FOR IMMEDIATE RELEASE
22 August 2019

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

Half Year Results
For the period ended 30 June 2019 and Interim Dividend

Capital Drilling Limited (CAPD: LN), a leading drilling solutions company focused on the African markets, today announces half year results for the period ended 30 June 2019.

HALF YEAR RESULTS FOR THE PERIOD ENDED 30 JUNE 2019*

	H1 2019	H1 2018
Average Fleet Size (No. of drill rigs)	91	94
Fleet Utilisation (%)	52	46
ARPOR ($)	183,000	200,000
Capex ($ m)	6.4	5.4
Revenue ($ m)	54.8	54.5
EBITDA[1] ($ m)	12.7	12.5
EBIT[1] ($ m)	7.9	5.8
Net Profit After Tax ($ m)	5.1	2.8
Cash From Operations ($ m)	10.5	7.2
Earnings per Share		
Basic (cents)	3.7	2.0
Diluted (cents)	3.7	2.0
Interim Dividend per Share (cents)	0.7	0.6
Net Asset Value per Share[1] (cents)	58.3	52.2
Return on Capital Employed (%)	21.4	17.7
Return on Total Assets (%)	15.6	11.8
Net Cash[1] ($ m)	8.5	3.4
Net Cash/Equity (%)	10.7	4.7

**All amounts are in USD unless otherwise stated*
(1)) EBITDA, EBIT, Net Asset Value per share and Net Cash are non-IFRS financial measures and should not be used in isolation or as a substitute for Capital Drilling Limited financial results presented in accordance with IFRS.

Financial Overview

- First half revenue of $54.8 million, 0.6% higher than H1 2018 (H1 2018: $54.5 million)
- ARPOR of $183,000 (H1 2018: $200,000), an 8.5% decrease with lower revenues during start-up phase of new contracts. Continued solid contract performance across key contracts
- EBITDA of $12.7 million, up 1.6% on H1 2018 despite the increased investment in growth. Margins stable at 23%, reflecting the sustainability of cost management initiatives

- NPAT $5.1 million, an 82.1% increase (H1 2018: $2.8 million) reflecting reduced depreciation and lower interest charges
- Capex up 18.4% to $6.4 million (H1 2018: $5.4 million) on expanding the support asset base in West Africa
- Net cash up 150% to $8.5 million (H1 2018: $3.4 million) with an additional $2 million of long-term debt repaid
- Cash from operations up 45.8% to $10.5 million (H1 2018: $7.2 million) due to improved working capital management
- Investments of $7.7 million as of 30 June 2019 (31 December 2018: $5.7 million) following strategic investments aligned to successful West African business development strategy, supporting a number of contract wins
- Earnings per share improved by 87.3% to 3.7 cents (H1 2018: 2.0 cents)
- Final dividend for 2018 financial year of 1.5 cents per share, paid in May 2019 (FY 2017: 1.2 cents)
- Interim dividend of 0.7 cent per share, up 17%, to be paid on 27 September 2019 (2018: Interim dividend of 0.6 cents per share) to shareholders registered on 06 September 2019

Operational and Strategic Review

- New exploration contracts wins to commence in H2 2019 include:
  - Arrow Minerals, Burkina Faso
  - Desert Gold Ventures, Mali
  - Awale Resources, Cote d'Ivoire
- Previously announced Exploration contracts awarded in H1 2019 include:
  - Compass Gold Corp, Mali
  - Golden Rim Resources, Burkina Faso
  - Allied Gold Corp, Cote d'Ivoire
  - Thor Explorations Ltd, Nigeria
- Previously announced Mine Site contracts awarded in H1 2019 include:
  - Kinross Gold Corp, Mauritania
  - Resolute Mining Ltd, Mali
  - Thor Explorations Ltd, Nigeria
- Expanded the Group's operations into new West African markets of Burkina Faso and Nigeria (Q4)
- Contract wins with new clients and in new countries reflect progress in leveraging the increased operational presence in West Africa
- Further deployed rigs into the high-growth West African region, increasing the rig count to 33 rigs
- Multi-year contract wins (Allied, Thor and Kinross laboratory contract) expanded the Group's portfolio of long-term mine-site based contracts to eight
- Strengthened operational and business development capabilities, appointing Jodie North as Chief Operating Officer and Chris Hall as Business Development Manager – West Africa
- Purchased an additional blast hole rig to support long-term Sukari Gold Mine (Egypt) contract
- Fleet utilisation up 13% (52%) on H1 2018 (46%) on an average fleet of 91 rigs

Health & Safety

- Previously announced world class safety achievements:
  - Sukari Gold Mine (Egypt) achieved two years LTI free in January
  - North Mara Gold Mine (Tanzania) achieved three years LTI free in March
  - Geita Gold Mine (Tanzania) achieved two years LTI free in March
  - Tasiast Gold Mine (Mauritania) achieved two years LTI free in June
  - Syama Gold Mine (Mali) achieved three years LTI free in June

