Capital Drilling Limited
(“Capital Drilling”, the “Company” or the “Group”)

Half-year Results for the period ended 30 June 2013

19 August 2013

Capital Drilling Limited (CAPD:LN), the emerging and developing markets focused drilling company, today announces its half year results for the period ended 30 June 2013.

HALF YEAR RESULTS FOR THE PERIOD ENDED 30 JUNE 2013*

	H1 2013 $m	H1 2012 $m
Average Fleet Size	92	87
Fleet Utilisation (%)	64	75
ARPOR ($)	192,000	197,000
Revenue	72.7	79.1
EBITDA	13.4	21.0
EBIT	4.6	13.4
Net Profit After Tax	2.7	9.4
Earnings per share		
Basic (cents)	2.0	7.0
Diluted (cents)	2.0	7.0
Net Asset Value per share (cents)	71.4	65.8
Return On Capital Employed (%)	10.1	24.0
Return on Total Assets (%)	9.0	19.6
Net (Debt) / Cash	(15.0)	(20.9)
Net Debt to Equity (%)	15.6	23.6

* All amounts are in USD unless otherwise stated

Financial Overview

- First half revenue 8% lower at $72.7m (H1 2012 $79.1m).
- Despite the weaker environment, continued strength in cash generation from operations of $11.3m.
- Balance sheet strengthened: Solid operating cash-flow and substantially reduced CAPEX allowed for debt repayment of $7.4m.
  - Net debt to equity reduced to 15.6%.
- Continued progress on cost savings initiatives, including:
  - Reduction of Group headcount by 328 over H1 2013.
  - Cost cutting initiatives across all areas of the Group including rentals, travel, accommodation, camp, equipment hire.

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Operational & Strategic Overview

- Q2 Average Revenue Per Operating Rig (ARPOR) $186K.
- Q2 utilisation of 62% on an average fleet size of 91.
- Commenced centralization of Group Supply Chain to optimize performance.
- Continued focus on blue chip clients and resources: 65% of clients in H1 2013 are major miners.
- Maintained one of the youngest fleets in the industry with an average age of less than 4 years.
- (Previously announced) new contract wins awarded in H1 2013 include:
  - BHP Billiton: 1 reverse circulation rig at Pampa Norte in Chile.
  - Glencore: 2 diamond rigs for the Punitaqui mine in Chile.
  - IMX Resources: 1 diamond rig for the Ntaka Hill project in Tanzania.
- New contracts in H2 2013:
  - African Barrick: 2 diamond rigs (surface and underground) for the Bulyanhulu mine in Tanzania.
  - BHP Billiton: 1 reverse circulation rig for the Cerro Colorade mine in Chile.
  - First Quantum: Successful retendering for diamond and RC drilling in Zambia (2 rigs).

Statement of Financial Position Data	**H1 2013**	**FY 2012**
	$m	**$m**
Non-Current Assets	67.4	74.1
Current Assets	62.9	66.7
Total Assets	130.3	140.9
Non-Current Liabilities	22.0	29.8
Current Liabilities	12.3	17.9
Total Liabilities	34.3	47.6
Equity	96.0	93.2
Cash	6.7	9.1
Debt	21.7	29.1
Net Debt	(15.0)	(20.0)
Gearing (net debt/equity)	15.6%	21.4%

Statement of Cash Flow Data	**H1 2013**	**H1 2012**
	$m	**$m**
Operating Cash flows before working capital changes	14.0	21.1
Adjustments for working capital changes	(2.7)	(7.8)
Cash from operations	11.3	13.3
Finance charges	(0.9)	(0.9)
Taxation	(2.8)	(2.8)
Net cash generated from operating activities	7.6	9.6
Investing Activities		
Net cash used in investing activities	(2.6)	(15.8)
Financing Activities		
Net cash generated from (used in) financing activities	(7.4)	11.8
Net increase(decrease) in cash	(2.4)	5.6
Opening cash balance	9.1	4.0
Closing cash balance	6.7	9.7

Commenting on the results, Jamie Boyton, Executive Chairman and Interim CEO of Capital Drilling, said:

"Whilst we have experienced another very challenging period, we are pleased with the strength of our financial position, our solid operational cash flow generation over the first half of 2013 and the subsequent debt repayment. The demand environment has continued to weaken over the course of 2013 and in response the management team is taking the necessary steps to optimize our business model.

