Ausdrill Limited ABN 95 009 211 474
ASX Half-year information - 31 December 2011

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2011 Annual report

Contents

Results for announcement to the market

				$'000
Revenue for ordinary activities	Up	23%	to	511,738
Profit from continuing ordinary activities after tax attributable to members	Up	50.4%	to	54,643
Net profit for the period attributable to members	Up	50.4%	to	54,643

Dividends		Amount per security	Franked amount per security
Interim dividend	(cents)	6.5	6.5
Previous corresponding period	(cents)	5.5	5.5

Payment date of dividend	24 April 2012
Record date for determining entitlements to the interim dividend	16 April 2012
Date for receipt of dividend reinvestment plan notices	16 April 2012

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 2011 Cents	31 December 2010 Cents
Net tangible asset backing per ordinary share	**218.74**	179.30

Ausdrill Limited ABN 95 009 211 474
Interim financial report - 31 December 2011

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 2011 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 2011.

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
Mason Gordon Hills

Review of operations

Highlights:

- **Revenue is up 23% from $416.0m to $511.7m**
- **EBITDA is up 48.8% from $95.9m to $142.7m**
- **EBIT is up 53.1% from $56.6m to $86.7m**
- **Profit attributable to Ausdrill is up 50.4% from $36.3m to $54.6m**
- **Basic earnings per share is up 30.4% from 13.87 cents per share to 18.09 cents per share on an enlarged capital base**
- **Interim Dividend increased from 5.5 cents per share to 6.5 cents per share, fully franked**
- **Continued positive outlook for the mining sector with Africa poised for strong growth**

Overview

Ausdrill Limited (ASX: ASL) is pleased to announce a record **net profit attributable to Ausdrill of $54.6 million** for the half year to 31 December 2011. 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 6.5 cents per share, fully franked, payable on 24 April, 2012.

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

The reported profits include pre-tax unrealised foreign exchange gains of $2.5 million from the volatility of the Australian Dollar and a gain of $0.5 million arising from the acquisition of the remaining 50% of Energy Drilling Australia.

Income tax expense includes an additional charge arising from a proposed change in tax legislation. During the half year to 31 December 2011, the Australian government announced it will retract the rights to future income rules and confirmed taxpayers will be denied any deductions claimed in this respect. The legislation enacting the removal of the rights to future income rules has not yet passed through parliament, however Ausdrill has reversed the tax benefit previously booked which has resulted in a $2.4m increase in the tax expense for the period.

Review of operations (continued)
Financial Performance

A$ million	6 months to December 2010	6 months to June 2011	6 months to December 2011	% change from previous corresponding period
Revenue	416.0	423.2	511.7	23%
EBITDA (1)	95.9	99.5	142.7	49%
EBIT (2)	56.6	56.3	86.7	53%
Profit attributable to Ausdrill	36.3	37.1	54.6	50%

(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. This increase is as a result of Ausdrill's strategy of increasing its operational capacity through fleet expansion in anticipation of the increased levels of activity in the mining sector.

EBITDA has increased from $95.9 million in the previous corresponding period to $142.7 million for the half year to December 2011. The EBITDA margin of 28.0% has increased from previous periods arising from the benefits of vertical integration and in particular the higher levels of intra-group sales from the manufacturing division, the improved performance from the African Underground Mining Services joint venture, the turnaround of the Energy Drilling Australia business and the first full six months of contribution from Connector Drilling. This result also includes an unrealised gain of $2.5 million from the effects of the volatile Australian Dollar on the reported profits.

EBIT has increased from $56.6 million in the previous corresponding period to $86.7 million for the half year to December 2011 whilst the EBIT margin of 17.0% has improved from the previous corresponding period. EBIT includes the contribution from the African Underground Mining Services joint venture of $6.4 million as well as the amortisation of intangibles arising from the Brandrill and Connector acquisitions of $2.4 million.

The after tax profit attributable to Ausdrill shareholders has increased from $36.3 million in the previous corresponding period to $54.6 million for the half year ended December 2011. The improved profits also include an additional tax expense of $2.4 million in relation to the Brandrill acquisition which arose due to a proposed change in tax legislation.

During the half year to December 2011 the Group continued to expand its asset base and acquired plant and equipment of $158 million. The increased capital expenditure is required to meet the growing demand from the mining industry with almost half of the amount expended in West Africa. Australian growth areas include Connector Drilling, Energy Drilling Australia, Ausdrill Mining Services as well as the core drill & blast business.