Outlook

- Recent strength in the gold price an encouraging indicator – approximately 90% of the Company's revenues are linked to gold
- Equity markets showing renewed interest in the exploration sector as a result of the stronger gold price
- Strategic expansion into West Africa continuing to generate multiple new opportunities
- West Africa remains a high growth region, particularly in the gold sector with relatively under-developed gold deposits
- Business development activity securing new business, including with new clients in existing operational areas, together with expansion into new operational countries
- Strong cash generation from mining companies driving increased exploration budgets
- Solid pipeline of new contracts commencing in H2 provide confidence in growth plans

The Group maintains its revenue guidance range of $110 - $120 million for 2019, with revenue expected to increase in H2 2019, consistent with 2018.

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

"We are pleased to report the Group has delivered another strong performance for the first half, delivering solid financial results while continuing to pursue strategic growth plans. Particularly pleasing is the strong cash result, despite outflows associated with establishing operations in Burkina Faso and mobilisation for a new contract in Mali. Our balance sheet remains robust due to ongoing prudent cost management. As a result of this performance, we have today announced an interim dividend to shareholders of 0.7 cents per share, representing a 17% increase on the previous corresponding period.

Our strategic expansion into West Africa continues to yield results which will diversify our revenue base. Our increased presence in the region, together with business development activity undertaken during the half has developed a solid pipeline of new contracts, including a number of new clients and further expansion of operations into Burkina Faso and Nigeria. This positions the company well for the remainder of the year, with the majority of these contracts expected to contribute to revenue from late Q3.

We continue to target mine-site based contracts and it is extremely pleasing to have announced the award of a further three long-term contracts during the period. Encouragingly, MSALAB's three-year laboratory management contract with Kinross (Mauritania) sees the investment into developing infrastructure to grow the business coming to fruition. Capital Drilling now has a solid portfolio of eight long-term mine-site based contracts, providing revenue stability across the cycle.

Additionally, our existing long-term contracts continue to perform strongly, maintaining a robust ARPOR result. Our underground grade control drilling contract with Resolute Mining (Mali) was extended for a further one year, a reflection of our excellent service delivery.

Safety remains at the core of our operations and we have achieved exceptional results during the half, with safety milestones achieved across all our existing long-term contract sites – Geita and North Mara (Tanzania), Sukari (Egypt), Syama (Mali) and Tasiast (Mauritania).

We made a strategic decision in the half year to increase the size of our drill for equity programme in line with increased business development activity in West Africa. This proved successful in supporting a number of our contract wins.

The recent strength in the gold price is a further positive indicator for Capital Drilling given the sector represents 90% of our overall business, by revenue. Additionally, mining companies are generating stronger cash flows that are driving increased exploration budgets.

The recent announcement of six new contract awards, together with ongoing strong performance at existing long-term operations, places the Group in a strong position for the second half of 2019. We continue to grow and consolidate our presence in the high growth region of West Africa and remain confident this will provide further growth opportunities for the remainder of the year."

Capital Drilling will host a conference call on Thursday 22 August at 9am (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. A copy of the Company's presentation will be available on www.capdrill.com.

UK Toll-free Dial In: 08003 589473
International Dial In Numbers: http://events.arkadin.com/ev/docs/FEL_Events_International_Access_List.pdf

Participant PIN Code: 56995949#

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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 92 drilling rigs with established operations in Botswana, Burkina Faso, Côte d'Ivoire, Egypt, Kenya, Mali, Mauritania, Nigeria and Tanzania. The Group's corporate headquarters are in Mauritius.

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. 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 AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS 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 2019 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 18. 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 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 law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (the "IASB"). The condensed consolidated set of interim financial statements included in this half-yearly financial report has 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 Group a conclusion on the condensed consolidated set of interim financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the IASB. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of interim financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: H. Loonat
Partner
Johannesburg, South Africa
22 August 2019

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CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 $	Six months ended 30 June 2018 $
Revenue	5	54,832,471	54,476,675
Cost of sales		(33,409,735)	(33,687,558)
Gross profit		21,422,736	20,789,117
Administration costs		(8,772,356)	(8,281,941)
Depreciation		(4,729,080)	(6,714,923)
Profit from operations		7,921,300	5,792,253
Share of loss from associate		(227,904)	(246,441)
Interest income		168,966	59,866
Finance charges		(391,899)	(533,081)
Loss on disposal of FVPTL Investments		(141,240)	(49,225)
Fair value gain on FVPTL Investments		259,262	-
Fair value adjustment on financial assets through profit and loss - Share Options		-	(47,236)
Profit before taxation		7,588,485	4,976,136
Taxation	3	(2,492,887)	(2,208,150)
Profit for the period		5,095,598	2,767,986
Other comprehensive (loss) income:			
Other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-	18,510
Share of exchange differences on translation of foreign operations from associate		-	(22,559)
Fair value through other comprehensive income shares		-	(658,802)
Cumulative gain reclassified to profit and loss on sale of fair value through other comprehensive income shares		26,267	49,225
Total other comprehensive income /(loss) for the period		26,267	(613,626)
Total comprehensive income for the period		5,121,865	2,154,360
Earnings per share:			
Basic (cents per share)	6	3.7	2.0
Diluted (cents per share)	6	3.7	2.0

CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2019

	Notes	30 June 2019	Audited 31 December 2018
ASSETS		$	$
Non-current assets			
Property, plant and equipment	8	40,274,763	38,819,190
Investment in associate	9	1,254,463	1,482,368
Deferred taxation asset		9,102	9,102
Right of use assets	4	464,709	-
Total non-current assets		42,003,037	40,310,660
Current assets			
Inventory		18,378,640	19,785,408
Trade and other receivables		15,339,899	15,770,617
Prepaid expenses and other assets		9,238,087	4,777,803
Taxation		317,401	253,776
Investments		7,657,329	5,705,113
Cash and cash equivalents		15,538,367	19,888,764
Total current assets		66,469,723	66,181,481
Total assets		108,472,760	106,492,141
EQUITY AND LIABILITIES			
Equity			
Share capital	10	13,625	13,581
Share premium	10	22,495,287	22,231,662
Equity-settled employee benefits reserve		657,940	409,995
Foreign currency translation reserve		-	-
Investments revaluation reserve		-	(26,267)
Retained earnings		56,148,149	53,103,024
Total equity		79,315,001	75,731,995
Non-current liabilities			
Long-term liabilities	11	7,000,000	9,000,000
Deferred taxation liability		14,939	9,320
Right of use lease liability	4	480,488	-
Total non-current liabilities		7,495,427	9,009,320
Current liabilities			
Trade and other payables		17,629,365	18,064,237
Taxation		3,982,158	3,656,705
Current portion of long-term liabilities	11	50,809	29,884
Total current liabilities		21,662,332	21,750,826
Total equity and liabilities		108,472,760	106,492,141

CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
30 June 2019

				Reserves			
	Share capital	Share premium	Retained earnings	Equity-settled employee benefits reserve	Foreign currency translation reserve	Investments revaluation reserve	Total equity
	$	$	$	$	$	$	$
Balance at 31 December 2017 - Audited	13,524	21,933,772	47,823,617	432,476	(18,510)	(126,589)	70,058,290
Issue of shares	57	297,890	-	(297,947)	-	-	-
Recognition of share-based payments	-	-	-	173,299	-	-	173,299
Total comprehensive income (loss) profit for the period	-	-	2,767,986	-	(4,049)	(609,577)	2,154,360
- Profit for the period	-	-	2,767,986	-	-	-	2,767,986
- Other comprehensive loss for the period	-	-	-	-	(4,049)	(609,577)	(613,626)
Dividends paid (1.2 cents per share) - Note 7	-	-	(1,629,750)	-	-	-	1,629,750)
Balance at 30 June 2018	13,581	22,231,662	48,961,853	307,828	(22,559)	(736,166)	70,756,199
Balance at 31 December 2018 - Audited	13,581	22,231,662	53,103,024	409,995	-	(26,267)	75,731,995
Restatement of opening balance due to IFRS 16 - Note 4	-	-	(6,739)	-	-	-	(6,739)
Restated Opening balance 31 December 2018	13,581	22,231,662	53,096,285	409,995	-	(26,267)	75,725,256
Issue of shares	44	263,625	-	(263,669)	-	-	-
Recognition of share-based payments	-	-	-	511,614	-	-	511,614
Total comprehensive income for the period	-	-	5,095,598	-	-	26,267	5,121,865
- Profit for the period	-	-	5,095,598	-	-	-	5,095,598
- Other comprehensive income for the period	-	-	-	-	-	26,267	26,267
Dividends paid (1.5 cents per share) - Note 7	-	-	(2,043,734)	-	-	-	(2,043,734)
Balance at 30 June 2019	13,625	22,495,287	56,148,149	657,940	-	-	79,315,001