The first half of 2013 has seen a substantial reduction of our labour force, along with cost saving measures across all areas of the Group and a careful CAPEX reduction program. Through sizeable debt repayments we have reduced gearing from 21.4% to 15.6%. This, together with a structural shift to centralize Group Supply Chain to enhance procurement procedures, should ensure that the Company is well placed to withstand the challenges facing the mining services industry in the second half of 2013".

Capital Drilling will host a conference call today, Monday 19 August at 8.30am (London, UK time) to update investors and analysts on its results. Participants may join the call by dialling one of the following numbers, approximately 10 minutes before the start of the call.

Dial in (UK): 0800 694 0257
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For further information please access Capital Drilling's website www.capdrill.com or contact:

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About Capital Drilling

Capital Drilling provides specialised drilling services to mineral exploration and mining companies in emerging and developing markets, for exploration, development and production stage projects. The Company currently owns and operates a fleet of 91 drilling rigs with established operations in Chile, Egypt, Ethiopia, Ghana, Mauritania, Tanzania, Solomon Islands and Zambia. The Group's corporate headquarters is in Singapore and it has its administrative offices for South America in Santiago.

Executive Chairman and Interim CEO Review

The first half of 2013 proved extremely challenging for the entire mining services industry including Capital Drilling. The cyclical and structural headwinds that emerged in 2012 gathered momentum over the first half of the year and have had a pronounced impact on Capital Drilling, particularly in the second quarter.

The Group achieved revenues in the first half of 2013 of $72.7m and, whilst this represents an 8% decrease when compared to the same period last year (H1 2012:$79.1m), it is a solid performance in the context of the significant weakness in the demand environment. The softer revenue was primarily driven by weaker utilization as most clients cut back their demand requirements, including the complete cessation of activity at the Lumwana Mine in Zambia, where the Group had been operating since 2006.

Despite the challenging environment in which we operate, the business continues to demonstrate its robustness, generating strong operating cash flows of $11.3m in H1 2013. This, coupled with a significant focus on cost reduction measures, has enabled us to strengthen our balance sheet through the repayment of $7.4m, reducing our debt from $29.1m to $21.7m and gearing from 21.4% to 15.6%.

As the demand environment has weakened the management team has increasingly focused on business improvement initiatives with a greater focus on project management, operational performance, cost management and discipline around capital allocation decisions. Strategic measures to ensure the sustainability of the business include: the centralization of Group Supply Chain Management to ensure optimal performance across operations; reduced headcount by 328 (down 25% over the first half); and cost cutting measures across all areas, including equipment hire, property rentals, travel, accommodation and camp. As a result of these activities, the Company incurred restructuring costs of $3.2m encompassing office closures and redundancy costs (an increase on previous guidance in May as further measures were taken in June following notice of additional rigs being stood down).

The Group has invested heavily in capital equipment and working capital over the last few years which leaves Capital Drilling well positioned as we navigate these difficult times. CAPEX in the first half was $2.6m (H1 2012: $15.8m), allowing the Group to direct cash flow to debt repayment. We maintain a fleet with an average age of less than 4 years which positions us well for any upturn in activity.

Our continued focus on the high quality customer base has yielded new contract wins in this period, such as those from BHP Billiton and Glencore. We won two diamond drilling contracts in the first half with Glencore in Chile (2 rigs) and IMX Resources in Tanzania (1 rig) and a Reverse Circulation drilling contract with BHP Billiton in Chile (1 rig). Subsequent to the period end Capital Drilling (Tanzania) has been awarded a diamond drilling contract with African Barrick Gold, with drilling set to commence in the second half.

Once again we have achieved a number of safety milestones, some of which include:

- The Chirano project in Ghana reached 500 days LTI free in February 2013.
- The Gold Ridge project in Solomon Islands reached 500 days LTI free in February 2013.
- The Lumwana project in Zambia achieved 2,000 days LTI free in May 2013.

It is particularly encouraging to note that the Group has not experienced any Lost Time Injuries in 2013, representing a record for the company.

