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

Full Year Results
For the period ended 31 December 2015
17 March 2016

Capital Drilling Limited (CAPD:LN) The emerging and developing markets focused drilling company, today announces its full year results for the period ended 31 December 2015.

FULL YEAR FINANCIAL RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2015*

	2015 $m	2014 $m
Average Fleet Size (No. of drill rigs)	97	96
Fleet Utilisation (%)	34	43
ARPOR ($)	188,000	188,000
Revenue	78.7	98.8
EBITDA	9.9	20.4
EBIT	(4.7)	3.9
Net Loss Profit After Tax	(10.2)	(0.6)
Cash generated from operating activities	22.0	22.7
Earnings per share		
Basic (cents)	(7.6)	(0.4)
Diluted (cents)	(7.6)	(0.4)
Final Dividend declared (cents)	2.5	1.9
Net Asset Value per share (cents)	57.0	67.6
Return On Capital Employed (%)	(4.6)	3.3
Return on Total Assets (%)	(10.8)	3.0
Net Cash (Debt)	8.3	(0.4)
Net Cash / (Debt) to Equity (%)	10.8	(0.4)

** All amounts are in USD unless otherwise stated*

Financial Overview[1]

- Revenue down 20% to $78.7 million (2014: $98.8 million)
- EBITDA down 52% to $9.9 million (2014: $20.4 million)
- EBIT down to -$4.7 million (2014: $3.9 million)
- Net Loss After Tax down to -$10.2 million (2014: $0.6 million) after $9.1 million of non-recurring charges
- Net Operating Cash Flows of $22.0 million (2014: $22.7 million)
- Gross debt of $10 million repaid in 2015 (2014: $6.2 million)
- Aggregate maiden dividend of 3cps paid in 2015[#]
- Net Cash of $8.3 million (2014: net Debt of $0.4 million)
- Declared final 2015 dividend of 2.5cps ($3.4 million), a 32% increase on the 2014 final dividend

 # consisting of a final dividend for the year ended 31 December 2014 of 1.9c per share paid on 8 May 2015 and an interim dividend for the six month period ended 30 June 2015 of 1.1c per share paid on 9 October 2015.

Operational & Strategic Overview

- Retained and won core long term contracts:
  - Acacia Mining – award to Dec 2019 for 5 rig blast hole & grade control contract at its North Mara Gold Mine, Tanzania
  - Anglo Gold Ashanti - contract extension to 2020 at its Geita Gold Mine, Tanzania, including the addition of underground exploration services
  - Centamin - contract extension to 2020 at its Sukari Gold Mine, Egypt
  - Kinross - contract extension to Dec 2017 at its Tasiast Gold Mine, Mauritania
  - Khoemacau – contract award and extension to Dec 2016 for Diamond and RC exploration in Botswana
  - Lean Operations Model resulted in numerous exploration contracts in Peru, Botswana and Tanzania
- World Class Achievement in 2015 for Lost Time Injuries (LTI's) include:
  - Mauritania, Tasiast Project – 4 years LTI Free (March 2015)
  - Tanzania, Geita Project - 8 years LTI Free (April 2015)
  - Tanzania, North Mara Project - 1,000 days LTI Free (April 2015)
- Average Revenue Per Operating Rig (ARPOR) of $188,000 (2014: $188,000) remained steady with the addition of the exploration activity resulting from the Lean Operating Model implementation
- Lean Operations Model imbedded improvement through numerous exploration wins, while retaining margin
- New management team fully entrenched
- Relocation of the Company's Head Office from Singapore to Mauritius resulting in significant ongoing savings and improved efficiencies, which will be fully realised in 2016
- Ongoing stringent discipline around cost management and capital spending reflected in positive Group cash flow

Management update

As previously announced, Mark Parsons, Chief Executive Officer, was appointed to the Board on 1 April 2015. It was also announced that Jaco Brümmer was appointed as Chief Financial Officer and commenced in April 2015.

Other management changes include the appointment of Supply Manager, Michele Butler. Ms. Butler has extensive industry and international experience. She is tasked with inventory management, improving efficiencies and further cost savings within the Group's supply chain.

Commenting on the results, Mark Parsons, CEO, said:

"Despite the significant softening of commodity prices and the subsequent headwinds suffered by the global mining industry in 2015, Capital Drilling further strengthened its balance sheet, generated positive free cash flow, and paid our first dividends since inception in 2004. The financial performance of Capital Drilling demonstrates our robust strategy of focusing on cash generation from our assets, a high quality and young fleet, and providing blue chip clients operating long life of mine assets with multi-year drilling contracts.

The business suffered a significant loss of a valued employee during 2015 with the tragic accident at the Sukari mine in Egypt. A thorough ICAM safety investigation was carried out and the tragic accident was attributed to rock fall. Every effort has been made by our Group to support the grieving family, friends and colleagues. The importance of workplace safety within our Group is the single most important aspect of our business – we will continue to foster this in our procedures, operations and culture.

The current year will see Capital Drilling return to revenue growth and profitability as we seek to further our market share in emerging markets, increase our suite of drilling services and enter into strategic partnerships. We believe that 2015 has built a strong platform to return our business to growth despite the ongoing challenges which our industry continues to face."

Results Conference Call

Capital Drilling will host a conference call on Thursday 17 March at 09.00 am (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. Participants may also wish to download the 2015 Results Presentation which is available by clicking here.

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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 94 drilling rigs with established operations in Botswana, Chile, Egypt, Ghana, Mauritania, Peru, Tanzania and Zambia. The Group's corporate headquarters is in Mauritius.

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[1] A definition of terms used is provided in note 15

CHAIRMAN'S STATEMENT

2015 marked the fourth consecutive year of the cyclical downturn in the commodities markets, with pronounced weakness in metals prices and commodity equities, particularly in the second half of the year. The ongoing focus across the sector on cost reduction initiatives and subdued capital expenditure continued to impact service providers to the industry, reflected in Capital Drilling's revenue decreasing 20% from 2014 levels.

Whilst the Group has faced substantial headwinds during this downturn, the underlying financial performance has been strong and structurally, Capital Drilling is in excellent health. The management team responded early to the weakening demand environment and undertook an extensive range of cost saving initiatives. As referenced in the Chief Financial Officers review, these savings have helped the company to achieve long term trend EBITDA margins of 22% in 2015, after allowing for non-recurring adjustments, a solid performance in this difficult climate.

The Group underwent some significant change in 2015, with Mark Parsons, newly appointed Chief Executive Officer, in the role for the full year. Mark was welcomed to our Board in April 2015. Additionally, Jaco Brümmer, a long term Group employee was appointed Chief Financial Officer in early 2015. David Payne, Chief Operating Officer, also led significant changes to Capital Drilling's operating model for the exploration and delineation segments of the drilling market, which recorded early success in 2015.

The transition to the new management team has been seamless and forms a solid base for further growth and development of the capabilities throughout the Group. The head office was also relocated from Singapore to Mauritius, reducing costs further and bringing key executives and corporate functions closer to the operations. These cost savings will be realised in the full year 2016.

The Group's operational activities performed well in 2015. While utilisation was impacted by the weaker demand environment, Group ARPOR remained stable, reflecting improving operational performance in a weaker pricing environment. Reflecting this performance Capital Drilling was awarded extensions on two of its key production contracts including: Centamin, at the Sukari Gold Mine in Egypt; and AngloGold, at the Geita Gold Mine in Tanzania. The continued strong performance at the North Mara Gold Mine in Tanzania, where the Group has provided grade control drilling services since 2008, positioned us well during the tendering process for blast hole drilling services, which was duly awarded to the Group in December 2015.

Long term production contracts are a strategic focus for the Group due to the unique level of stability and visibility they provide within a sector beset by uncertainties. Currently over 70% of Group revenue is derived from long term contracts. Combined with the recent success of the Group's new Lean Operating Model, targeting the exploration and delineation sectors, Capital Drilling is well placed for growth in the years ahead.