CAPITAL DRILLING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019	30 June 2018
		$	$
Operating activities:			
Cash from operations	12	10,464,047	7,210,838
Interest received		168,966	59,866
Finance charges paid		(370,974)	(542,303)
Taxation paid		(2,225,440)	(1,480,837)
Net cash generated from operating activities		8,036,599	5,247,564
Investing activities:			
Purchase of property, plant and equipment	8	(6,383,879)	(5,390,068)
Proceeds from disposal of property, plant and equipment		227	128,505
Acquisition of investments		(2,132,667)	-
Proceeds on disposal of investments		465,980	311,451
Net cash used in investing activities		(8,050,339)	(4,950,112)
Financing activities:			
Long-term liabilities repaid	11	(2,000,000)	-
Dividend paid	7	(2,043,734)	(1,629,750)
Repayment of lease liabilities		(40,781)	-
Net cash used in financing activities		(4,084,515)	(1,629,750)
Net decrease in cash and cash equivalents		(4,098,255)	(1,332,298)
Cash and cash equivalents at the beginning of the period		19,888,764	16,911,383
Translation of foreign currency cash and cash equivalent		(252,142)	(198,515)
Cash and cash equivalents at the end of the period		15,538,367	15,380,570

CAPITAL DRILLING LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2019

1. Basis of presentation and accounting policies

Preparation of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of Capital Drilling Limited and Subsidiaries ("Capital Drilling" or the "Group") as at and for the six months ended 30 June 2019 (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 2018 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 International Standard on Review Engagements (ISRE) 2410.

Accounting policies

The condensed consolidated interim financial statements have been prepared under the going concern basis under the historical cost convention, except for certain financial instruments which are measured at fair value. The Group has adopted a number of new standards and interpretations effective on or before 1 January 2019, which were described in note 2 of the consolidated financial statements for the year ended 31 December 2018. The adoption of these standards and interpretations did not have a material impact on the financial statements. 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 2018 except for new accounting policies adopted during the year described in Note 4.

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 equipment rental and information technology services to mining and mining related companies.

During the six months ended 30 June 2019, the Group provided drilling services in Egypt, Mauritania, Mali, Tanzania, Botswana and Ivory Coast.

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

3. 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.

3. Taxation (continued)

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 judgement 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.

Due to the tax charge calculations in certain countries in which the Group operates being based on revenues instead of profits, the consolidated taxation expense for the period is not directly linked to profits and losses.

4. IFRS 16 - Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

4. IFRS 16 - Leases (continued)

Measurement and recognition of leases as a lessee (continued)

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impact the lease terms, which significantly affects the amount of lease liabilities and rights of use of assets recognised.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Transition

Previously, the Group classified property leases as operating leases under IAS 17. Some leases include an option to renew the lease after the end of the non-cancellable period.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 01 January 2019. Rights-of-use of assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating lease under IAS 17:

- Applied the exemption not to recognise rights-of-use assets and liabilities for leases with less than 12 months of lease term.
- Exclude initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impacts on financial statements

(i) Impacts on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 January 2019
	$
Rights-of-use assets	514,530
Lease liabilities	(521,269)
Retained earnings	(6,739)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 5%.

4. IFRS 16 - Leases (continued)

Impacts on financial statements (continued)

	1 January 2019
	$
Total operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	1,632,498
Discounted using the incremental borrowing rate at 1 January 2019	1,501,297
Recognition exemption: Leases with remaining lease term of less than 12 months	(980,028)
Total lease liabilities recognised under IFRS 16 at 1 January 2019	521,269

(ii) Impacts for the period

As a result of applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised $ 464,709 of right-of-use assets and $ 480,488 of lease liabilities as at 30 June 2019.

Also, in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised $ 49,821 of depreciation charges and $ 16,352 of interest costs from these leases.

	Six months ended	
	30 June 2019	30 June 2018
	$	$
5. IFRS 15 'Revenue from Contracts with Customers'		
Revenue from the rendering of services comprises:		
Drilling revenue	53,926,977	53,416,151
Equipment rental	223,400	839,718
Information technology revenue	682,094	220,805
	54,832,471	54,476,674
6. Earnings per share		
<u>Basic Earnings per share:</u>		
The profit 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	5,095,598	2,767,986
Weighted average number of ordinary shares for the purposes of basic earnings per share	136,027,158	135,525,192
Basic earnings per share (cents)	3.7	2.0

	Six months ended 30 June 2019	Six months ended 30 June 2018
	$	$

6. Earnings per share (continued)

Diluted earnings per share:

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

	30 June 2019	30 June 2018
Weighted average number of ordinary shares used in the calculation of basic earnings per share	136,027,158	135,525,192
- Dilutive share options [#]	350,476	252,006
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	136,377,635	135,777,198
Diluted earnings per share (cents)	3.7	2.0

[#] For the purposes of calculating diluted earnings per share, the share options of 2.16 million (2018: 2.34 million) were excluded as they are anti-dilutive as the exercise price is higher than the current share price.

7. Dividends

During the six months ended 30 June 2019, a dividend of 1.5 cents per ordinary share, totalling $2,043,734 (six months ended 30 June 2018: 1.2 cents per ordinary share, totalling $1,629,751) was declared and paid.

