Capital Drilling Limited
("Capital Drilling" or "the Group")

Half-year Results
for the period ended 30 June 2014
26 August 2014

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 2014.

HALF YEAR RESULTS FOR THE PERIOD ENDED 30 JUNE 2014*

	H1 2014 $m	H1 2013 $m
Average Fleet Size	95	92
Fleet Utilisation (%)	45	64
ARPOR ($)	193,000	192,000
Revenue	53.8	72.7
EBITDA	12.5	13.4
EBIT	4.0	4.6
Net Profit After Tax	1.8	2.7
Earnings per share		
Basic (cents)	1.3	2.0
Diluted (cents)	1.3	2.0
Net Asset Value per share (cents)	69.3	71.4
Return On Capital Employed (%)**	(0.8)	10.1
Return on Total Assets (%)**	(0.7)	9.0
Net (Debt) / Cash	(8.9)	(15.0)
Net Debt to Equity (%)	9.5	15.6

* All amounts are in USD unless otherwise stated
** Twelve months rolling average

Financial Overview

- First half revenue 26% lower at $53.8m (H1 2013 $72.7m), however improved by 23% compared to H2 2013 of $43.6m.
- Despite the weak environment, continued strength in cash generation from operations of $12.1m.
  - 45% improvement in operating cash flow margin to 22.5% (H1 2013: 15.5%).
- Continued focus on strict cost management and capital discipline allowed for further debt repayment.
  - Net debt to equity reduced to 9.5% (H1 2013 15.6%).
- Cost cutting initiatives beginning to yield results with across the board margin improvement in the face of softer revenues.

Operational & Strategic Overview

- H1 Average Revenue per Operating Rig (ARPOR) $193,000 (H1 2013: $192,000).
- H1 utilisation of 45%, above industry average levels, on an average fleet size of 95 rigs.
- Increased capital expenditure with the acquisition of seven new rigs for the production fleet as a result of awards of drilling contracts with AngloGold Ashanti in Tanzania and Centamin in Egypt.
- Previously announced new contract wins awarded in H1 2014 include:
  - » Centamin – renewed five year production drilling contract, effective January 1, 2014.
  - » Cradle Resources – Tanzania (3 rigs/exploration).
  - » Glencore (Kabanga Nickel) – Tanzania (1 rig/exploration).
- Commenced blast hole drilling at the Geita Gold Mine (AngloGold Ashanti: Tanzania).
- Continued focus on blue chip clients and resources: 62% of clients in H1 2014 (FY 2013: 58%) are major miners with repeat business from Barrick, BHP, AngloGold & Kinross.
- Maintained one of the youngest fleets in the industry with an average age of approximately 4 ½ years.

Statement of Financial Position Data	**H1 2014**	**FY 2013**
	$m	**$m**
Non-Current Assets	63.2	61.1
Current Assets	62.9	62.2
Total Assets	126.1	123.3
Non-Current Liabilities	3.0	21.0
Current Liabilities	29.8	10.8
Total Liabilities	32.8	31.8
Equity	93.3	91.5
Cash	11.4	12.3
Debt	20.3	21.3
Net Debt	(8.9)	(9.0)
Gearing (net debt/equity)	9.5%	9.9%

Statement of Cash Flow Data	**H1 2014**	**H1 2013**
	$m	**$m**
Operating cash flows before working capital changes	12.7	14.0
Adjustments for working capital changes	(0.6)	(2.7)
Cash from operations	12.1	11.3
Finance charges	(0.7)	(0.9)
Taxation	(0.5)	(2.8)
Net cash generated from operating activities	10.9	7.6
Investing Activities		
Net cash used in investing activities	(10.7)	(2.6)
Financing Activities		
Net cash generated used in financing activities	(1.1)	(7.4)
Net decrease in cash	(0.9)	(2.4)
Opening cash balance	12.3	9.1
Closing cash balance	11.4	6.7

Commenting on the results, Jamie Boyton, Executive Chairman and Interim CEO of Capital Drilling, said:
"Although the first half of 2014 has remained challenging the Group has performed well. Our strong focus on cost discipline and cash generation has allowed us to maintain a robust balance sheet and also bring our net gearing down from 9.9% to 9.5% over the period.

Spending from mining companies has remained cautious this half, and although we have seen some positive signals from junior exploration companies looking to re-engage there are still headwinds in the industry that we expect will continue over the remainder of 2014.

The Group remains well positioned for any upturn in the industry having completed a significant internal restructuring over the past 18 months and implementing a cautious approach to capital expenditure to support us in the years ahead."