Outlook

The first half of 2013 has proven to be extremely challenging as the major mining houses, many of which are operating under new senior management teams, continue to cut their capital and exploration expenditure commitments. These structural changes have been further impacted in recent months by growing concerns on slower growth in the emerging markets and weakness in commodity prices, driving a further deterioration in demand that has yet to show any clear signs of improvement.

A number of significant tendering opportunities have been removed from the market in the second quarter and there have been continued delays in contract awards for active tenders. Nevertheless we have won new contracts over this period with high quality blue chip mining houses and continue to be well placed to attract future business.

The Board of Directors continues to harness our strategic advantages of operating one of the youngest rig fleets available in the industry and focusing on high quality blue chip clients that operate long life assets with low costs of production. Our strong financial position and cash flow generation provides us with a strong position that is enabling us to withstand the prevailing headwinds in the mining industry in the second half of 2013.

Jamie Boyton
Executive Chairman and Interim CEO
19 August 2013

Cautionary note regarding forward looking statements
Certain information contained in this report, including any information on Capital Drilling's plans or future financial or operating performance and other statements that express management's expectations, or estimates of future performance, constitute forward-looking statements. Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties, which remain unchanged from those disclosed in our Prospectus. Capital Drilling cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of Capital Drilling to be materially different than the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include the inherent risks involved in exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of commodities and project execution delays, many of which are beyond the control of Capital Drilling. Nothing in the report should be construed as either an offer to sell or a solicitation to buy or sell Capital Drilling securities.

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Independent review report to the members of Capital Drilling Limited

We have been engaged by the Company to review the condensed consolidated set of interim financial statements in the half-yearly financial report for the six months ended 30 June 2013 which comprises the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of interim financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board ("IAASB"). Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (the "IASB"). The condensed consolidated interim financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" issued by the IASB.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated set of interim financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the IAASB. A review of interim financial information consists of making inquiries, 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 International Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of interim financial statements in the half-yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per: Allan W. Brown
Partner
Johannesburg, South Africa
16 August 2013

CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013

		Six months ended	
	Notes	**Reviewed 30/06/2013**	**Reviewed 30/06/2012**
		$	**$**
Revenue		72,686,594	79,059,667
Cost of sales		(52,272,141)	(51,201,016)
Gross profit		20,414,453	27,858,651
Administration costs		(6,969,963)	(6,883,055)
Depreciation		(8,818,259)	(7,584,292)
Profit from operations		4,626,231	13,391,304
Finance charges		(885,934)	(924,013)
Profit before taxation		3,740,297	12,467,291
Taxation	3	(994,449)	(3,109,739)
Profit for the period		2,745,848	9,357,552

Other comprehensive income:

Other comprehensive income to be reclassified to profit or loss in subsequent periods

Exchange differences on translation of foreign operations		32,972	(3,875)
Total comprehensive income for the period		2,778,820	9,353,677

Earnings per share:

Basic (cents per share)	4	2.0	7.0
Diluted (cents per share)	4	2.0	7.0

CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2013

	Notes	Reviewed 30/06/2013	Audited 31/12/2012
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	6	67,339,956	74,043,755
Deferred taxation		58,030	79,867
Total non-current assets		67,397,986	74,123,622
Current assets			
Inventory		23,546,360	22,605,119
Trade and other receivables		26,121,751	25,970,607
Prepaid expenses and other assets		4,818,502	8,090,422
Taxation		1,726,205	1,010,650
Cash and cash equivalents		6,690,245	9,063,606
Total current assets		62,903,063	66,740,404
Total assets		130,301,049	140,864,026
EQUITY AND LIABILITIES			
Equity			
Share capital	7	13,459	13,459
Share premium	7	21,561,190	21,561,190
Equity-settled employee benefits reserve		194,658	184,171
Foreign currency translation reserve		(3,776)	(36,748)
Retained earnings		74,267,003	71,521,155
Total equity		96,032,534	93,243,227
Non-current liabilities			
Long-term liabilities	8	21,000,000	28,164,341
Deferred taxation		964,492	1,599,129
Total non-current liabilities		21,964,492	29,763,470
Current liabilities			
Trade and other payables		11,392,780	16,246,045
Taxation		245,154	724,765
Current portion of long-term liabilities	8	666,089	886,519
Total current liabilities		12,304,023	17,857,329
Total equity and liabilities		130,301,049	140,864,026

CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2013

				Reserves		
	Share capital	Share premium	Retained earnings	Equity-settled employee benefits reserve	Foreign currency translation reserve	Total equity
	$	$	$	$	$	$
Balance at 31 December 2011 – Audited	13,459	21,561,190	57,410,284	132,225	(25,029)	79,092,129
Recognition of share-based payments			-	82,442	-	82,442
Total comprehensive income for the period	-	-	9,357,552	-	(3,875)	9,353,677
Balance at 30 June 2012 – Reviewed	13,459	21,561,190	66,767,836	214,667	(28,904)	88,528,248
Balance at 31 December 2012 – Audited	13,459	21,561,190	71,521,155	184,171	(36,748)	93,243,227
Recognition of share-based payments	-	-	-	10,487	-	10,487
Total comprehensive income for the period	-	-	2,745,848	-	32,972	2,778,820
Balance at 30 June 2013 - Reviewed	13,459	21,561,190	74,267,003	194,658	(3,776)	96,032,534

CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2013

	Notes	Six months ended Reviewed 30/06/2013	Reviewed 30/06/2012
		$	$
Operating activities:			
Cash from operations	9	11,296,416	13,288,015
Finance charges		(885,934)	(924,013)
Taxation paid		(2,802,415)	(2,807,875)
Net cash generated from operating activities		7,608,067	9,556,127
Investing activities:			
Purchase of property, plant and equipment		(3,980,784)	(15,940,847)
Proceeds from disposal of property, plant and equipment		1,384,127	166,851
Net cash used in investing activities		(2,596,657)	(15,773,996)
Financing activities:			
Long-term liabilities raised	8	-	32,000,000
Long-term liabilities repaid	8	(7,384,771)	(20,168,256)
Net cash (used in) generated from financing activities		(7,384,771)	11,831,744
Net (decrease) increase in cash and cash equivalents		(2,373,361)	5,613,875
Cash and cash equivalents at the beginning of the period		9,063,606	4,044,813
Cash and cash equivalents at the end of the period		6,690,245	9,658,688

1. Basis of presentation and accounting policies

Preparation of the condensed consolidated financial statements

The condensed consolidated financial statements of Capital Drilling Limited and Subsidiaries ("Capital Drilling" or the "Group") as at and for the six months ended 30 June 2013 (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") No. 34, "Interim Financial Reporting". They should be read in conjunction with the annual consolidated financial statements and the notes thereto in the Group's Annual Report for the year ended 31 December 2012 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Interim Financial Statements are unaudited.

Accounting policies

The Interim Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statement for the year ended 31 December 2012, except for the impact of the adoption of the standards and interpretations described below.

The Group adopted a number of new standards, amendments to standards or interpretations effective on or before 1 January 2013 which are described in Note 2 of the consolidated financial statements for the year ended 31 December 2012. The adoption of these standards and interpretations did not have a material impact on the financial statements.

At the date of authorisation of these interim financial statements, other than the standards and interpretations adopted above the following new and revised standards and interpretations were issued by the International Accounting Standards Board but were not yet effective:

- IFRS 7 Financial Instruments: Disclosures [2]
- IFRS 9 Financial Instruments [2]
- IFRS 10 Consolidated Financial Statements [1]
- IFRS 12 Disclosure of Interests in Other Entities [1]
- IAS 27 Separate Financial Statements [1]
- IAS 32 Financial Instruments: Presentation [1]
- IAS 36 Impairment of Assets [1]
- IAS 39 Financial Instruments: Recognitions and Measurement [1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 January 2015

The directors anticipate that all of the above standards and interpretations will be adopted in the Group's financial statements for the future financial periods as they become effective. The Group does not believe that adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application.

1. Basis of presentation and accounting policies (continued)

Accounting policies (continued)

The preparation of financial statements in conformity with IFRS recognition and measurement principles requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on an on-going basis using currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates.

2. Operations in the interim period

Capital Drilling Limited is incorporated in Bermuda. The Group provides drilling services including but not limited to exploration, development, grade control and blast hole drilling services to mineral exploration and mining companies located in emerging and developing markets. The Group also provides some procurement, equipment rental and information technology services to mining and mining related companies.

During the six months ended 30 June 2013, the Group provided drilling services in Chile, Egypt, Ethiopia, Ghana, Mauritania, Solomon Islands, Tanzania, and Zambia.