The return on average capital employed was 14.5% for the half year to December 2011 compared to 12.5% 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 and current tax liabilities).

The financial position of the Group remains strong with a net debt to equity ratio of 28.2%, cash of $81.3 million, and net interest cover (EBIT/Net Interest) of 10.7 times. The Company's net tangible asset position has increased from $1.793 per share at 31 December 2010 to $2.187 per share at 31 December 2011.

The growth in business levels is not possible without human resources and the Ausdrill group has increased total staff from 3,802 at 31 December 2010 to 5,054 at 31 December 2011 (this includes the AUMS joint venture where staff numbers have increased from 362 to 570).

Review of operations (continued)

Contract Mining Services - Australia

	Segment revenues		Segment results	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Contract Mining Services Australia	**293,078**	244,018	**34,503**	28,257

The Australian contract mining services business has reported increased revenue and profits.

The core drill and blast operations have continued to grow with increased demand for services from existing clients. The business has a number of major contracts that are due for renewal in the next 6 months and we anticipate that these will be secured.

The Australian exploration drilling services market has seen sustained high demand resulting in a high utilisation of the rig fleet with the exception of the diamond drilling rigs which currently have spare capacity.

The equipment hire business continues to perform well and is benefitting from the continued long lead times for capital equipment (such as haul trucks) as well as the high level of activity in the construction associated with new mining projects.

During the December 2010 period a new business, MinAnalytical Laboratory Services, was formed to provide analysis of samples to the mining industry. The business is currently in the process of finalising the establishment of a brand new facility with state of the art equipment in Canning Vale, Western Australia. The business is expected to be fully operational by the 2nd quarter of 2012. 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. The reported results include a loss before tax from this business of $1.8 million.

In February 2011 Ausdrill announced the acquisition of a hydrogeological drilling business called Connector Drilling. This acquisition enables the Group to offer waterwell drilling services to its clients in this growing market. At the time of acquisition the business was operating 7 rigs and had a further 2 on order. The business now has 10 operational rigs and a further 5 rigs on order or in the process of being commissioned. This fleet expansion is underpinned by multiple rig, 2 and 3 year service agreements with the iron ore majors.

In July 2011 Ausdrill acquired the remaining 50% of Energy Drilling Australia. This business currently operates a 130,000lb drilling rig that is under contract to Santos and a new 200,000lb rig is scheduled to be commissioned in April with another 200,000lb rig to follow with an expected start up in July 2012. Further services to the coal seam gas market are also being investigated including the provision of specialised well servicing equipment.

Ausdrill is continuing to evaluate the preferred entry into the underground contract mining sector in Australia with options being establishment of a new business or by acquisition.

Review of operations (continued)

Contract Mining Services - Africa

	Segment revenues		Segment results	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Contract Mining Services Africa	**153,201**	112,753	**23,821**	19,839

The African contract mining services business has reported strong growth largely as a result of full year revenues from the new contracts with Perseus (Edikan Gold Mine), Endeavour Mining (Nzema Gold Mine) and Golden Star Resources (Pampe Pit). 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 2011 would increase by $16.6 million and $2.6 million respectively.

African Mining Services is currently experiencing full utilisation of its equipment fleet.

Drilling and blasting operations for Anglo Gold Ashanti (AGA) at the Geita Gold Mine in Tanzania provide a significant base from which further opportunities in Eastern Africa can be targeted. This is evidenced by the increased level of exploration work carried out in Tanzania which has increased to levels similar to the drilling and blasting operations. Work in Zambia with BHP Billiton where we deployed three rigs to carry out exploration drilling services has concluded, and new opportunities are being sourced for those rigs.

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 3 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$55.9 million for the 6 months to December 2010 to A$102.9 million in the 6 months to December 2011. EBITDA has increased from A$12.3 million in the corresponding period to A$27.3 million with net profit after tax increasing from A$5.1million to A$12.8 million with Ausdrill’s share being 50%.

Manufacturing

	Segment revenues		Segment results	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Manufacturing	**68,665**	46,264	**9,251**	5,374

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 and light weight truck trays to the mining sector.

Remet's improved operational performance has led to improved profitability compared to prior periods. 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.