Capital Drilling will host a conference call today, Tuesday 26 August at 9.00am (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): 080 8237 0040
International dial in: +44-20-3428 1542
ID Number: 23907952#

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 96 drilling rigs with established operations in Chile, Egypt, Ghana, Mauritania, Tanzania, Papua New Guinea, 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 CEO Review

We are pleased to report an improved operational and financial performance in the first half of 2014 compared to the second half of 2013, which was achieved despite ongoing substantial headwinds in the mining services industry. Capital Drilling recorded a 23% increase in revenue in H1 2014 when compared with H2 2013, an outstanding result in the context of the drilling industry which has seen revenue declines of approximately 30% over the same period. The cyclical and structural headwinds referenced in previous reports remain firmly in place and, as we enter the second half of the year, sector revenues continue to remain under pressure with low visibility and increasing competitive pressures.

The Group achieved revenue in the first half of 2014 of $53.8m, a 26% decrease year on year (H1 2013: $72.7m). Revenue did however improve on H2 2013 with growth driven by the commencement of the provision of blast hole drilling services at the Geita Gold Mine in Tanzania (AngloGold Ashanti), which forms part of the comprehensive 5 year drilling services contract announced to the market in October 2013. The Group commenced the project in January 2014 and now has 11 rigs on site, 6 of which are dedicated blast hole rigs. Conditions elsewhere however continued to be very challenging in the first half, with slow ramp ups after the wet season and continued volatility in exploration and development drilling activities. Group rig utilisation was 45% over the period, the lowest levels experienced by the Group since commencing activities in 2005.

Management's focus on cost reductions over the preceding 18 months resulted in a substantial improvement in operating margins, with the Group achieving a gross profit margin of 34.5% (H1 2013: 28.1%) and an EBITDA margin of 23.3% (H1 2013: 18.5%), the strongest recorded in two years despite record lows for Group rig utilisation. The benefits of these cost control actions were further reflected in the operating cash flows which improved to $12.1m in H1 2014, up from $11.3m in H1 2013. This strong performance reflects the operating leverage available to Capital Drilling when operating in more favorable industry conditions. While substantial actions have been taken to reduce the cost base and to introduce greater flexibility to the cost structure, the continuing weak demand environment necessitates ongoing vigilance. We continue to actively manage headcount and other direct costs.

The commencement of blast hole drilling at Geita and the renewal of the production drilling contract at the Sukari Gold Mine in Egypt (Centamin) led to an increase in capital expenditure for the period. Capital Drilling acquired a total of 7 new rigs for these 5 year contracts, resulting in H1 2014 CAPEX of $10.7m and a current fleet of 96 rigs. With the immediate capital requirements for both contracts now satisfied we expect a material lift in free cash flow in the second half of 2014. Our focus for this cash flow continues to be directed to debt reduction. We finished the first half with a net debt to equity ratio of 9.5% and we expect further improvement in the balance sheet over the rest of the year. The Company continues to benefit from the significant investment in capital equipment over the preceding 4 years, operating a fleet averaging 4 ½ years of age, maintaining the youngest scale fleet in the industry. Our current fleet of production rigs are fully utilized however we have substantial exploration and development capital available for deployment when activity levels improve, providing further upside leverage to the external environment.

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

- The Geita project in Tanzania achieved 2,500 days LTI free in March 2014.
- The Kansanshi project in Zambia reached 500 days LTI free in March 2014.

Outlook

As we enter the second half of 2014 we continue to operate in a difficult environment. While there has been a small lift in activity levels within the exploration sector in recent months, reflected in the award of exploration contracts with Cradle Resources and Glencore (Kabanga Nickel), the scale and duration of the programs remain subdued. Activity levels with mid-tier and major mining houses also remains well below levels experienced in the Company's history, as is clearly demonstrated by first half utilisation levels of 45%.

We are currently expecting softer revenues in the second half of the year, reflecting a higher H1 2014 base with initial accelerated activities in Tanzania (Geita) and the conclusion of drilling on some short duration exploration and development contracts. Despite lower expected revenues we do however expect to see an increase in free cash flow over the second half, reflecting a substantial reduction in required capital expenditure and the continuing benefits of the cost savings generated within the business over the past 18 months. The Board remains committed to the current program of debt reduction in the absence of further production contract awards.

The tendering market has been subdued in 2014, with a notable absence of scale tenders replaced with incremental budget allocations and extensions from existing customers. We do not expect any material changes in this environment for the balance of 2014 and await news flow on new contract tenders in Q4, which will provide greater visibility for the year ahead.