The Group has successfully secured a number of new drilling contracts during the current six months. These include contracts with BHP Billiton and Glencore in Chile and with IMX Resources in Tanzania.

However, market conditions have deteriorated with increased volatility since April 2013. The Group has received notification of a number of clients cutting back on 2013 drilling programs spending.

As a result, the Group has focused on cost efficiencies and reduced expenditure on CAPEX, which resulted in strong cash preservation. This has allowed the Group to reduce gross debt by $7.4 million.

The seasonality of the Group's operations has no significant impact on the condensed consolidated financial statements

3. Taxation

The tax expense for the period is based on an estimated annual effective tax rate, which requires management to make its best estimate of annual pre-tax income for the year, in the various tax jurisdictions in which the Group operates. During the year, management regularly updates its estimates based on changes in various factors such as operating profits, plant operating performance and cost estimates, including labour, raw materials, energy and other variable costs.

	Six months ended	
	Reviewed 30/06/2013	**Reviewed 30/06/2012**
	$	**$**
4. Earnings per share		
Basic earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Profit for the period attributable to equity holders of the parent, used in the calculation of basic earnings per share	2,745,848	9,357,552
Weighted average number of ordinary shares for the purposes of basic earnings per share	134,592,800	134,592,800
Basic earnings per share (cents)	2.0	7.0
Diluted earnings per share		
Profit for the period used in calculation of diluted earnings per share	2,745,848	9,357,552
Weighted average number of ordinary shares used in the calculation of basic earnings per share	134,592,800	134,592,800
Shares deemed to be issued for no consideration in respect of:		
- Employee share options	-	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	134,592,800	134,592,800
Diluted earnings per share (cents)	2.0	7.0

5. Dividends

No dividends have been declared or paid during the six months ended 30 June 2013 (six months ended 30 June 2012: $nil).

6. Property, plant and equipment

During the six months ended 30 June 2013, the Group acquired approximately $4.0 million (2012: $15.9 million) of drilling rigs and other assets to expand its operations and for the replacement of existing assets.

The Group disposed of property, plant and equipment with a net carrying amount of $1.9 million (2012: $205 thousand) during the period. A loss of $480 thousand (2012: $38 thousand) was incurred on the disposal of property, plant and equipment.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets may be impaired. Due to the poor performance of the Group's share price in 2012 and 2013, the net asset value of the Group exceeded its market capitalisation as at 30 June 2013 and 31 December 2012. The Group identified this circumstance as an indicator of impairment for the current and prior period. As a result property, plant and equipment was tested for impairment at the reporting date. As at 30 June 2013 and 31 December 2012 management concluded that the carrying amount of property, plant and equipment did not exceed the value in use and therefore, no impairment loss was recognised on that basis.

For purposes of determining the recoverable value of tangible assets, management estimates discount rates using pre-tax rates that reflect current market rates for investments of similar risk. The rate was estimated from the weighted average cost of capital of companies, which operate a portfolio of assets similar to those of the Group's assets.

In validating the value in use, key assumptions used in the discounted cash-flow model (such as discount rates, average revenue rates, drilling volumes and terminal growth rate) management performed a sensitivity analysis to test the resilience of the assumptions used in determining the value in use for the impairment test. Management believe that reasonable movements in key assumptions would not result in an impairment loss to be recognised.

	Reviewed 30/06/2013	Audited 30/06/2012
	$	$
7. Issued capital and Share premium		
Authorised capital		
2 000 000 000 (2012: 2 000 000 000) ordinary shares of 0.01 cents (2012: 0.01 cents) each	200,000	200,000
Issued and fully paid:		
134 592 800 (2012: 134 592 800) ordinary shares of 0.01 cents (2012: 0.01 cents) each	13,459	13,459
Share premium:		
Balance at the beginning and end of the period	21,561,190	21,561,190

8. Long term liabilities

In January 2012, the Group (through the Company and Capital Drilling (Mauritius) Limited) entered into a new debt facility with Standard Bank (Mauritius) Limited. The facility comprises (i) a $17 million Term Loan Facility ("TLF"), (ii) a $30 million Revolving Facility ("RF") and (iii) a $15 million Treasury Facility ("TF"). The TLF was fully drawn down during 2012 and is repayable in full, 36 months after the utilisation date of 31 January 2012. The TLF facility has an annual interest rate of 3.75% above the prevailing three month US$ LIBOR (payable in arrears). As at 31 December 2012, $11 million of the RF was drawn down. The RF has an annual interest rate of 4.15% above the prevailing three month US$ LIBOR (payable in arrears). Standard Bank (Mauritius) Limited has charged an annual commitment fee of 0.75% of the undrawn balances of the RF. As at 31 December 2012, $19 million of the RF and the full amount of the TF remains available for utilisation.