8. Property, plant and equipment

During the six months ended 30 June 2019, the Group acquired $6.4 million (2018: $5.4 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 $0.2 million (2018: $0.4 million) during the period. A loss of $0.2 million (2018: $0.3 million) 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. As at 30 June 2019, there was no indication of impairment.

	Six months ended	
	30 June 2019	30 June 2018
	$	$

9. Investment in associate

During the six months ended 30 June 2019, the Group maintained its 38.76% interest in MSA Mineral Services Analytical (Canada) Inc. ("MSA") (formerly known as A2 Global Ventures Inc.). MSA is headquartered in Vancouver, Canada, where it operates a central hub laboratory, supported by feeder laboratories in Guyana and Nigeria providing laboratory testing services to the mining and exploration industries, particularly in emerging markets. The consideration for the acquisition was $2.9 million including transaction costs. The investment in MSA, is accounted using the equity method.

10. Issued capital and share premium

	30 June 2019 $	30 June 2018 $
Authorised capital		
2,000,000,000 (2018: 2,000,000,000) ordinary shares of 0.01 cents (2018: 0.01 cents) each	200,000	200,000
Issued and fully paid:		
136,248,953 (31 December 2018: 135,812,596) ordinary shares of 0.01 cents (31 December 2018: 0.01 cents) each	13,625	13,581
Share premium:		
Balance at the beginning of the period	22,231,662	21,933,772
Issue of shares	263,625	297,890
Balance at the end of the period	22,495,287	22,231,662

On 3 April 2019, the Company issued 436,357 new common shares (valued at USD 263,625) pursuant to the Company's employee incentive scheme. The shares rank pari passu with the existing ordinary shares. Fully paid ordinary shares which have a par value of 0.01 cents, carry one vote per share and carry rights to dividends.

11. Long term liabilities

Long term liabilities consist of a $12 million revolving credit facility ("RCF") provided by Standard Bank (Mauritius) Limited following a renewal of the Facilities Agreement on 30 October 2017. The interest rate on the RCF is the prevailing three-month US LIBOR (payable in arrears) plus a margin of 5.75%, and an annual commitment fee of 1.5% of the undrawn balance.

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

- Upward corporate guarantees from Capital Drilling (T) Limited, Capital Drilling (Botswana) Proprietary Limited and Capital Drilling Ltd.
- A negative pledge over the assets of Capital Drilling (T) Limited and Capital Drilling Ltd.

CAPITAL DRILLING LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2019

	Six months ended	
	30 June 2019	**30 June 2018**
	$	**$**

11. Long term liabilities (continued)

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

Standard Bank (Mauritius) Limited

Balance at 1 January	9,029,884	12,041,585
Amounts received during the 6-month period	-	-
Interest accrued during the 6-month period	364,803	460,508
Interest paid during the 6-month period	(343,878)	(469,730)
Principal repayments during the 6-month period	(2,000,000)	-
	7,050,809	12,032,363
Less: Current portion included under current liabilities	(50,809)	(32,363)
Due after more than one year	7,000,000	12,000,000

12. Cash from operations

Profit before taxation	7,588,485	4,976,136
Adjusted for:		
- Depreciation	4,729,080	6,714,923
- Loss on disposal of property, plant and equipment	198,999	273,881
- Realised gain on FVTOCI shares	-	(49,225)
- Fair value adjustment on financial assets through profit and loss	(259,262)	(47,236)
- Share based payment expense	511,615	173,299
- Interest income	(168,966)	(59,866)
- Finance charges	391,899	533,081
- Share of loss from associate	227,904	246,441
- IFRS 16 depreciation on rights of use assets	49,821	-
- Unrealised foreign exchange loss on foreign exchange held	252,142	198,515
Operating profit before working capital changes	13,521,717	12,959,949
Adjustments for working capital changes:		
- Decrease in inventory	1,406,768	874,147
- Decrease / (Increase) in trade and other receivables	430,718	(1,732,003)
- Increase in prepaid expenses and other assets	(4,460,284)	(1,655,542)
- Decrease in trade and other payables	(434,872)	(3,235,713)
	10,464,047	7,210,838

13. Segmental analysis

Operating segments are identified on the basis of internal management reports regarding components of the Group. These are regularly reviewed by the Chairman in order to allocate resources to the segments and to assess their performance. Operating segments are identified based on the regions of operations. For the purposes of the segmental report, the information on the operating segments have 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, equipment rental and IT support services.
- Rest of world: Derives revenue from the provision of drilling services, equipment rental and IT support services.

Information regarding the Group's operating segments is reported below. At 30 June 2019, management reviewed the composition of the Group's operating segments and the allocations of operations to the reportable segments.