The Group's financial position is its strongest since listing on the Main Market of the London Stock Exchange in 2010. Management's strict focus on cost and capital discipline has resulted in record free cash flows being recorded in the past three years, increasing to $14.4 million in 2015. These cash flows have enabled us to de-gear the balance sheet and pay our first dividends since inception in 2004. A total of $4.0 million was paid to shareholders over 2015, while gross debt reduced to $5.1 million, with closing net cash at $8.3 million, versus net debt of $0.4 million in 2014.

In line with the Group's solid financial and operating position the Board of Directors have declared a final dividend for the 2015 period of 2.5cps (US$3.4 million), payable in May 2016, representing a 32% increase on the 2014 final dividend.

Sadly, we reported the loss of a valued colleague in the second half of the year at the Sukari Gold Mine in Egypt. Following a thorough ICAM investigation, the tragic accident was attributed to a rock fall and our sincere condolences are extended to the grieving family, friends and colleagues. Further details of this tragedy are provided in the Chief Executives Review.

As 2016 commences, activity levels in exploration and delineation drilling remain depressed and utilisation levels in the industry remain at record lows. A reprieve in equity markets, combined with the strong performance in the gold price brings some recent cause for optimism for the coming year. Based on current expectations, driven by recent contract wins, the Board expects to return to profitability in 2016, underpinned by the Group's solid platform of core production and delineation contracts. Further progress in utilising the Group's idle assets would transform what has been a solid performance in 2015 to one of substantial returns as we gain from the benefits of our inherent operational gearing. I would like to take the opportunity to thank all employees, business partners, shareholders, our Board of Directors and all stakeholders for their continued support.

Jamie Boyton
Chairman

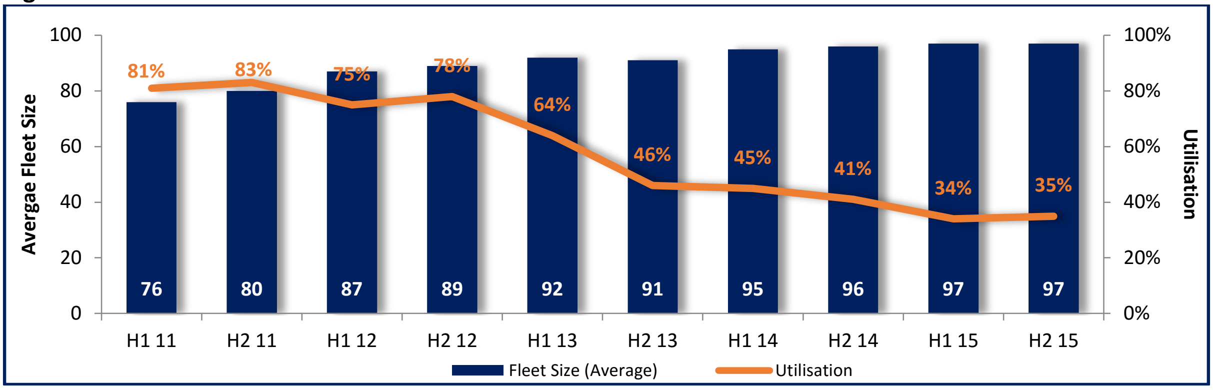
CHIEF EXECUTIVE OFFICER'S REVIEW

The 2015 financial year remained challenging due to subdued exploration and development activity within the global mining industry. The sector continued to be impacted by lower commodity prices, the deferral or cancellation of capital expenditure and the continued and heightened focus on cost reduction.

Despite these headwinds, the Group successfully continued to strengthen its balance sheet, secured additional long terms contracts, achieved multi-year extensions to existing contracts and strengthened its management and operations.

The revenue result for the full year was $78.7 million. This result represents a 20% decrease on the previous year (2014: $98.8 million) and is directly attributed to lower activity levels within the exploration and delineation segments of the drilling market. Encouragingly, the Group achieved quarter-on-quarter revenue growth for the nine months ending 30 September 2015. As expected, the fourth quarter 2015 revenue was impacted by the traditional seasonal shutdowns.

Figure 1: ANNUAL FLEET GROWTH & RIG UTILISATION



During the fourth quarter, the Group successfully secured the North Mara Gold Mine contract with Acacia Mining following a competitive tendering process. Capital Drilling is providing blast hole and grade control drilling services to the site's open pit operations. A total of five rigs were deployed to the project, together with an existing grade control rig that was included in the tendering process. The two-plus-two-year contract commenced earlier than the 1 January 2016 contracted start date – at the client's request, and is performing well during the ramp up phase of operations. The newly acquired rigs are scheduled to be commissioned in the first quarter 2016 which will provide further operational improvements. This new contract consolidates the Group's position as the leading drilling services contractor in the East African market.

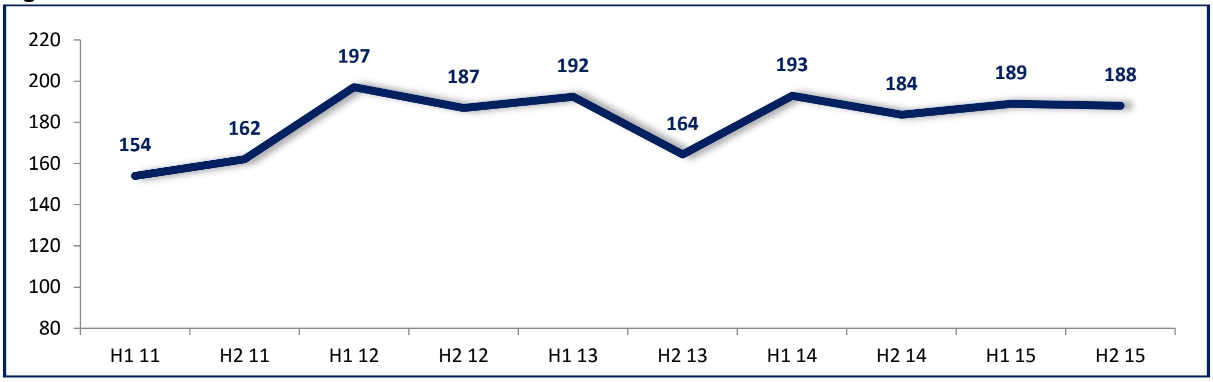
A number of contract extensions were achieved during 2015, including an additional twelve months for the Khoemacau copper mine in Botswana, a multi-year extensions with long-term clients Centamin Sukari Gold Mine in Egypt and AngloGold Ashanti Geita Gold Mine in Tanzania. The Geita Gold Mine contract extension also includes the addition of underground exploration services. Most recently we received an extension at the Tasiast Gold Mine to 2017.

The Group's Lean Operating Model, implemented in 2015, delivered successful results in Tanzania, Botswana and Peru. These contracts were carried out at a lower cost and with a smaller site footprint, with positive client feedback received during the KPI Performance Reviews.

Operational capital expenditure remained subdued over 2015 at $4.3 million, inclusive of an additional production rig at the Geita Gold Mine. The successful award of a four year production contract at the North Mara Gold Mine, led to additional CAPEX in December, totalling $3.6 million for three new rigs, bringing full year CAPEX to $7.9 million.

To maintain the Group's young fleet, five exploration rigs were decommissioned in the fourth quarter, while a further rig was lost due to a rock fall at the Sukari Mine in Egypt. The net result of these fleet changes brings the fleet total to 94 at year end (2014: 96).

Figure 2: ARPOR



The Group's full year ARPOR result remained steady at $188,000 (2014: $188,000). Capital Drilling's ability to maintain its ARPOR reflects its operational efficiencies and the benefits of its Lean Operating Model, implemented in 2015 during a highly competitive exploration market.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") amounted to $9.9 million in 2015 (2014: 20.4 million). EBITDA was negatively impacted by the weaker revenue in 2015 in addition to a number of non-recurring charges relating to repatriation costs ($1.0 million) and inventory write downs ($5.1 million), with provisions for previously reported tax disputes ($1.4 million) also impacting Group earnings. Adjusting for these non-recurring charges, underlying EBITDA margins have returned to 7 year long term trend levels of 22%, reflecting the strong focus on cash management during the current market downturn.