Capital Drilling is well positioned for any upturn in the mining industry with a large proportion of current revenue underpinned by longer term production contracts, a strong focus on cost discipline and prudent balance sheet management. On the basis of current market trends the board remains comfortable with market expectations for the full year although it remains cautious of the prevailing headwinds in the Industry.

Jamie Boyton
Executive Chairman and Interim CEO
26 August 2014

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.

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 2014 which comprises the condensed consolidated statement of financial position as of 30 June 2014 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 consolidated financial statements of the Company 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 the 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.

Independent review report to the members of Capital Drilling Limited (continued)

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 2014 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
Registered Auditors

Per: A.W. Brown
Partner
Johannesburg, South Africa
22 August 2014

Deloitte & Touche
Registered Auditors
Buildings 1 and 2, Deloitte Place, The Woodlands
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CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2014

	Notes	Six months ended Reviewed 30/06/2014 $	Reviewed 30/06/2013 $
Revenue		53,796,697	72,686,594
Cost of sales		(35,245,436)	(52,272,141)
Gross profit		18,551,261	20,414,453
Administration costs		(6,030,146)	(6,969,963)
Depreciation		(8,473,176)	(8,818,259)
Profit from operations		4,047,939	4,626,231
Finance charges		(727,582)	(885,934)
Profit before taxation		3,320,357	3,740,297
Taxation	3	(1,545,186)	(994,449)
Profit for the period		1,775,171	2,745,848

Other comprehensive income:

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

Exchange differences on translation of foreign operations		3,785	32,972
Total comprehensive income for the period		1,778,956	2,778,820

Earnings per share:

Basic (cents per share)	4	1.3	2.0
Diluted (cents per share)	4	1.3	2.0

CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2014

	Notes	Reviewed 30/06/2014	Audited 31/12/2013
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	6	62,018,989	59,962,343
Deferred taxation		1,142,532	1,111,738
Total non-current assets		63,161,521	61,074,081
Current assets			
Inventory		23,185,925	23,698,231
Trade and other receivables		22,005,226	18,431,718
Prepaid expenses and other assets		5,403,029	5,805,770
Taxation		901,785	1,931,608
Cash and cash equivalents		11,371,820	12,328,148
Total current assets		62,867,785	62,195,475
Total assets		126,029,306	123,269,556
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		205,146	205,146
Foreign currency translation reserve		51,176	47,391
Retained earnings		71,419,987	69,644,816
Total equity		93,250,958	91,472,002
Non-current liabilities			
Long-term liabilities	8	3,000,000	21,000,000
Deferred taxation		22,277	-
Total non-current liabilities		3,022,277	21,000,000
Current liabilities			
Trade and other payables		12,355,123	10,249,044
Taxation		178,320	194,538
Current portion of long-term liabilities	8	17,222,628	353,972
Total current liabilities		29,756,071	10,797,554
Total equity and liabilities		126,029,306	123,269,556

CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2014

				Reserves		
	Share capital	Share premium	Retained earnings	Equity-settled employee benefits reserve	Foreign currency translation reserve	Total equity
	$	$	$	$	$	$
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
Balance at 31 December 2013 - Audited	13,459	21,561,190	69,644,816	205,146	47,391	91,472,002
Total comprehensive income for the period	-	-	1,775,171	-	3,785	1,778,956
Balance at 30 June 2014 - Reviewed	13,459	21,561,190	71,419,987	205,146	51,176	93,250,958

CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2014

		Six months ended	
	Notes	**Reviewed 30/06/2014**	**Reviewed 30/06/2013**
		$	**$**
Operating activities:			
Cash from operations	9	12,066,377	11,254,709
Finance charges		(694,585)	(885,934)
Taxation paid		(540,098)	(2,802,415)
Net cash generated from operating activities		10,831,694	7,566,360
Investing activities:			
Purchase of property, plant and equipment		(10,695,806)	(3,980,784)
Proceeds from disposal of property, plant and equipment		40,169	1,384,127
Net cash used in investing activities		(10,655,637)	(2,596,657)
Financing activities:			
Long-term liabilities repaid	8	(1,164,341)	(7,384,771)
Net cash used in financing activities		(1,164,341)	(7,384,771)
Net decrease in cash and cash equivalents		(988,284)	(2,415,068)
Cash and cash equivalents at the beginning of the period		12,328,148	9,063,606
Translation of foreign currency cash and cash equivalent adjustment		31,956	41,707
Cash and cash equivalents at the end of the period		11,371,820	6,690,245

1. Basis of presentation and accounting policies

Preparation of the condensed consolidated interim 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 2014 (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 2013 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 have been reviewed in terms of ISRE 2410.