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 2019	**Africa**	**Rest of World**	**Consolidated**
	$	**$**	**$**
External revenue	54,317,249	515,221	54,832,471
Segment profit (loss)	15,744,899	(7,131,884)	8,613,015
Central administration costs and depreciation, net of other income			(691,715)
Profit from operations			7,921,300
Realised loss on disposal of FVPTL shares			(141,240)
Fair Value gain on FVPTL Investments			259,262
Interest income			168,966
Share of losses from associate			(227,905)
Finance charges			(391,899)
			7,588,485

13. Segmental analysis (continued)

For the six months ended 30 June 2018	Africa	Rest of World	Consolidated
	$	$	$
External revenue	53,710,022	766,653	54,476,675
Segment profit (loss)	13,667,309	(5,502,934)	8,164,375
Central administration costs and depreciation, net of other income			(2,372,122)
Profit from operations			5,792,253
Realised loss on disposal of FVTOCI shares			(49,225)
Fair value adjustment on financial assets through profit and loss - Share Options			(47,236)
Interest income			59,866
Share of income from associate			(246,441)
Finance charges			(533,081)
Profit before tax			4,976,136

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit (loss) represents the profit (loss) earned by each segment without allocation of central administration costs, depreciation, interest income, share of losses from associate, finance charges and income tax. This is the measure reported to the Chairman for the purpose of resource allocation and assessment of segment performance.

	Six months ended 30 June 2019	Six months ended 30 June 2018
	$	$
Segment assets:		
Africa	79,140,037	170,241,123
Rest of world	6,857,843	14,982,961
Total segment assets	85,997,879	185,224,084
Head office companies	68,208,814	45,510,958
	154,206,694	230,735,042
Eliminations *	(45,733,934)	(127,064,082)
Total assets	108,472,760	103,670,960
Segment liabilities:		
Africa	38,483,677	45,658,320
Rest of world	9,417,165	7,370,827
Total segment liabilities	47,900,842	53,029,147
Head office companies	75,243,590	105,378,810
	123,144,432	158,407,957
Eliminations *	(93,986,673)	(125,493,196)
Total liabilities	29,157,759	32,914,761

	Six months ended	
	30 June 2019	30 June 2018
	$	$

13. Segmental analysis (continued)

For the purposes of monitoring segment performance and allocating resources between segments the Chairman 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:

	30 June 2019 $	30 June 2018 $
Non-Cash items included in profit or loss:		
Depreciation		
Africa	4,037,365	6,498,614
Rest of world	24,361	216,309
Total segment depreciation	4,061,725	6,714,923
Head office companies	667,355	-
	4,729,080	6,714,923
Loss on disposal of property, plant and equipment		
Africa	194,574	328,799
Rest of world	4,425	5,082
Total segment loss on disposal	198,999	333,881
Head office companies	-	(60,000)
	198,999	273,881
Impairment on Inventory		
Africa		
Stock Provision	452,942	541,983
Stock Write Offs	28,426	186,330
	481,368	728,313
Rest of world		
Stock Provision	-	61,150
Stock Write Offs	850	11,418
	850	72,568
Total segment impairment	482,218	800,881
Head office companies	-	374,974
	482,218	1,175,855

	Six months ended	
	30 June 2019	30 June 2018
	$	$
13. Segmental analysis (continued)		
Additions to property, plant and equipment		
Africa	5,162,793	4,732,032
Transfer to Africa from Rest of the world	-	319,725
Rest of world	-	-
Transfer from Rest of the world to Africa	-	(319,725)
Total segment additions	5,162,793	4,732,032
Head office companies	1,221,086	658,036
	6,383,879	5,390,068

Information about major customers

Included in revenues arising from the Africa segment are revenues of approximately $54.3 million (2018: $40.8 million) which arose from sales to customers that represent more than 10% of the Group's revenue.

14. Commitments

The Group has the following capital commitments at 30 June 2019:

	30 June 2019	30 June 2018
Committed capital expenditure	5,248,512	2,931,891

The Group has outstanding purchase orders amounting to $7.2 million at 30 June 2019 (30 June 2018: $5.7 million).

15. Contingencies

Zambia Tax:

As disclosed in the annual consolidated financial statements for the year ended 31 December 2018, Capital Drilling (Zambia) Limited is a party to various tax claims made 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. Since the assessment date, 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 no additional communication or actions were received from the Zambian Revenue Authority to date. Capital Drilling (Zambia) is currently dormant with no drilling revenue since November 2014. An amount of $1.6 million has been raised relating to certain areas of the claim, however the directors are of the opinion that a significant portion of the tax claim by the Zambia Revenue Authority is without merit.