Figure 3: OPERATING CASH FLOW/FREE CASH FLOW

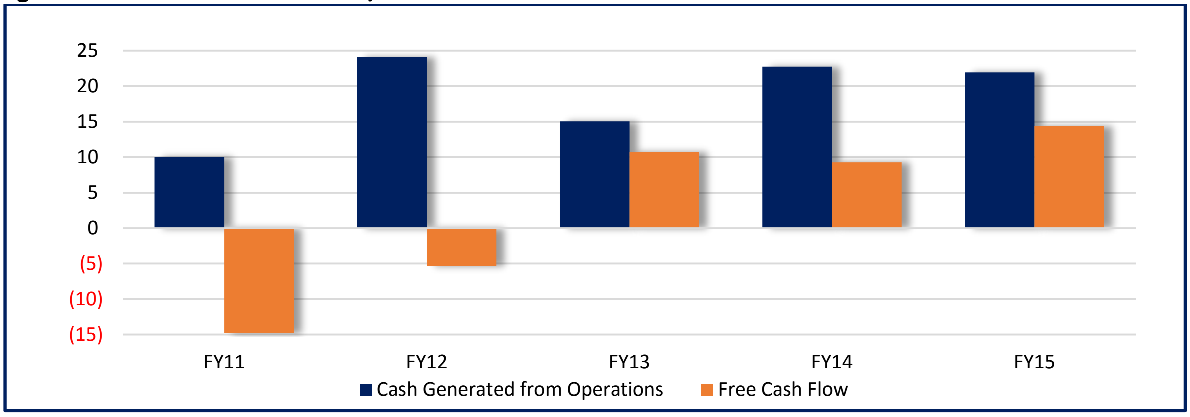
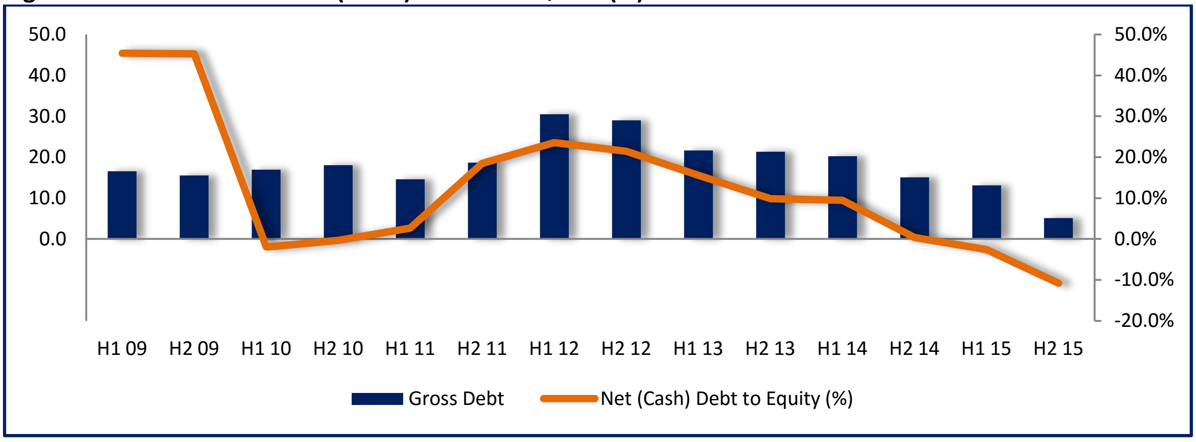


Figure 4: GROSS DEBT VS NET (CASH) DEBT TO EQUITY (%)

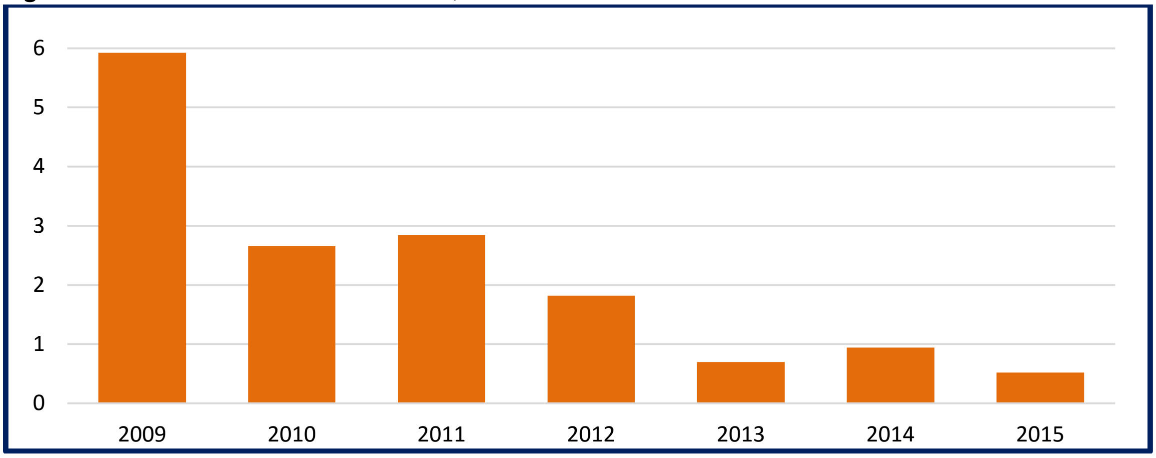


The Group continued to de-lever its balance sheet and concluded the year with net cash of $8.3 million (2014 Net debt: $0.4 million). Despite the requirement for increased capital expenditure in the fourth quarter, the Group successfully reduced its gross debt by 67%. The lower gearing level was achieved by management's disciplined approach to working capital, greater operational efficiency and cost reductions.

Health and Safety

The Group continues with its strong focus on a safety culture, supported by our emphasis on Safety Leadership, Training and Development programs. We recorded another strong performance in safety in 2015, with our key measure, the All Injury Frequency (days free) Rate (AIFR), recorded at 0.52 injury related incidents per 200,000 man hours.

Figure 5: PROGRESSIVE ALL INJURY FREQUENCY RATE



World Class Achievement in 2015 for Lost Time Injuries (LTI's) include:

- Mauritania – Tasiast Project 4 years (March 2015)
- Tanzania – Geita Project 8 years (April 2015)
- Tanzania – North Mara Project 1,000 days (April 2015)

A great sadness during the second half of the year was the loss of an employee at the Sukari mine in Egypt. A thorough ICAM (Incident Cause Analysis Method) investigation was carried out in line with the highest of industry standards, and the tragic accident was attributed to rock fall. Every effort has been made by our Group to support the grieving family, friends and colleagues. The importance of workplace safety within our Group cannot be overemphasized – we will continue to foster this in our procedures, operations and culture.

Dividends

During 2015 the Group was pleased to pay total dividends of $4 million (US3 cents per share) whilst strengthening the Group balance sheet. The Board remains committed to the dividend policy communicated in March 2015.

The dividend policy is based on the financial condition of, and outlook for, the Group and its cash flow and financing needs. When determining the amount to be paid the Board will take into consideration the underlying profitability of the Company. Specifically, the Board will aim to approve an annual dividend within the range of 25-50% of the Company's free cash flow (being operating cash flow less capital expenditure).