The Group continued payment of interest of the TLF and RF facility. The Group also repaid $7 million of the RF during the current six months ended 30 June 2013.

The Group purchased five drilling rigs and accessories for a total cost of $3.1 million from Atlas Copco in 2010. $2.6 million of these purchases were financed through loans obtained from Atlas Copco Customer Finance AB. These loans are repayable quarterly in arrears over a period of four years. The remaining portion as at the reporting date has been included as the current portion of long-term liabilities.

The Group continued payment of principal and interest of the long term debt to Atlas Copco during the six months ended 30 June 2013.

	Six months ended	
	Reviewed 30/06/2013	**Reviewed 30/06/2012**
	$	**$**
9. Cash from operations		
Profit before taxation	3,740,297	12,467,291
Adjusted for:		
- Depreciation	8,818,259	7,584,292
- Loss on disposal of property, plant and equipment	479,816	37,898
- Share based payment expense	10,487	82,442
- Exchange differences on translating foreign operations	35,353	(4,283)
- Finance charges	885,934	924,013
Operating profit before working capital changes	13,970,146	21,091,653
Adjustments for working capital changes:		
- (Increase) decrease in inventory	(941,241)	14,777
- Increase in trade and other receivables	(151,144)	(8,068,431)
- Decrease (increase) in prepaid expenses and other assets	3,271,920	(583,454)
- (Decrease) increase in trade and other payables	(4,853,265)	833,470
	11,296,416	13,288,015

10. Segmental analysis

Operating segments are identified on the basis of internal management reports about components of the Group that are regularly reviewed by the chief executive officer, in order to allocate resources to the segments and to assess their performance. Information reported to the Group's chief executive officer for the purposes of resource allocation and assessment of segment performance is focused on the region of operation. For the purposes of the segmental report, the information on the operating segments has been aggregated into the principal regions of operations of the Group. The Group's reportable segments under IFRS 8 are therefore:

- Africa:	Derives revenue from the provision of drilling services.
- Rest of world:	Derives revenue from the provision of drilling services and related logistic, equipment rental and information technology support services.

Information regarding the Group's operating segments is reported below. At 31 December 2012, management reviewed the composition of the Group's operating segments and the allocations of operations to the reportable segments.

10. Segmental analysis (continued)

Segment revenue and results:

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 June 2013	Africa	Rest of world	Consolidated
	$	$	$
External revenue	60,687,059	11,999,535	72,686,594
Segment gross profit	20,462,745	(48,292)	20,414,453
Administration costs and depreciation, net of other income	(14,131,220)	(1,531,548)	(15,662,768)
Segment profit (loss)	6,331,525	(1,579,840)	4,751,685
Central administration costs and depreciation			(125,454)
Profit from operations			4,626,231
Finance charges			(885,934)
Profit before tax			3,740,297

For the six months ended 30 June 2012	Africa	Rest of world	Consolidated
	$	$	$
External revenue	67,822,115	11,237,552	79,059,667
Segment gross profit	24,438,065	3,420,586	27,858,651
Administration costs and depreciation, net of other income	(13,471,153)	(939,688)	(14,410,841)
Segment profit (loss)	10,966,912	2,480,898	13,447,810
Central administration costs and depreciation			(56,506)
Profit from operations			13,391,304
Finance charges			(924,013)
Profit before tax			12,467,291

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit represents the profit earned by each segment without allocation of central administration costs, depreciation, other income, finance charges, and income tax. This is the measure reported to the Group's chief executive officer for the purpose of resource allocation and assessment of segment performance.