Drill Rigs Australia continues to manufacture exploration, blast hole and grade control rigs mainly for Ausdrill use. During the period the business produced 11 rigs with one sold externally.

Review of operations (continued)
Supply & Logistics

	Segment revenues		Segment results	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Supply & Logistics	**37,661**	35,559	**(55)**	817

Supply Direct has reported a slight increase in overall activity.

All Other

	Segment revenues		Segment results	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
All Other	**18,712**	12,939	**11,040**	(4,272)

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 anticipated increase in activity from the National Broadband Network is yet to materialise.

The All Other segment includes intra-group interest charges of $8.9 million (December 2010: $3.3 million) as well as corporate overheads and foreign exchange gains and losses.

Outlook

Current tendering activity remains high, particularly in Africa and the company expects to convert a significant part of these tenders to contracts in the next 18 months.

The second half to June 2012 includes the effects of the traditional slow-down in January and shut downs in the Pilbara due to adverse weather conditions. We are also subject to foreign exchange fluctuations that impact on our reported results from our African businesses and adverse weather risks that can persist until April in parts of Australia, which, may have an adverse impact on operations.

Taking into consideration these matters, the Company expects that the second half performance will be similar to that reported in the first half. The resource industry is expected to remain exceptionally strong over the medium term in Australia and Africa 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 2011 half year result of 6.5 cents per share, 100% franked, payable on 24 April 2012.

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 10 .

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
22nd day of February 2012

Auditor's Independence Declaration

As lead auditor for the review of Ausdrill Limited for the half-year ended 31 December 2011, 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

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.

Nick Henry
Partner
PricewaterhouseCoopers

Perth
22 February 2012

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	Notes	2011 $'000	2010 $'000
Revenue from continuing operations		**511,738**	415,985
Other income			
Realised foreign exchange gains / (losses)		**811**	(761)
Unrealised foreign exchange gains / (losses)		**2,543**	(4,897)
Other income		**3,507**	4,006
Gain relating to business combination	6	**500**	-
Materials		**(162,842)**	(139,146)
Labour		**(166,599)**	(139,257)
Rental and hire		**(12,694)**	(13,125)
Depreciation and amortisation expense		**(56,008)**	(39,256)
Finance costs		**(9,959)**	(9,140)
Other expenses from ordinary activities		**(38,848)**	(24,964)
Share of net profits of associates accounted for using the equity method		**6,411**	570
Profit before income tax		**78,560**	50,015
Income tax expense		**(24,174)**	(13,635)
Profit from continuing operations		**54,386**	36,380
Other comprehensive income			
Changes in the fair value of available-for-sale financial assets		**-**	75
Exchange differences on translation of foreign operations		**2,939**	(18,731)
Other comprehensive income for the half-year, net of tax		**2,939**	(18,656)
Total comprehensive income for the half-year		**57,325**	17,724
Profit is attributable to:			
Equity holders of Ausdrill Limited		**54,643**	36,338
Non-controlling interests		**(257)**	42
		54,386	36,380
Total comprehensive income for the half-year is attributable to:			
Equity holders of Ausdrill Limited		**57,582**	17,682
Non-controlling interests		**(257)**	42
		57,325	17,724
		Cents	Cents
Earnings per share:			
Basic earnings per share		**18.09**	13.87
Diluted earnings per share		**17.97**	13.78

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 2011

	31 December 2011 $'000	30 June 2011 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**81,311**	140,714
Trade and other receivables	**188,277**	170,670
Inventories	**167,225**	138,958
Total current assets	**436,813**	450,342
Non-current assets		
Receivables	**9,050**	1,686
Investments accounted for using the equity method	**28,590**	29,268
Property, plant and equipment	**657,274**	542,827
Deferred tax assets	**11,422**	10,912
Intangible assets	**33,940**	34,701
Total non-current assets	**740,276**	619,394
TOTAL ASSETS	**1,177,089**	1,069,736
LIABILITIES		
Current liabilities		
Trade and other payables	**148,716**	142,633
Borrowings	**114,996**	97,478
Current tax liabilities	**17,115**	20,931
Provisions	**6,228**	5,620
Total current liabilities	**287,055**	266,662
Non-current liabilities		
Borrowings	**162,964**	126,134
Deferred tax liabilities	**26,183**	19,589
Provisions	**3,753**	2,408
Total non-current liabilities	**192,900**	148,131
TOTAL LIABILITIES	**479,955**	414,793
NET ASSETS	**697,134**	654,943
EQUITY		
Contributed equity	**505,634**	501,696
Reserves	**(13,135)**	(17,214)
Retained earnings	**205,220**	170,187
Capital and reserves attributable to the owners of Ausdrill Limited	**697,719**	654,669
Non-controlling interests	**(585)**	274
TOTAL EQUITY	**697,134**	654,943