15. Contingencies (continued)

Tanzania tax:

Capital Drilling (T) Ltd is party to a payroll tax claim made by the Tanzanian Revenue Authority (TRA) for the tax years 2009-2015. During the financial year ended 31 December 2016, the company received an immediate demand notice from the (TRA) for Tanzanian Shillings (TZS) of 18,598,361,197 ($ 8,374,660), inclusive of penalties and interest. Management objected to the assessment raised by the TRA and requested the calculations of the notice. In order to object, according to Tanzanian Tax Law Sections 51(1) and (5) of the TAA 2015, a taxpayer is required to pay the tax amount not in dispute or one third of the assessed tax whichever is greater. It is prudent to note that the Finance Act in 2016 added a further subsection (9) in Section 51 regarding tax objections and assessments. The said amendment provides: “Where the taxpayer fails to pay the amount stated under subsection (5) within the time provided therein, the assessed tax decision shall be confirmed as final tax assessment in terms of section 15(1)(a) of the Tax Revenue Appeals Act.” In accordance with the above-mentioned legislation, management reached an agreement with the TRA to pay TZS1,500,000,000 ($0.7 million) in lieu of the one third of the assessed value. This amount was fully provided for in the 2016 Annual Financial Statements. In June 2017 the TRA provided their workings to Capital Drilling (T) Ltd. Capital Drilling (T) Ltd identified differences with the TRA on both the specific merits and methodology used to determine the value. Capital Drilling (T) Ltd has maintained an engaging relationship with the TRA to find closure and resolution to this matter. In order to continue the discussions and negotiations with the TRA, Capital Drilling (T) Ltd has, at the request of the TRA, paid an additional amount of TZS1,1000,000 ($0.5 million), increasing the total amount paid to TZS2,600,000 ($1,129 million) as at 31 December 2018. This is in line with the aforementioned Tanzanian Tax Law. While there has been continued communication with the TRA throughout the year, the matter has not yet been finalised.

16. Events post the reporting date

The directors proposed that an interim dividend of 0.7 cent per share be paid to shareholders on 27 September 2019. This dividend has not been included as a liability in these condensed consolidated interim financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 6 September 2019. The total estimated interim dividend to be paid is $1.0 million (2018: $0.8 million). The payment of this dividend will have no tax consequences for the group.

17. 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 continuously discusses its future borrowing and / or refinancing needs with its bankers 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 condensed consolidated financial statements.

18. Financial instruments

a) Fair value hierarchy

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).

	Six months ended	
	30 June 2019	30 June 2018
	$	$
Fair Value investment through profit and loss		
Level 1 - Listed shares	4,669,380	2,961,491
Level 3 – Unlisted shares	2,187,949	1,943,622
Financial instruments at amortised cost	800,000	800,000
	7,657,329	5,705,113

b) Valuation techniques used to determine fair values

The Group's FVTPL financial assets are listed equity securities in the mining industry that are measured at fair value at the end of each reporting period. The FVTOCI investments 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 and are classified in level 3 of the fair value hierarchy. These valuation techniques maximise the use of observable market data where available and rely as little as possible on Group specific estimates. The fair values have been assessed to approximate their carrying amounts based on a discounted cash flow assessment.

c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the half-year ended 30 June 2019:

	Unlisted equity securities
	$
Balance at 31 December 2018	1,943,622
Gain recognised in statement of comprehensive income	244,327
Balance at 30 June 2019	2,187,949

18. Financial instruments (continued)

c) Fair value measurements using significant unobservable inputs (level 3) (continued)

(i) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at 30 June 2019 $	Significant unobservable inputs	Sensitivity of the input to fair value
Unlisted equity securities	2,187,949	Geological results on mineral reserves	Increase (decrease) of mineral prices would Increase (decrease) the fair value.

(ii) Valuation processes

The group have access to external professional industry experts and receive updates on the status of the unlisted entities in line with the group's half-yearly reporting periods.

(iii) Transfers between levels 1 and 3

There were no transfers between the levels of the fair value hierarchy in the six months to 30 June 2019.

d) Fair values of other financial instruments

The group also has other financial instruments which are not measured at fair value in the statement of financial position. 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.

CAPITAL DRILLING LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITY
For the six months ended 30 June 2019

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 2018.

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 19 August 2019.

ON BEHALF OF THE DIRECTORS

Jamie Boyton
Chairman of the Board of Directors

Brian Rudd
Executive Director

CAPITAL DRILLING LIMITED
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 and expanding into new geographic areas and the implementation of its 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 two to five 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 performance indicators, contractual issues, pricing and renewal.

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 Executive Chairman, 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 updated to reflect developments and improvement needs. The Group maintains adequate insurance policies to provide insurance cover against operating risks.
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. The group has also increased their treasury capabilities by appointing a group treasury manager.
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.

CAPITAL DRILLING LIMITED
APPENDIX: GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES (UNREVIEWED)

The following terms and alternative performance measures are used in the half year results release for the six months ended 30 June 2019.