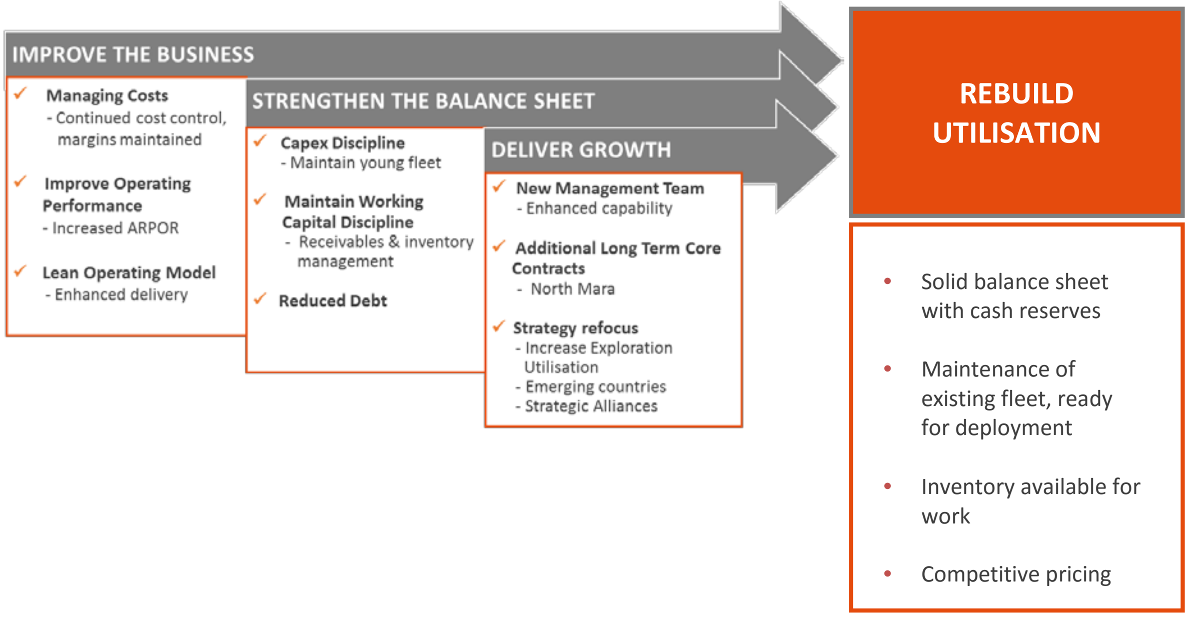
Consistent with the policy, the Board of Directors have declared a final dividend for 2015 of US2.5cps, representing a 32% increase on the 2014 final dividend. The dividend will be paid to all shareholders on the register at 29 April 2016. The corresponding ex-dividend date will be 28 April 2016 and it is expected that payment will occur on 6 May 2016.

2016 Focus Areas

Throughout 2015, we successfully improved our operating performance, strengthened our balance sheet and secured new long-term contracts and contract extensions.

During 2016 we will strengthen our financial and operational position further by:

- Continuing to deploy our strategic Lean Operating Model, which delivered reduced operational costs and improved efficiencies throughout 2015;
- Strengthening our market position as a solutions provider by consistently delivering world class performance and service;
- Driving continuous improvement of our strong safety culture and performance
- Growing our revenue with a strategic focus on expanding operations in targeted emerging markets, building capability in underground operations and executing strategic partnerships; and
- Maintaining our conservative approach to gearing and cost management.



Outlook

The fundamentals affecting the global mining industry suggest another challenging year – the fourth year of the cycle's downturn. Commodity prices, though having strengthened in some cases since multi-year lows reached in early January, and trading on metals and equities markets in early 2016, have continued to remain significantly lower than in previous years.

Despite these ongoing challenges, Capital Drilling anticipates moving back into a growth phase of its business this year, with a modest increase in 2016 revenue, largely reflecting the recently announced contract win at the North Mara Gold Mine. There is the potential for further upside as we secure exploration and delineation contracts over the year, following the success of the Lean Operating model in 2015.

Capital Drilling is in a stronger position to capitalize on opportunities having: no net debt; positive cash flows; a young fleet; stable multi-year contracts monitored by quarterly performance reviews; a lower cost model; well established operations in Africa and a dedicated management team.

Underpinning our operations will be our uncompromising commitment to the safety of our people and others where we work.

I remain confident that Capital Drilling has the financial strength combined with the most appropriate growth strategy to successfully navigate current market conditions and take advantage of opportunities in existing and new markets.

I would like to take this opportunity to thank all employees, business partners, shareholders, our Board of Directors and all stakeholders for their continued support throughout this cycle and look forward to generating shareholder value in the years ahead.

Mark Parsons
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

Overview

2015 saw continued pressure in the mining and mining services industries, on the back of continued downward pressure on commodity prices, driving the sector wide response of capital expenditure cuts as well as an acute focus on cost reduction. In this challenging environment, revenue for 2015 was $78.7 million. This represents a 20% decrease from the 2014 reported revenue of $98.8 million.

The Group continued to generate strong operational cash flows with the operating cash margin outperforming 2014. The strong cash flows were utilised to reduce the Groups debt balances by $10 million and pay dividends to shareholders for the first time in the Group's history, while maintaining a cash resources. The Group ended 2015 with a net cash balance of $8.3 million.

Statement of comprehensive income

Statement of comprehensive income (Summary)

Reported	2015	2014
Revenue ($'m)	78.7	98.8
EBITDA ($'m)	9.9	20.4
EBITDA (%)	12.6	20.6
EBIT ($'m)	(4.7)	3.9
PBT ($'m)	(5.5)	2.5
NPAT ($'m)	(10.2)	(0.6)
Basic EPS (cent)	(7.6)	(0.4)
Diluted EPS (cent)	(7.6)	(0.4)

Revenue decreased by 20% to $78.7 million (2014: $98.8 million). Utilisation for the year was 34% (2014: 43%) on an average fleet size of 97 (2014: 96). Average revenue per operating rig (ARPOR) held steady at $188,000 (2014: $188,000). The decline in year-on-year revenue is directly attributed to lower activity levels within the exploration and delineation segments of the drilling market. Encouragingly, the group has maintained ARPOR levels through its operational efficiencies and the benefits of its Lean Operating Model, implemented in 2015 in a highly competitive exploration market.

Despite continuing the strong focus on cost discipline, the statement of comprehensive income was negatively affected by a number of non-recurring charges as disclosed in the Annual Financial Statements:

- Inventory write-downs amounting to $5.1 million included in Cost of Sales, inclusive of an impairment provision of $3.7 million. These adjustments were recorded following a comprehensive review of the group's inventory holdings.
- Provisions raised regarding the ongoing tax disputes in Zambia and Mauritania totalling $3.0 million. Of this $1.4 million is included in Administrative expenses and $1.6 million is included in the Tax Expense Further details of the provisions are included in notes 4 and 13 to the Annual Financial Statements.
- Non-recurring cash repatriation charges from subsidiaries amounting to $10 million.

Earnings before interest, tax, depreciation and amortisation ("EBITDA"), amounted to $9.9 million or 12.6% (2014: $20.4 million or 20.6%) while the net loss for the year amounted to $10.2 million (2014: $0.6m). Adjusting for the impact of the adjustments described above, adjusted EBITDA would have been $17.4 million or 22%, in line with long term trends, while the adjusted net loss for the year would have amounted to $1.1 million.

During 2015, the Group successfully completed the relocation of its head office from Singapore to Mauritius. The relocation realised savings of approximately $0.5 million during 2015. The Group expects that 2016 will reflect a full year of savings in this regard.

The loss per share for the year was 7.6 cents (2014: 0.4 cents). The weighted average number of ordinary shares used in the loss per share calculation was 134,603,264 (2014: 134,592,800).

Statement of financial position

Statement of financial position (Summary)

Reported	2015 $'m	2014 $'m
Non-current assets	49.7	56.9
Current assets	45.7	56.7
Total assets	95.4	113.6
Non-current liabilities	5.2	15.0
Current liabilities	13.5	7.6
Total liabilities	18.7	22.6
Shareholders' equity	76.7	91.0

As at 31 December 2015, the statement of financial position showed continued strength. The Group continued the trend started in 2013 of deleveraging the balance sheet through capital expenditure discipline, working capital management and strong cash flow generation.