	Reviewed 30/06/2013	Reviewed 30/06/2012
	$	$
10. Segmental analysis (continued)		
Segment assets:		
Africa	201,071,854	174,440,639
Rest of world	77,741,049	62,338,162
Total segment assets	278,812,903	236,778,801
Head office companies	34,138,099	23,307,386
	312,951,002	260,086,187
Eliminations *	(182,649,953)	(123,187,691)
	130,301,049	136,898,496
Segment liabilities:		
Africa	54,106,531	44,547,918
Rest of world	46,245,323	32,810,581
Total segment liabilities	100,351,854	77,358,499
Head office companies	115,478,331	93,060,673
	215,830,185	170,419,172
Eliminations *	(181,561,670)	(122,048,932)
	34,268,515	48,370,240

For the purposes of monitoring segment performance and allocating resources between segments the Group's chief executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of property, plant and equipment used by the head office companies, certain amounts included in other receivables, and cash and cash equivalents held by the head office companies.

* Eliminations include inter-group accounts receivable, inter-group accounts payable and inter-group investments.

Other segment information

Depreciation		
Africa	7,799,262	6,617,775
Rest of world	935,508	909,032
Total segment liabilities	8,734,770	7,526,807
Head office companies	83,489	57,485
	8,818,259	7,584,292

	Reviewed 30/06/2013	Reviewed 30/06/2012
	$	$
10. Segmental analysis (continued)		
Additions to property, plant and equipment		
Africa	3,246,124	13,009,015
Rest of world	700,123	74,768
Total segment liabilities	3,946,247	13,083,783
Head office companies	34,537	2,857,062
	3,980,784	15,940,845

Information about major customers

Included in revenues arising from the Africa segment are revenues of approximately $41.1 million (2012: $36.7 million) which arose from sales to customers that represent more than 10% of the Group's revenue.

11. Commitments

The Group has the following capital commitments at 30 June 2013:

	Reviewed 30/06/2013	Reviewed 30/06/2012
Committed capital expenditure	-	7,861,356

The Group has outstanding purchase orders amounting to $2.0 million at 30 June 2013 (30 June 2012: $4.3 million).

12. Contingencies

Capital Drilling Mauritania SARL is a party to various tax claims by the Director General of Taxation (Direction Générale de Impôts) of Mauritania totalling $785 thousand. On 16 May 2012 the Company received a tax assessment from the Mauritanian Director General of Taxation. The tax authorities made certain assumptions based on incorrect information obtained from third parties and assessed the company for taxation based on these assumptions. Payment was made to the Mauritanian Director General of Taxation on behalf of Capital Drilling Mauritania by a third party. Capital Drilling Mauritania SARL appealed against the assessments. The erroneous recalculations by the tax authorities could result in the funds owed to Capital Drilling Mauritania SARL not being recoverable from the Mauritanian Director General of Taxation. These claims are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. Consequently, the Group is unable to make a reasonable estimate of the expected financial effect that will result from the ultimate resolution of the proceeding. As of 30 June 2013 and 31 December 2012, the Group did not record any provision for the likelihood of not recovering these funds.

13. Subsequent events

The directors are not aware of any facts or circumstances of a material nature arising since the end of the period to the date of this report which significantly affect the financial position of the Group or the results of its operations.

14. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Overview. The financial position of the Group, its cash flows and liquidity position are also described in the Overview. The Group has set specific objectives and also has policies and processes in place to manage its capital and its financial, credit risk and liquidity risks.

The Group has borrowings and debt facilities which, together with its clients' receipts, fund its day to day working capital requirements. Volatile economic conditions may create uncertainty particularly over (a) the level of demand for the Group's services; (b) exchange rate fluctuations against the US Dollar and thus the consequence for the cost of the Group's direct costs; and (c) the availability of bank financing in the foreseeable future.

The Group's forecasts and projections, taking into account potential changes in its performance, show that the Group should be able to operate within the level of its capital structure. The Group has held discussion with its bankers about its future borrowing and/or refinancing needs and no matters have been drawn to its attention to suggest that these needs may not be met on acceptable terms.

The directors confirm that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group continues to adopt the going concern basis of accounting in preparing the interim financial statements.

15. Financial Instruments

Financial instruments that are measured in the condensed consolidated statement of financial position at fair value require disclosure of fair value measurements by level based on the following fair value measurement hierarchy:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and,
- level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair values of financial instruments that are not traded in an active market are determined using standard valuation techniques. These valuation techniques maximise the use of observable market data where available and rely as little as possible on Group specific estimates.