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

	Attributable to members of Ausdrill Limited					
	Contributed equity $'000	**Reserves $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 01 July 2010	369,181	5,000	126,967	501,148	340	501,488
Profit for the half year	-	-	36,338	36,338	42	36,380
Other comprehensive income	-	(18,656)	-	(18,656)	-	(18,656)
Total comprehensive income for the half-year	**-**	**(18,656)**	**36,338**	**17,682**	**42**	**17,724**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	1,402	-	-	1,402	-	1,402
Transactions with non-controlling interests	-	-	-	-	20	20
Dividends provided for or paid	-	-	(15,709)	(15,709)	-	(15,709)
Employee share options - value of employee services	-	90	-	90	-	90
Shares issued on conversion of employee share options, net of transaction costs	517	-	-	517	-	517
Balance at 31 December 2010	**371,100**	**(13,566)**	**147,596**	**505,130**	**402**	**505,532**
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	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	951	-	-	951	-	951
Dividends provided for or paid	-	-	(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**

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

	2011 $'000	2010 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**530,006**	420,836
Payments to suppliers and employees (inclusive of goods and services tax)	**(432,295)**	(340,990)
	97,711	79,846
Interest received	**1,854**	2,549
Interest and other costs of finance paid	**(9,459)**	(8,779)
Income taxes paid	**(22,221)**	(7,013)
Management fee received from associate	**431**	2,759
Net cash inflow from operating activities	**68,316**	69,362
Cash flows from investing activities		
Payment for purchase of subsidiary, net of cash acquired	**119**	-
Payment for purchase of equity investments	**-**	(6,733)
Payments for property, plant and equipment	**(103,968)**	(69,576)
Proceeds from sale of property, plant and equipment	**958**	2,323
Payment of development costs	**(107)**	-
Minority interest on formation of new subsidiary	**-**	20
Loans to associates	**(7,550)**	-
Payments for patents and trademarks	**(1,703)**	-
Net cash outflow from investing activities	**(112,251)**	(73,966)
Cash flows from financing activities		
Proceeds from issues of shares, net of transaction costs	**941**	477
Proceeds from secured borrowings	**50,602**	-
Repayment of secured borrowings	**(17,674)**	(18,532)
Repayment of hire purchase and lease liabilities	**(32,347)**	(36,940)
Dividends paid to company's shareholders	**(16,618)**	(14,267)
Net cash (outflow) from financing activities	**(15,096)**	(69,262)
Net (decrease) in cash and cash equivalents	**(59,031)**	(73,866)
Cash and cash equivalents at the beginning of the half year	**140,714**	144,387
Effects of exchange rate changes on cash and cash equivalents	**(372)**	(2,897)
Cash and cash equivalents at end of half-year	**81,311**	67,624

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 2011 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 2011 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 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:

Contract Mining Services Australia:
The provision of mining services including drilling and blasting, in pit grade control, inseam gas drilling, exploration drilling, earthmoving, waterwell drilling 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 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 2011	**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	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**
Interest income	1,380	216	89	21	9,016	(8,868)	1,854
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**
Other segment information							
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 predominantly operates in the African region.

2 Segment information (continued)

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

Half-year ended 31 December 2010	**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	242,023	112,464	23,487	25,760	9,703	-	413,437
Intersegment sales	-	-	22,733	9,460	44	(32,237)	-
Total sales revenue	**242,023**	**112,464**	**46,220**	**35,220**	**9,747**	**(32,237)**	**413,437**
Interest income	1,995	289	44	339	3,192	(3,311)	2,548
Total segment revenue	**244,018**	**112,753**	**46,264**	**35,559**	**12,939**	**(35,548)**	**415,985**
Segment EBITDA	**59,123**	**33,819**	**7,837**	**1,055**	**(5,971)**	**-**	**95,863**
Depreciation expense	(23,632)	(11,818)	(1,413)	(78)	(558)	-	(37,499)
Amortisation expense	(1,431)	-	(326)	-	-	-	(1,757)
Segment EBIT	**34,060**	**22,001**	**6,098**	**977**	**(6,529)**	**-**	**56,607**
Interest income	1,995	289	44	339	3,192	(3,311)	2,548
Interest expense	(7,798)	(2,451)	(768)	(499)	(935)	3,311	(9,140)
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**
Other segment information							
Share of net (losses) / profits of associates	(1,968)	2,538	-	-	-	-	570
Acquisition of property, plant and equipment, intangibles and other non-current assets	37,550	33,051	3,958	126	1,113	-	75,798

* This segment predominantly operates in the African region.