The Group ended 2015 with a total fleet size of 94 drill rigs (2014: 96 drill rigs). Capital expenditure was subdued in 2015 in response to the depressed market conditions. During 2015, 4 production drill rigs were acquired, 1 being for the Geita Gold Mine project, while 3 were acquired in December 2015 for the newly won North Mara production contract. 6 drill rigs were retired during 2015. Overall property, plant and equipment reduced from $56.7 million in 2014 to $49.1 million in 2015 as a result of the depreciation charge of $14.6 million (2014: $16.5 million) being lower than capital expenditure of $7.9 million (2014: $13.7 million).

Current assets reduced to $45.7 million at 31 December 2015 from $56.7 million at 31 December 2014. Inventory reduced by $5.1 million, mainly attributable to the write downs recorded in 2015 following a detailed review of the Group's inventory holdings. Trade receivables reduced by $1.8m to $9.0 million from $10.8 million. Procedures implemented in late 2014 and early 2015 to improve collections contributed to the improvement in receivables balances. While December is traditionally a good collections month, during 2015 collections were more evenly spread throughout the year, resulting in lower average balances relating to receivables when compared to prior years. Further reductions in current assets relate to reductions in prepayments and deposits and the reduction in the cash balance as discussed in the section on the statement of cash flows.

Non-current liabilities consist of long term liabilities and deferred tax liabilities. Effective 3 February 2015, the Group successfully refinanced the Standard Bank (Mauritius) Limited facility. The facility comprises a $25 million revolving credit facility ("RCF"). The facility was structured so that the previous RCF rolled over into the new RCF. The RCF has an annual interest rate of 5.25% above the prevailing three month US$ LIBOR (payable in arrears), and has an annual commitment fee of 1% of the undrawn balance and is available for utilisation up to 2 February 2018 less an annual amortisation of $5 million. The previous facility was rolled over into the new facility. During 2015, the Group repaid $10 million on the RCF, reducing the amount owing to Standard Bank (Mauritius) Limited to $5 million at 31 December 2015 (31 December 2014: $15 million). During 2015 no breaches of terms and conditions occurred on these facilities and the Group was in compliance with all covenants throughout the year.

Current liabilities consists mainly of trade and other payables of $12.1 million (2014: $7.3 million). The year-on year increase is as a result of the 3 drill rigs and other capital expenditure purchased in December 2015 as a result of the award of the new North Mara contract. The Group used cash resources to settle these liabilities in January 2016 in line with contractual terms.

Statement of changes in equity (Summary)

Reported	2015 $'m	2014 $'m
Opening equity	91.0	91.5
Share based payments	0.1	-
Total comprehensive loss	(10.4)	(0.5)
Dividends paid	(4.0)	-
Closing equity	76.7	91.0

Statement of cash flows

Statement of cash flows (Summary)

Reported	2015 $'m	2014 $'m
Net cash from operating activities	21.9	22.7
Net cash used in investing activities	(8.5)	(13.6)
Net cash used in financing activities	(14.0)	(6.2)
Net (decrease) increase in cash and cash equivalents	(0.6)	2.9
Opening cash and cash equivalents	14.7	12.3
Translation of foreign currency cash	(0.7)	(0.5)
Closing cash and cash equivalents	13.4	14.7

Reconciliation of net cash (debt) position

Reported	2015 $'m	2014 $'m
Net debt at the beginning of the year	(0.4)	(9.0)
Net (decrease) increase in cash and cash equivalents	(0.6)	2.9
Decrease in long term liabilities	10.0	6.2
Translation of foreign currency cash	(0.7)	(0.5)
Net cash (debt) at the end of the year	8.3	(0.4)

Net cash generated from operating activities amounted to $21.9 million (2014: $22.7 million) with the operating cash margin outperforming 2014. EBITDA amounted to $9.9 million (2014: $20.4 million). After adjusting for non-cash charges to the statement of other comprehensive income, operating cash flows before working capital changes amounted to $11.4 million ($21.2 million). Net working capital, excluding cash and cash equivalents reduced by $14.0 million year-on-year.

In subdued market conditions, capital expenditure discipline was maintained with capital expenditure only amounting to $7.9 million (2014: $13.7 million), inclusive of $3.6 million of capital expenditure incurred in December 2015 relating to the new North Mara contract.

Excess cash generated during 2015 was mostly applied in returning funds to the Group's lenders. $10 million capital was repaid on the Standard Bank facilities, reducing the Group's long term debt by 67% from $15 million in 2014 to $5 million in 2015. The group reported a net cash position of $8.3 million at 31 December 2015 compared to a net debt position of $0.4 at 31 December 2014.

Another highlight of 2015 was the maiden dividend paid. A total of $4.0m was paid to shareholders during the year as dividends. In total $14.0m was paid towards Group's debt and equity holders, while still maintaining a strong cash balance of $13.7m (2014: $14.7 million).

Treasury and Currency Risk Management

The Group operates under standard finance procedures with a centralised treasury function. As a result, approximately 50% of the receivables are centrally received to mitigate part of the in country cash risk (foreign currency risk and country risk). In cases were the local legislation does not permit receivables to be collected centrally, the Group has procedures in place to convert as much as possible to US Dollar to mitigate currency exposures and to repatriate the funds to head office. The Group therefore manages cash and cash flow from Head Office.

The Group does not undertake any formal currency hedging, though it endeavours to increase the percentage of all transactions in US Dollar denominations as an informal hedge. During the prior year there have been changes in monetary regulations in some jurisdictions in which we operate which prevents central receipting of receivables. The group have implemented procedures to allow for the repatriation of funds to the Group's Head Office bank accounts. The policy of pooling all of the Group's cash balances in accounts at Head Office remains unchanged.

Taxation

Capital Drilling Limited is incorporated in Bermuda. No taxation is payable on the results of the Bermuda business. Taxation for other jurisdictions is calculated in terms of the legislation and rates prevailing in the respective jurisdictions. In Egypt and Tanzania the company benefits from a final withholding tax on revenue, while in all other jurisdictions taxation is calculated at between 15% and 35% of taxable income.

A deferred tax asset and liability is recorded in the Statement of Financial Position. The Group has tax losses carried forward of $7.9 million (2014: $30 million) with a tax value of $2.2 million (2014: $7.5million) available for offset against future profits. A deferred tax asset has, however, only been recognised to the value of $0.3million (2014: $0.8 million) in respect of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses amounting to $6.6 million (2014: $22.9 million) with a tax value of $1.9 million (2014: $6.7 million) as there is uncertainty whether there will be sufficient future taxable profits available to offset these losses. These losses may be carried forward up to five years or indefinitely depending on the jurisdiction.

Included in the tax expense of $4.6 million (2014: $3.1 million) is a total amount of $1.7 million provided relating to the ongoing tax disputes in Mauritania and Zambia, as disclosed in notes 4 and 13 to the annual financial statements.

Share Based Payments

In March 2015, 3,000,000 share options convertible into ordinary shares were issued to the newly appointed Chief Executive Officer Mark Parsons. The share options issued by the Company have an exercise price of $0.66 each and are exercisable up to 9 August 2019. A further 103,754 share awards were issued to a senior employee on achieving his key performance criteria. All awards were approved by the Remuneration Committee and the Board.

At 31 December 2015, a total of 5,465,515 (2014: 2,372, 642) share options and awards were unexercised.

Critical Accounting Policies

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The principal accounting standards are set out in the Group's financial statements.

The Financial Statements have been prepared on the historical cost basis and are presented in US dollars, given the Group's transactions are primarily denominated in US dollars.

Property, Plant and Equipment

The Group depreciates all fixed assets over their estimated useful lives, less any pre-agreed salvage value. The carrying value of fixed assets are reviewed annually or more frequently if a triggering event occurs.

Principal Risks and uncertainties

The Group operates in environments that pose various risks and uncertainties. Aside from the generic risks that face all businesses, the Group's business, financial condition or results of operations could be materially and adversely affected by any of the risks described below.