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 statements for the year ended 31 December 2013, 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 2014 which are described in Note 2 of the consolidated financial statements for the year ended 31 December 2013. 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 3 (Revised 2013) Business Combinations [1]
- IFRS 7 (as amended by IFRS 9) Financial Instruments: Disclosures [2]
- IFRS 8 (Revised 2013) Operating Segments [1]
- IFRS 9 Financial Instruments [5]
- IFRS 13 (Revised 2013) Fair Value Measurement [1]
- IFRS 14 Regulatory Deferral Accounts [3]
- IFRS 15 Revenue from contracts with customers [4]
- IAS 16 (Revised 2013) Property, Plant and Equipment [1]
- IAS 19 (Revised 2013) Employee Benefits [1]
- IAS 24 (Revised 2013) Related Party Disclosures [1]
- IAS 38 (Revised 2013) Intangible Assets [1]
- IAS 39 (Revised 2013) Financial Instruments: Recognition and Measurement [5]
- IAS 40 (Revised 2013) Investment Property [1]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2015
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for annual periods beginning on or after 1 January 2017
[5] Effective for annual periods beginning on or after 1 January 2018

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. Management has not yet completed its assessment of the adoption of these new and amended standards and is therefore not currently able to estimate reliably the impact of their adoption on the Group's results or financial position.

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 2014, the Group provided drilling services in Chile, Egypt, Ghana, Mauritania, Papua New Guinea, Solomon Islands, Tanzania, and Zambia.

The Group has successfully secured a five year comprehensive drilling contract with AngloGold Ashanti in Tanzania and the award of a new five year production contract with Centamin in Egypt.

As a result, the Group has increased its capital expenditure in the first half of 2014, mainly for the purchase of seven blast hole rigs to be used for the new contracts.

The seasonality of the Group's operations has no significant impact on the condensed consolidated interim 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 30/06/2014	Reviewed 30/06/2013
	$	$

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 used in the calculation of basic earnings per share	1,775,171	2,745,848
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)	1.3	2.0

Diluted earnings per share

The earnings used in the calculation of all diluted earnings per share measures are the same as those used in the equivalent basic earnings per share measures, as outlined above.

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)	1.3	2.0

For the purposes of calculating earnings per share, diluted weighted average shares outstanding excludes 2.34 million (2013: 2.34 million) potential ordinary shares from share options, because such share options are anti-dilutive.

5. Dividends

No dividends have been declared or paid during the six months ended 30 June 2014 (six months ended 30 June 2013: $nil).

6. Property, plant and equipment

During the six months ended 30 June 2014, the Group acquired approximately $10.7 million (2013: $4 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 $89 thousand (2013: $1.9 million) during the period. A loss of $49 thousand (2013: $480 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 2013 and 2014, the net asset value of the Group exceeded its market capitalisation as at 30 June 2014 and 31 December 2013. 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 2014 and 31 December 2013 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 allocating all assets to a single cash generating unit 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 30/06/2014	Audited 31/12/2013
	$	$
7. Issued capital and share premium		
Authorised capital		
2 000 000 000 (2013: 2 000 000 000) ordinary shares of 0.01 cents (2013: 0.01 cents) each	200,000	200,000
Issued and fully paid:		
134 592 800 (2013: 134 592 800) ordinary shares of 0.01 cents (2013: 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 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 2013, $4 million of the RF was drawn down. The RF has an annual interest rate of 4.15% above the prevailing three month US$ 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 2013, $26 million of the RF and the full amount of the TF remained available for utilisation up to the maturity date of 1 February 2016.

The Group continued payment of interest of the TLF and RF facility. The Group also repaid $1 million of the RF during the current six months ended 30 June 2014. As at 30 June 2014, $27 million of the RF and the full amount of the TF remains available for utilisation.

The full amount due at the reporting date under the TLF has been included in the current portion of long-term liabilities.

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. Final payment of $164,341 towards this loan was made during the six months ended 30 June 2014.

