'000	Contract Mining Services Africa $'000	Manufacturing $'000	*Supply & Logistics $'000	All Other Segments $'000	Intersegment Eliminations $'000	Consolidated $'000
Segment revenue							
Sales to external customers	242,022	112,464	23,487	25,760	9,704	-	413,437
Intersegment sales	-	-	22,733	9,460	44	(32,237)	-
Total sales revenue	**242,022**	**112,464**	**46,220**	**35,220**	**9,748**	**(32,237)**	**413,437**
Other revenue	1,996	289	44	339	3,191	(3,311)	2,548
Total segment revenue	**244,018**	**112,753**	**46,264**	**35,559**	**12,939**	**(35,548)**	**415,985**
Segment result	**28,257**	**19,839**	**5,374**	**817**	**(4,272)**	**-**	**50,015**
Income tax expense							(13,635)
Profit for the half year							**36,380**
Segment assets	**712,023**	**248,369**	**85,384**	**28,379**	**267,716**	**(499,230)**	**842,641**
Segment liabilities	**263,544**	**130,812**	**70,425**	**27,559**	**281,370**	**(436,601)**	**337,109**
Other segment information							
Investments in associates	**8,268**	**12,941**	**-**	**-**	**-**	**-**	**21,209**
Share of net (losses) profits of associates	**(1,968)**	**2,538**	**-**	**-**	**-**	**-**	**570**
Acquisitions of property, plant and equipment, intangibles and other non-current assets	**37,550**	**33,051**	**3,958**	**126**	**1,113**	**-**	**75,798**
Depreciation and amortisation expense	**25,064**	**11,818**	**1,739**	**77**	**558**	**-**	**39,256**
Interest expense	**7,798**	**2,451**	**768**	**499**	**939**	**(3,315)**	**9,140**

* This segment predominantly operates in the African region.

2 Segment information (Cont)

(b) Financial Reporting by Segments (cont)

Half Year Ended 31 December 2009:

Primary Reporting - Business Segments	Contract Mining Services Australia $'000	Contract Mining Services Africa $'000	Manufacturing $'000	*Supply & Logistics $'000	All Other Segments $'000	Intersegment Eliminations $'000	Consolidated $'000
Segment Revenue							
Sales to External Customers	133,075	94,670	7,707	14,172	9,040	-	258,664
Intersegment Sales	-	-	12,747	4,934	67	(17,748)	-
Total Sales Revenue	**133,075**	**94,670**	**20,454**	**19,106**	**9,107**	**(17,748)**	**258,664**
Other Revenue	504	202	23	123	1,824	(2,004)	672
Total Segment Revenue	**133,579**	**94,872**	**20,477**	**19,229**	**10,931**	**(19,752)**	**259,336**
Segment Result	**22,493**	**10,759**	**1,275**	**(787)**	**(3,239)**	**-**	**30,501**
Income Tax Expense							(9,318)
Profit for the half year							**21,183**
Segment assets	**570,581**	**232,167**	**64,470**	**13,413**	**192,178**	**(327,629)**	**745,180**
Segment liabilities	**257,301**	**133,553**	**49,095**	**12,578**	**199,541**	**(283,722)**	**368,346**
Other segment information							
Investments in associates	**-**	**2,450**	**-**	**-**	**-**	**-**	**2,450**
Share of net (losses) of associates	**-**	**(19)**	**-**	**-**	**-**	**-**	**(19)**
Acquisitions of property, plant and equipment, intangibles and other non-current assets	**12,952**	**16,223**	**10,038**	**191**	**1,081**	**-**	**40,485**
Depreciation and amortisation expense	**12,579**	**12,497**	**1,156**	**69**	**843**	**-**	**27,144**
Interest expense	**4,823**	**3,437**	**286**	**370**	**1,025**	**(2,004)**	**7,937**

* This segment predominantly operates in the African region.

3 Dividends

	Half-year ended	
	2010	2009
	$'000	$'000
(a) Ordinary shares		
Dividends provided for or paid during the half-year	**15,709**	10,486
(b) Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 5.5 cents per fully paid ordinary share (2009 – 5.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 21 April 2011 out of retained profits at 31 December 2010, but not recognised as a liability at the end of the half-year, is:	**14,465**	10,438

4 Equity securities issued

	2010 **Shares**	2009 Shares	**2010** **$'000**	2009 $'000
Issues of ordinary shares during the half-year				
Dividend reinvestment plan issues	**647,083**	897,420	**1,442**	1,569
Shares issued pursuant to the exercise of options	**399,998**	-	**517**	-
Shares issued pursuant to the Scheme of Arrangement with Brandrill Limited	**-**	33,037,595	**-**	70,370
Shares issued pursuant to option cancellation deeds entered into with Brandrill option holders	**-**	56,599	**-**	120
Less shares issue costs net of tax credit	**-**	-	**(40)**	(5)
	1,047,081	33,991,614	**1,919**	72,054

5 Investments in associates

Details of associates.

Name of company	**Ownership interest Half-year ended**	
	2010	2009
	%	%
African Underground Mining Services Ghana Ltd	**50**	50
African Underground Mining Services Mali SARL	**50**	50
Energy Drilling Australia Pty Ltd	**50**	-

6 Related party transactions

Mr R G Sayers, a director of Ausdrill Limited, is a shareholder of FMR Investments Pty Ltd, which provided a $6 million funding facility to Energy Drilling Australia Pty Ltd, an associate entity of Ausdrill Limited. The facility was entered into on 10 November 2009 and was based on normal commercial terms and conditions. An unsecured guarantee was provided by Ausdrill Limited for this facility. This was repaid in full on 17 September 2010.

Mr R G Sayers, a director of Ausdrill Limited, is a shareholder of FMR Investments Pty Ltd, which provided a $14 million hire purchase funding facility to Ausdrill Mining Services Pty Ltd, a subsidiary of Ausdrill Limited. The facility was entered into on 23 October 2009 and was based on normal commercial terms and conditions. An unsecured guarantee was provided by Ausdrill Limited for this facility. This was repaid in full on 23 September 2010.

7 Non cash investing and financing activities

	Half Year Ended	
	2010	2009
	$'000	$'000
Acquisition of plant and equipment by means of finance leases or hire purchase	**10,941**	28,380
Acquisition of subsidiary by issue of shares	**-**	70,370
Issue of shares under company dividend reinvestment plan	**1,442**	1,569
	12,383	100,319

8 Events occurring after the balance sheet date

On 23 February 2011, the directors declared the payment of an interim ordinary dividend of 5.5 cents (fully franked) per fully paid share to be paid on 21 April 2011 out of retained profits at 31 December 2010.

Ausdrill Limited has agreed to acquire 100% of the drilling business trading as Connector Drilling for consideration of approximately $30 million together with an earn-out of 50% of EBITDA from completion to 30 June 2011. Completion occurred on 21 February 2011.

The financial effects of the above transactions have not been brought to account at 31 December 2010.

In the directors' opinion:

(a) the financial statements and notes set out on pages 9 to 17 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 2010 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
24th day of February 2011

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 31 December 2010, 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 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 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. 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.

PricewaterhouseCoopers, ABN 52 780 433 757
QV1, 250 St Georges Terrace, GPO BOX D198,PERTH WA 6000
DX 77 Perth, Australia
T +61 8 9238 3000, F +61 8 9238 3999, www.pwc.com.au

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

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.

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 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 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

PricewaterhouseCoopers

N Henry

Nick Henry
Partner

Perth
24 February 2011