These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties nor are they listed in order of magnitude or probability. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, may also have an adverse effect on the Group's operating results, financial condition and prospects.

The principal risks associated with the business are:

Area	Description	Mitigation
Fluctuation in levels of mining activity	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, as was evident in the 2014 and 2015 financial years.	The Group is seeking to balance these risks by building a portfolio of long term drilling contracts, expanding into new geographic areas and implementing of our Lean Operating Model.
Reliance on key customers	The Group's revenue is reliant on a small number of key customers. A loss of a key customer, or a significant reduction in the demand for drilling provided to a key customer will have a significant adverse effect on the Group's revenues.	The Group has entered into long term contracts with its key customers for periods between 2 to 5 years. Contract renewal negotiations are initiated well in advance of expiry of contracts to ensure contract renewals are concluded without interruption to drilling services. The Group has and continues to monitor projects closely and invest a significant amount of time into client relationship and service level monitoring at all levels of the business. A key part of this process is the quarterly project steering committee meetings with key client stakeholders that provide a forum for monitoring and reporting on project performance and key performance indicators ("KPI's"), contractual issues, pricing and renewal.

Area	Description	Mitigation
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.	The Group has expanded capabilities in the areas of business development, supply chain, finance, training and health and safety during 2015 and continues to do so through the recruiting of senior managers in the various fields, implementing comprehensive training programmes and providing employees with international exposure in their fields. The Group has implemented remuneration policies that seeks to recruit suitable talent and to remunerate talent at levels commensurate with market levels.
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 the 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. Funds are pooled centrally in the head office bank accounts to the maximum extent possible. The group have implemented procedures to allow for the repatriation of funds to the Group's Head Office bank accounts from jurisdictions where exchange control regulations are in effect.

Area	Description	Mitigation
Operating risks	Operations are subject to various risks associated with drilling including, in the case of employees, personal injury, malaria and loss of life and, in the Group's case, damage and destruction to property and equipment, release of hazardous substances in 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.	The Chief Executive Officer, Executive Leadership Team and managers provide leadership to projects on the management of these risks and actively engage with all levels of employees. The Group have implemented and continue to monitor and update a range of health and safety policies and procedures. including equipment standards and standard work procedures. Employees are provided with training regarding risks associated with their employment, policies and standard work procedures. Health and Safety statistics and incident reports are monitored throughout our projects and the various management structures of the Group, including the HSSE committee. Where necessary policies and procedures are update to reflect developments and improvement needs. The Group maintains adequate insurance policies to provide insurance cover against operating risks.
Political, economic and legislative risk	The Group operates in a number of jurisdictions where the political, economic and legal systems are less predictable than in countries with more developed industrial 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, industrial action 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 exposure to any single jurisdiction.	The Group monitors political and regulatory developments in the jurisdictions it operates in through a number of service providers and advisors. Senior management regularly reports to the Board on any political or regulatory changes in the jurisdictions we operate in. Where significant events occur, we work closely with our clients, advisors and other stakeholders to address these events.

Viability Statement

The activities of the Group, together with the factors likely to affect its future development, performance, the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the pages 21 to 31. The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. These risks and the ways they are being managed and mitigated by a wide range of actions are summarised on pages 15 to 17.

Taking account of the Group's position and principal risks, the Directors assessed the prospects of the Group by reviewing and discussing the annual forecast, the three-year strategic plan and the Group risk framework. Throughout the year the Directors review and discuss the potential impact of each principal risk as well as the risk impact of any major events or transactions. A three-year period is considered appropriate for this assessment because:

- it is the period covered by the strategic plan; and
- it enables a high level of confidence, even in extreme adverse events, due to a number of factors such as:
    - the Group has considerable financial resources together with established business relationships with major, mid-tier and junior mining houses and suppliers in countries throughout the world;
    - high cash generation by the Group's operations;
    - low level of gearing and availability of unutilised facilities with the Group's bankers;
    - flexibility of cash outflows including capital expenditure and dividend payments; and
    - the Group's long term contracts, and equipment availability and diverse geographic operations.

Based on the results of this analysis, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain outlook. The Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Going Concern Basis

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman Statement, Chief Executive's Review and this Chief Financial Officer's Review. The financial position of the Group, its cash flows and liquidity position are also described in from pages 21 to 31 of the attached condensed financial statements.

The Group has borrowings and a debt facility which, together with its clients' receipts, fund its day to day working capital requirements. 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, current facilities and related covenants. The Group has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that these needs may not be met on acceptable terms. The directors have reviewed the overall Group strategy, the 2016 budget, considered the assumptions contained in the budget and reviewed the critical risks which may impact the Group's performance. After making such enquiries, the directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing the annual financial statements.

Financial information

The Listing Rules of the UK Listing Authority (LR 9.7A.1) require that preliminary unaudited statements of annual results must be agreed with the listed company's auditor prior to publication, even though an audit opinion has not yet been issued. Capital Drilling Limited confirms that it has agreed this preliminary statement of annual results with Deloitte & Touche South Africa and that the Board of Directors has not been made aware of any modification to the auditor's report required to be included with the annual report and accounts for the year ended 31 December 2015.

Responsibility Statement

The Directors confirm to the best of their knowledge that the financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and give a true and accurate reflection of the operating result, cash position and Statement of Financial Position at 31 December 2015. The Directors further confirm that to the best of their knowledge that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

Cautionary Statement

This Business Review, which comprises the Chairman's Statement, Chief Executive Officer's Review and Chief Financial Officer's Review, has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed.

The Business Review contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

By order of the Board

Jaco Brümmer
Chief Financial Officer
17 March 2016

Financial Results

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Note	GROUP 2015 $	GROUP 2014 $
Revenue		78,667,853	98,827,790
Cost of sales		(56,297,375)	(65,864,577)
Gross profit		22,370,478	32,963,213
Administration expenses		(12,496,715)	(12,537,980)
Depreciation		(14,576,086)	(16,483,595)
(Loss) profit from operations		(4,702,323)	3,941,638
Share of losses from associate		(43,512)	-
Interest income		51,730	-
Finance charges		(849,392)	(1,410,401)
(Loss) profit before tax		(5,543,497)	2,531,237
Taxation		(4,624,017)	(3,086,738)
Loss for the year		(10,167,514)	(555,501)

Other comprehensive (loss) profit :

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

	Note	2015 $	2014 $
Exchange differences on translation of foreign operations		(138,749)	91,358
Share of exchange differences on translation of foreign operations from associate		(35,665)	-
Net fair value loss on available-for-sale financial assets		(43,550)	-
Total comprehensive loss for the year		(10,385,478)	(464,143)

Loss per share:

	Note	2015	2014
Basic (cents per share)	5	(7.6)	(0.4)
Diluted (cents per share)	5	(7.6)	(0.4)

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Note	GROUP 2015 $	GROUP 2014 $
ASSETS			
Non-current assets			
Property, plant and equipment	7	49,114,031	56,706,524
Investment in associate		528,011	-
Deferred tax assets		59,842	160,361
Total non-current assets		49,701,884	56,866,885
Current assets			
Inventory		17,576,970	22,670,509
Trade and other receivables		9,044,527	10,761,649
Prepaid expenses and other assets		4,686,905	7,001,416
Investments		222,032	189,440
Taxation		771,551	1,397,631
Cash and cash equivalents		13,369,091	14,743,976
Total current assets		45,671,076	56,764,621
Total assets		95,372,960	113,631,506
EQUITY AND LIABILITIES			
Equity			
Share capital	8	13,460	13,459
Share premium	8	21,566,856	21,561,190
Equity-settled employee benefits reserve		282,075	205,146
Investments revaluation reserve		(43,550)	-
Foreign currency translation reserve		(35,665)	138,749
Retained earnings (accumulated loss)		54,883,674	69,089,299
Total equity (shareholders' deficit)		76,666,850	91,007,843
Non-current liabilities			
Long-term liabilities		5,000,000	15,000,000
Deferred tax liabilities		201,389	22,277
Total non-current liabilities		5,201,389	15,022,277
Current liabilities			
Trade and other payables		12,176,822	7,313,435
Taxation		1,231,898	188,725
Current portion of long-term liabilities		96,001	99,226
Total current liabilities		13,504,721	7,601,386
Total equity and liabilities		95,372,960	113,631,506