	Six months ended	
	Reviewed 30/06/2014	Reviewed 30/06/2013
	$	$
9. Cash from operations		
Profit before taxation	3,320,357	3,740,297
Adjusted for:		
- Depreciation	8,473,176	8,818,259
- Loss on disposal of property, plant and equipment	126,830	479,816
- Share based payment expense	-	10,487
- Exchange differences on translating foreign operations	2,770	35,353
- Finance charges	727,582	885,934
- Unrealised foreign exchange loss on foreign exchange held	(31,956)	(41,707)
Operating profit before working capital changes	12,618,759	13,928,439
Adjustments for working capital changes:		
- Decrease (increase)in inventory	512,306	(941,241)
- Increase in trade and other receivables	(3,573,508)	(151,144)
- Decrease in prepaid expenses and other assets	402,741	3,271,920
- Increase (decrease) in trade and other payables	2,106,079	(4,853,265)
	12,066,377	11,254,709

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 2013, 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 2014	Africa	Rest of world	Consolidated
	$	$	$
External revenue	47,525,850	6,270,847	53,796,697
Segment gross profit	17,919,163	632,098	18,551,261
Administration costs and depreciation, net of other income	(11,303,502)	(2,885,907)	(14,189,409)
Segment profit (loss)	6,615,661	(2,253,809)	4,361,852
Central administration costs and depreciation			(313,913)
Profit from operations			4,047,939
Finance charges			(727,582)
Profit before tax			3,320,357

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

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 the 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.

10. Segmental analysis (continued)

	Reviewed 30/06/2014 $	Reviewed 30/06/2013 $
Segment assets:		
Africa	205,147,835	201,071,854
Rest of world	83,722,566	77,741,049
Total segment assets	288,870,401	278,812,903
Head office companies	43,162,893	34,138,099
	332,033,294	312,951,002
Eliminations *	(206,003,988)	(182,649,953)
	126,029,306	130,301,049
Segment liabilities:		
Africa	59,360,805	54,106,531
Rest of world	52,078,384	46,245,323
Total segment liabilities	111,439,189	100,351,854
Head office companies	126,332,048	115,478,331
	237,771,237	215,830,185
Eliminations *	(204,992,889)	(181,561,670)
	32,778,348	34,268,515

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

	Reviewed 30/06/2014 $	Reviewed 30/06/2013 $
Depreciation		
Africa	7,228,287	7,799,262
Rest of world	1,090,092	935,508
Total segment depreciation	8,318,379	8,734,770
Head office companies	154,797	83,489
	8,473,176	8,818,259

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	Reviewed 30/06/2014	Reviewed 30/06/2013
	$	$

10. Segmental analysis (continued)

Additions to property, plant and equipment		
Africa	10,259,421	3,246,124
Rest of world	408,138	700,123
Total segment additions to property, plant and equipment	10,667,559	3,946,247
Head office companies	28,247	34,537
	10,695,806	3,980,784

Information about major customers

Included in revenues arising from the Africa segment are revenues of approximately $33.4 million (2013: $41.1 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 2014:

Committed capital expenditure	1,561,613	-

The Group has outstanding purchase orders amounting to $1.5 million at 30 June 2014 (30 June 2013: $2.0 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. During the first half of the year Capital Drilling approached the court of first instance for a ruling to compel the Mauritanian Director General of Taxation to refund the funds owed to it. In the absence of a representative of the Mauritanian Director General of Taxation at the court proceedings the case has been referred to the Mauritanian High court. At present the Group is awaiting a court date, expected during the last quarter of 2014. 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 2014 and 31 December 2013, 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 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 were available and rely as little as possible on Group specific estimates.

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. The fair values disclosed for the financial assets and financial liabilities are classified in level 3 of the financial instrument hierarchy and have been assessed to approximate their carrying amounts based on a discounted cash flow assessment.

CAPITAL DRILLING LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITY
For the six months ended 30 June 2014

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, which has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Boards gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by DTR4.2.4R;

{b} the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR4.2.8; 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 2013.

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 22 August 2014.

ON BEHALF OF THE DIRECTORS

____
Jamie Boyton
Chairman & Chief Executive Officer

____
Brian Rudd
Director

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.

Political, economic and legislative risk
The Group operates in a number of countries where the political, economic and legal systems are less predictable than in countries with more developed institutional structures. Significant changes in the political, economic or legal landscape in such countries may have a material effect on the Group's operations in those countries. Potential impacts include restrictions on the export of currency, expropriation of assets, imposition of royalties or other taxes targeted at mining companies, and requirements for local ownership. Political instability can also result in civil unrest and nullification of existing agreements, mining permits or leases. Any of these may adversely affect the Group's operations or results of those operations. The Group has invested in a number of countries thereby diversifying its exposure to any single jurisdiction.

Primary Risks (continued)

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.