3 Dividends

(a) Ordinary shares

	Half-year ended	
	2011	2010
	$'000	$'000
Dividends provided for or paid during the half-year	**19,610**	15,709

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

	2011	2010
	$'000	$'000
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 (2010 - 5.5 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 24 April 2012 out of retained profits at 31 December 2011, but not recognised as a liability at the end of the half-year, is	**19,707**	14,465

4 Equity securities issued

	2011	2010	**2011**	2010
	Shares	Shares	**$'000**	$'000
Issue of ordinary shares during the half year				
Dividend reinvestment plan issues	**1,002,309**	647,083	**2,992**	1,442
Shares issued pursuant to the exercise of options	**733,329**	399,998	**959**	517
Less shares issue costs net of tax credit	**-**	-	**(13)**	(40)
	1,735,638	1,047,081	**3,938**	1,919

5 Investments in associates

(a) Summarised financial information of associates

	Ownership interest	
	Half-year ended	
	2011	2010
	%	%
African Underground Mining Services Ghana Ltd	50	50
African Underground Mining Services Mali Sarl	**50**	50
Energy Drilling Australia Pty Ltd	**100**	50

6 Business combination

(a) Summary of acquisition of Energy Drilling Australia Pty Ltd

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 purchase consideration, the net assets and liabilities acquired and bargain purchase on acquisition are as follows:

	$'000
Purchase consideration	
Carrying value of previously held 50% interest	8,913
Loss on revaluation of previously held 50% interest	(4,892)
Fair value of previously held 50% interest	4,021
Seller consideration due 30 June 2012 ($1,500,000)	(1,371)
Total purchase consideration	2,650

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

	Fair value $'000
Cash	119
Trade receivables	1,284
Inventories	987
Plant and equipment	7,510
Deferred tax asset	538
Trade payables	(1,624)
Employee Benefits	(17)
Interest Bearing Liabilities	(755)
Net identifiable assets acquired	8,042
Gain on acquisition of additional 50% investment	5,392
Loss on revaluation of previously held 50% interest	(4,892)
Net gain on acquisition of EDA	500

6 Business combination (continued)

(b) Non-controlling interests

On 30 September 2011, Ausdrill Limited acquired the remaining 10% of the issued shares of DT HiLoad Australia Pty Ltd for a purchase consideration of $1. The carrying amount of the non-controlling interests in DT HiLoad Australia Pty Ltd on the date of acquisition was $602,510. The group recognised a decrease in non-controlling interests of $602,510 and an increase in equity attributable to owners of the parent of $602,509. The effect of changes in the ownership interests of DT HiLoad Australia Pty Ltd on the equity attributable to owners of Ausdrill Limited during the year is summarised as follows:

	2011	2010
	$'000	$'000
Carrying amount of non-controlling interests acquired	**602**	-
Consideration paid to non-controlling interests	**-**	-
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**602**	-

7 Non-cash investing and financing activities

	Half-year ended	
	2011	2011
	$'000	$'000
Acquisition of plant and equipment by means of finance leases or hire purchases	**50,443**	10,941
Issue of shares under company dividend reinvestment plan	**2,992**	1,442
	53,435	12,383

8 Events occurring after the balance sheet date

On 22 February 2012, the directors declared the payment of an interim ordinary dividend of 6.5 cents (fully franked) per fully paid share to be paid on 24 April 2012 out of retained profits at 31 December 2011.

The financial effect of the above transaction have not been brought to account at 31 December 2011.

In the directors' opinion:

(a) the financial statements and notes set out on pages 11 to 20 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 2011 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
22nd day of February 2012

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 2011, 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 2011 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*.

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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 2011 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*.

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Nick Henry
Partner

22 February 2012