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Note	Share capital $	Share premium $	Equity settled employee benefits reserve $	Investments revaluation reserve $	Foreign currency translation reserve $	Retained earnings $	Total $
GROUP								
Balance at 31 December 2013		13,459	21,561,190	205,146	-	47,391	69,644,800	91,471,986
Total comprehensive loss for the year		-	-	-	-	91,358	(555,501)	(464,143)
Balance at 31 December 2014		13,459	21,561,190	205,146	-	138,749	69,089,299	91,007,843
Issue of shares		1	5,666	(5,667)	-	-	-	-
Recognition of share-based payments		-	-	82,596	-	-	-	82,596
Total comprehensive loss for the year		-	-	-	(43,550)	(174,414)	(10,167,514)	(10,385,478)
Dividends paid	9	-	-	-	-	-	(4,038,111)	(4,038,111)
Balance at 31 December 2015		13,460	21,566,856	282,075	(43,550)	(35,665)	54,883,674	76,666,850

CAPITAL DRILLING LIMITED

CONDENSED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	GROUP 2015 $	GROUP 2014 $
Operating activities:			
Cash from operations	9	25,426,285	25,776,837
Interest received		51,730	-
Finance charges paid		(852,617)	(1,449,925)
Taxation paid		(2,675,133)	(1,584,921)
Net cash generated from operating activities		21,950,265	22,741,991
Investing activities:			
Purchase of property, plant and equipment	7	(7,926,295)	(13,731,131)
Purchase of investments		(290,101)	(189,440)
Investment in associate		(607,188)	-
Proceeds from disposal of property, plant and equipment		344,296	274,257
Net cash used in investing activities		(8,479,288)	(13,646,314)
Financing activities:			
Long-term liabilities raised	9	-	13,000,000
Long-term liabilities repaid	9	(10,000,000)	(19,215,222)
Dividend paid	6	(4,038,111)	-
Net cash used in financing activities		(14,038,111)	(6,215,222)
Net (decrease) increase in cash and cash equivalents		(567,134)	2,880,455
Cash and cash equivalents at the beginning of the year		14,743,976	12,328,148
Translation of foreign currency cash and cash equivalent adjustment		(807,751)	(464,627)
Cash and cash equivalents at the end of the year		13,369,091	14,743,976

NOTES TO THE CONDENSED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. Basis of preparation

The unaudited preliminary condensed and consolidated financial statements are prepared on the going concern basis under the historical cost convention.

The unaudited preliminary condensed and consolidated financial information included in this preliminary announcement has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Whilst the financial information included in this preliminary announcement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to comply with the disclosure requirements of IFRS. The Group's 2015 Annual Financial Statements will be prepared in accordance with IFRS. The unaudited preliminary announcement does not constitute a dissemination of the annual financial reports. A separate dissemination announcement in accordance with Disclosure and Transparency Rules (DTR) 6.3 will be made when the Annual Report and audited consolidated Financial Statements are available on the Company's website.

The financial information for the years ended 31 December 2015 and 2014 does not constitute the annual financial statements. The annual financial statements for the year ended 31 December 2014 were completed and received an unmodified audit report from the Company's Auditors. The Annual Report and Annual Financial Statements for the year ended 31 December 2015 will be finalised on the basis of the financial information presented by the Directors in this unaudited preliminary announcement. The audit report for the year ended 31 December 2015 has not yet been issued.

2. Operations during the year

During the year ended 31 December 2015, the Group provided drilling services in Botswana, Chile, Egypt, Mauritania, Peru and Tanzania. The Group's administrative office is located in Mauritius.

3. Segment report

Operating segments are identified on the basis of internal management reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Information reported to the Group's operating decision maker, in this case the Group's Chief Executive Officer, for the purposes of resource allocation and assessment of segment performance is focussed on the region of operation.

3. Segment report (continued)

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

	Africa $	Rest of world $	Consolidated $
2015			
External revenue	76,817,256	1,850,597	78,667,853
Segment gross profit (loss)	26,432,416	(4,061,938)	22,370,478
Administration costs and depreciation	(22,895,636)	(3,160,288)	(26,055,924)
Segment profit (loss)	3,536,780	(7,222,226)	(3,685,446)
Central administration costs and depreciation			(1,016,877)
Loss from operations			(4,702,323)
Interest income			51,730
Share of losses from associate			(43,512)
Finance charges			(849,392)
Loss before tax			(5,543,497)
2014			
External revenue	89,861,385	8,966,405	98,827,790
Segment gross profit (loss)	33,377,372	(414,159)	32,963,213
Administration costs and depreciation	(23,002,685)	(5,383,531)	(28,386,216)
Segment profit (loss)	10,374,687	(5,797,690)	4,576,997
Central administration costs and depreciation			(635,359)
Profit from operations			3,941,638
Finance charges			(1,410,401)
Profit before tax			2,531,237

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	GROUP	
	2015	**2014**
	$	$

3. Segment report (continued)

Segment assets:		
Africa	116,395,462	177,900,467
Rest of world	16,559,968	76,702,168
Total segment assets	132,955,430	254,602,635
Head office companies	36,335,219	58,050,077
	169,290,649	312,652,712
Eliminations	(73,917,689)	(199,021,206)
	95,372,960	113,631,506

Segment liabilities:		
Africa	29,764,138	52,629,057
Rest of world	10,782,670	51,482,005
Total segment assets	40,546,808	104,111,062
Head office companies	50,628,610	118,259,662
	91,175,418	222,370,724
Eliminations	(72,469,308)	(199,747,061)
	18,706,110	22,623,663

Information about major customers:

Included in revenues arising from the Africa segment are revenues of approximately $68.8 million (2014: $63.7 million) which arose from sales to customers that represent more than 10% of the Group's revenue.

4. Taxation

Capital Drilling Limited is incorporated in Bermuda. No taxation is payable on the results of the Bermuda business. Taxation for other jurisdictions is calculated in terms of the legislation and rates prevailing in the respective jurisdictions.

The Group operates in multiple jurisdictions with complex legal and tax regulatory environments. In certain of these jurisdictions, the Group has taken income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include those relating to transfer pricing matters and the interpretation of income tax laws. The Group periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions is based on management's best judgment given any changes in the facts, circumstances, information available and applicable tax laws. Considering all available information and the history of resolving income tax uncertainties, the Group believes that the ultimate resolution of such matters will not likely have a material effect on the Group's financial position, statements of operations or cash flows.

4. Taxation (continued)

Mauritania tax:

As disclosed in the prior year financial statements, Capital Drilling Mauritania SARL is a party to various claims against the Director General of Taxation of Mauritania totalling $1,336,701 for the period from 2011 to 2013. The claim relates to incorrect assessments levied upon the company on the basis of incorrect information supplied to the Mauritanian Director General of Taxation by a third party. Payment was made to the Mauritanian Director General of Taxation on behalf of Capital Drilling Mauritania SARL by the third party. Capital Drilling Mauritania SARL appealed against the assessments and continues to do so. The Group has raised an appropriate provision against monies considered not recoverable from the Director General of Taxation. An amount of $0.6 million relating to the tax expense portion of the claim has been included in the tax expense for the reporting period.

Zambia tax:

As disclosed in note 13, Capital Drilling (Zambia) Limited is a party to various tax claims by the Zambian Revenue Authority for the tax years 2007 to 2013. An amount of $0.9 million relating to the tax expense portion of the claim has been included in the tax expense for the reporting period.