The significant inputs required to fair value all of the Group's financial instruments are observable. The Group only holds level 2 financial instruments and therefore does not hold any financial instruments categorised as either level 1 or level 3 financial instruments. There have also been no transfers of assets or liabilities between levels of the fair value hierarchy.

The directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements are approximately equal to their fair values.

CAPITAL DRILLING LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITY
For the six months ended 30 June 2013

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the condensed consolidated interim financial statements and related information. The auditors are responsible for expressing a review conclusion on the condensed consolidated interim financial information based on their review.

The directors are also responsible for the Group's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for the Group's assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the six months under review.

We confirm that to the best of our knowledge:

{a} the condensed set of consolidated interim financial statements has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board;

{b} the interim management report includes a fair review of the information required by DTR 4.2.7 (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

{c} there has been no significant individual related party transactions during the first six months of the financial year and nor have there been any significant changes in the Group's related party relationships from those reported in the Group's annual financial statement for the year ended 31 December 2012.

The condensed consolidated interim financial statements have been prepared on the going concern basis since the directors believe that the Group has adequate resources in place to continue in operation for the foreseeable future.

The condensed consolidated interim financial statements were approved by the board of directors on 16 August 2013.

ON BEHALF OF THE DIRECTORS

____
Jamie Boyton
Chairman & Interim Chief Executive Officer

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Brian Rudd
Director

CAPITAL DRILLING LIMITED

Primary Risks
It is in the nature of its business that the Group is exposed to risks and uncertainties that may have an impact on future performance and financial results, as well as on its ability to meet certain social and environmental objectives. The Group believes that it has effective systems and controls in place to manage the key risks identified below. The key risks identified remain consistent with those previously disclosed in the most recent annual report:

The primary risks associated with the business are:

Fluctuation in levels of mineral exploration
The Group is highly dependent on the levels of mineral exploration, development and production activity within the markets in which it operates. A reduction in exploration, development and production activities, or in the budgeted expenditure of mining and mineral exploration companies, will cause a decline in the demand for drilling rigs and drilling services.

Key personnel and staff retention
The Group's ability to implement a strategy of pursuing expansion opportunities is dependent on the efforts and abilities of its executive directors and senior managers. In addition, the Group's operations depend, in part, upon the continued services of certain key employees. If the Group loses the services of any of its existing key personnel without timely and suitable replacements, or is unable to attract and retain new personnel with suitable experience as it grows, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, business may be lost to competitors which members of senior management may join after leaving their positions with the Group.

Currency fluctuations
The Group receives the majority of its revenues in US dollars. However, some of the Group's costs are in other currencies in the jurisdictions in which it operates. Foreign currency fluctuations and exchange rate risks between the value of the US dollar and the value of other currencies may increase the cost of the Group's operations and could adversely affect financial results. As a result, the Group is exposed to currency fluctuations and exchange rate risks. To minimise the Group's risk, the Group tries to match the currency of operating costs with the currency of revenue.

Operating risks
Operations are subject to various risks associated with drilling including, in the case of employees, personal injury and loss of life and, in the Group's case, damage and destruction to property and equipment, release of hazardous substances to the environment and interruption or suspension of drill site operations due to unsafe drill operations. The occurrence of any of these events could adversely impact the Group's business, financial condition, results of operations and prospects, lead to legal proceedings and damage the Group's reputation. In particular, clients are placing an increasing focus on occupational health and safety, and deterioration in the Group's safety record may result in the loss of key clients.

Business interruptions and weather conditions
Significant business interruptions as a result of natural disasters, extreme weather conditions, unstable drilling sites, regulatory intervention, delays in necessary approvals and permits or delays in supplies, may reduce the Group's ability to complete drilling services, resulting in performance delays, increased costs and loss of revenue.

As operations are conducted outdoors, they are generally vulnerable to weather and environmental conditions. The Group operates in a variety of locations, some of which are prone to extreme weather conditions. High rainfall can significantly impact drilling activity, as well as impede the ability to move drilling rigs between drill sites. Accordingly, weather conditions as well as natural disasters may adversely impact the financial performance of the Group.