ARPOR	Average revenue per operating rig
Adjusted EBITDA	Earnings before interest, taxes, depreciation, amortisation and additional specific items
NET CASH (DEBT)	Cash and cash equivalents less short term and long-term debt
NET ASSET VALUE PER SHARE (CENTS)	Total equity/ Weighted average number of ordinary shares

Reconciliation of alternative performance measures to the financial statements:

	Six months ended	
	30 June 2019	**30 June 2018**
	$	**$**
ARPOR can be reconciled from the financial statements as per the below:		
Revenue per financial statements ($)	54,832,471	4,476,675
Non-drilling revenue ($)	(2,753,339)	(2,746,461)
Revenue used in the calculation of ARPOR ($)	52,079,132	51,730,214
Monthly Average active operating Rigs	48	43
Monthly Average operating Rigs	91	94
ARPOR (rounded to nearest $'000)	183,000	200,000

Adjusted EBITDA can be reconciled from the financial statements as per the below:

Profit for the period	5,095,598	2,767,986
Depreciation	4,729,080	6,714,923
Taxation	2,492,887	2,208,150
Share of losses (gain) from associate	227,904	246,441
Interest income	(168,966)	(59,866)
Finance charges	391,899	533,081
Fair value adjustments	(118,022)	-
Fair value adjustment on financial assets through profit and loss - Share Options	-	47,236
Realised (loss) on FVTOCI shares	-	49,225
Adjusted EBITDA	12,650,380	12,507,176

Net cash (debt) can be reconciled from the financial statements as per the below:

	Six months ended	
	30 June 2019	**31 Dec 2018**
	$	**$**
Cash and cash equivalents	15,538,367	19,888,764
Long-term liabilities	(7,000,000)	(9,000,000)
Current portion of long-term liabilities	(50,809)	(29,884)
Net cash (debt)	8,487,558	10,858,880

Net Asset Value per share (cents) can be calculated as per the below:

	Six months ended	
	30 June 2019	**31 Dec 2018**
	$	**$**
Total Equity	79,315,001	75,731,995
Weighted average number of ordinary shares used in the calculation of basic earnings per share	136,027,158	135,670,075
Net Asset Value per share (Cents)	58.31	55.82

Adjusted EBITDA

Adjusted EBITDA represents profit or loss for the year before interest, income taxes, depreciation and amortisation adjusted for share of income (loss) from associates, interest income, finance charges, fair value adjustments on financial assets at fair value through profit and loss and realised gain (loss) on FVTOCI shares.

Adjusted EBITDA is non-IFRS financial measures that is used as supplemental financial measures by management and external users of financial statements, such as investors, to assess our financial and operating performance. These non-IFRS financial measures will assist our management and investors by increasing the comparability of our performance from period to period.

We believe that including Adjusted EBITDA assists our management and investors in: -

i. understanding and analysing the results of our operating and business performance, and
ii. monitoring our ongoing financial and operational strength in assessing whether to continue to hold our shares. This is achieved by excluding the potentially disparate effects between periods of depreciation and amortisation, income (loss) from associate, interest income, finance charges, fair value adjustment on financial assets at fair value through profit and loss and realised gain (loss) on FVTOCI shares, which may significantly affect comparability of results of operations between periods.

Adjusted EBITDA has limitations as analytical tools and should not be considered as alternatives to, or as substitutes for, or superior to, profit or loss for the period or any other measure of financial performance presented in accordance with IFRS. Further other companies in our industry may calculate these measures differently from how we do, limiting their usefulness as a comparative measure.

Net cash (debt)

Net cash (debt) is a non-GAAP measure that is defined as cash and cash equivalents less short term and long-term debt.

Management believes that net cash (debt) is a useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of borrowings after taking account of cash and cash equivalents within the Group's business that could be utilised to pay down the outstanding borrowings. Management believes that net debt can assist securities analysts, investors and other parties to evaluate the Group. Net cash (debt) and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Accordingly, caution is required in comparing net debt as reported by the Group to net cash (debt) of other companies.

Net Asset Value per share (cents)

Net Asset Value per share (cents) is a non-financial measure taking into consideration the total equity over the weighted average number of shares used in the calculation of basic earnings per share.

Management believe that the net asset value per share is a useful indicator of the level of safety associated with each individual share because it indicates the amount of money that a shareholder would get if the Group were to liquidate. Management believes that net asset value per share can assist securities analysts, investors and other parties to evaluate the Group.

Net asset value per share and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Accordingly, caution is required when comparing net asset value per share as reported by the Group to net asset value per share of other companies.

Average revenue per operating rig

ARPOR is a non-financial measure defined as the average drilling specific revenue for the period divided by the monthly average active operating rigs. Drilling specific revenue excludes revenue generated from shot crew, a blast hole service that does not require a rig to perform but forms part of drilling. Management uses this indicator to assess the operational performance across the board on a period by period basis even if there is an increase or decrease in rig utilisation.