	GROUP	
	2015	**2014**
	$	$
5. Loss per share		
Basic loss per share		
The losses or earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Loss for the year, used in the calculation of basic loss per share	(10,167,514)	(555,501)
Weighted average number of ordinary shares for the purposes of basic earnings per share	134,603,264	134,592,800
Basic loss per share (cents)	(7.6)	(0.4)

	GROUP	
	2015	**2014**
	$	$
5. Loss per share (continued)		
Diluted loss per share		
The losses or earnings used in the calculations of all diluted loss per share measures are the same as those used in the equivalent basic loss per share measures, as outlined above.		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	134,603,264	134,592,800
Shares deemed to be issued for no consideration in respect of:		
- Dilutive share options #	48,949	-
Weighted average number of ordinary shares used in the calculation of diluted loss per share	134,652,213	134,592,800
Diluted loss per share (cents)	(7.6)	(0.4)

For the purposes of calculating earnings per share, diluted weighted average shares outstanding excludes 5.34 million (2014: 2.34 million) potential ordinary shares from share options, because such share options are anti-dilutive.

6. Dividends

	2015	2014
Dividends paid:		
Final dividend in respect of the year ended 31 December 2014	2,557,471	-
Interim dividend in respect of the year ended 31 December 2015	1,480,640	-
Total dividends paid	4,038,111	-

A total dividend of 3.0 cents per share was declared and paid during the year ended 31 December 2015 (2014: Nil).

In respect of the year ended 31 December 2015, the Directors propose that a final dividend of 2.5 cents per share be paid to shareholders on 6 May 2016. This final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these consolidated financial statements. The proposed final dividend is payable to all Shareholders on the Register of Members on 29 April 2016. The total estimated final dividend to be paid is $3.4 million (2014: $2.6 million). The payment of this final dividend will not have any tax consequences for the group.

7. Property, plant and equipment

For the year ended 31 December 2015, the Group spent $7.9 million (2014: $13.7 million) on drilling rigs and other assets to expand its operations, safety upgrades and for the replacement of existing assets. The Group disposed of property, plant and equipment with a net book value of $0.9 million (2014: $0.5 million) during the year. A loss of $0.6 million (2014: $0.2 million) was incurred on the disposal of property, plant and equipment.

8. Issued capital

	GROUP	
	2015	**2014**
	$	$
Authorised		
2,000,000,000 (2014: 2,000,000,000) ordinary shares of 0.01 cents (2014: 0.01 cents) each	200,000	200,000
Issued		
134,603,681 (2014: 134,592,800) ordinary shares of 0.01 cents (2014: 0.01 cents) each	13,460	13,459
Share premium		
Balance at the beginning of the year	21,561,190	21,561,190
Issue of shares	5,666	-
Balance at the end of the year	21,566,856	21,561,190

During 2015, the Company issued 10,881 new ordinary shares pursuant to the Company's employee incentive scheme. The shares rank pari passu with the existing ordinary shares.

9. Long term debt

Effective 3 February 2015, the Group successfully refinanced the Standard Bank (Mauritius) Limited facility. The facility comprises a $25 million revolving credit facility ("RCF"). The facility was structured so that the previous RCF rolled over into the new RCF. The RCF has an annual interest rate of 5.25% above the prevailing three month US$ LIBOR (payable in arrears), and has an annual commitment fee of 1% of the undrawn balance and is available for utilisation up to 2 February 2018 less an annual amortisation of $5 million.

Security for the Standard Bank (Mauritius) Limited facility comprises:

- Upward corporate guarantees from Capital Drilling Egypt (Limited Liability Company), Capital Drilling (T) Limited and Capital Drilling Zambia Limited.
- A negative pledge over the assets of Capital Drilling Ltd and Capital Drilling Egypt (Limited Liability Company).

As at the reporting date and during the year under review, the Group has complied with all covenants that attaches to the loan facilities.

NOTES TO THE CONDENSED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2015

	GROUP	
	2015	**2014**
	$	$
9. Long term debt (continued)		
Standard Bank (Mauritius) Limited		
Balance at the beginning of the year	15,099,226	21,189,632
Amounts received during the year	-	13,000,000
Interest accrued during the year	839,350	1,409,664
Interest paid during the year	(842,575)	(1,500,070)
Principal repayments during the year	(10,000,000)	(19,000,000)
	5,096,001	15,099,226
Less: Current portion included under current liabilities	(96,001)	(99,226)
Due after more than one year	5,000,000	15,000,000

10. Cash from operations

	2015	2014
(Loss) profit before tax	(5,543,497)	2,531,237
Adjusted for:		
- Depreciation	14,576,086	16,483,595
- Loss on disposal of property, plant and equipment	598,458	229,099
- Share based payment expense	82,596	-
- Exchange difference on translating foreign operations	(138,801)	91,358
- Fair value adjustment on available-for-sale financial assets	213,959	-
- Interest income	(51,730)	-
- Share of profit from associate	43,512	-
- Finance charges	849,392	1,410,401
- Unrealised foreign exchange loss on foreign cash held	807,751	464,627
Operating cash flows before working capital changes	11,437,726	21,210,317
Adjustments for working capital changes:		
- Decrease in inventory	5,093,539	1,027,722
- Decrease in trade and other receivables	1,717,122	7,670,069
- Decrease (increase) in prepaid expenses and other assets	2,314,511	(1,195,645)
- Increase (decrease) in trade and other payables	4,863,387	(2,935,626)
	25,426,285	25,776,837

11. Financial instruments (continued)

Financial instruments that are measured in the consolidated statement of financial position or disclosed 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).

Financial assets that are listed equity securities are measured at fair value at the end of each reporting period. They are designated as level 1 in the fair value hierarchy. Their fair value is determined using quote bid prices in an active market.

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 directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the 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 fair value hierarchy have been assessed to approximate their carrying amounts based on a discounted cash flow assessment.

12. Commitments

	GROUP	
	2015	2014
	$	$
The Group has the following commitments:		
Committed capital expenditure	348,757	142,780

The Group had outstanding purchase orders amounting to $1.9 million (2014: $2.0 million) at the end of the reporting period.

13. Contingencies

Zambia tax:

Capital Drilling (Zambia) Limited is a party to various tax claims by the Zambian Revenue Authority for the tax years 2007 to 2013. On 30 April 2015, the Company received a tax assessment from the Zambian Revenue Authority totalling ZMW 144.1 million (USD equivalent: $13.1 million), inclusive of penalties and interest. The claims relate to various taxes, including income tax, value added tax, payroll tax and withholding tax. Management have responded in detail to these claims, providing the Zambian Revenue Authority with detailed analysis and arguments justifying the Company's tax position. No amount has yet been paid in this regard and discussions with the Zambian Revenue Authority are ongoing. The claims are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. The directors believe that a significant portion of the tax claim by the Zambian Revenue Authority is without merit. On this basis, an amount of $1.6 million has been raised relating to certain areas of the claim. Due to the substantial uncertainties relating to this matter, the actual results that will result from the ultimate resolution of these proceedings may vary from the amount provided.

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14. Events post the reporting date

The directors have proposed a dividend of 2.5 cents per share as disclosed in note 6. This dividend is subject to approval by shareholders at the Annual General Meeting

15. Glossary

A description of various acronyms is detailed below:

ARPOR	Average Revenue Per Operating Rig
EBIT	Earnings (Loss) Before Interest and Taxes
EBITDA	Earnings (Loss) Before Interest, Taxes, Depreciation and Amortisation
EPS	Earnings (Loss) Per Share
ETR	Effective Tax Rate
HSSE	Health, Safety, Social and Environment
KPI	Key Performance Indicator
LTI	Lost Time Injury
NPAT	Net Profit (Loss) After Tax
PBT	Profit (Loss) Before Tax
YOY	Year On Year
Return on capital employed	EBIT / (Average Total Assets - Average Current Liabilities)
Return on total assets	EBIT / Average Total Assets