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Company Announcements Office
ASX Limited
Exchange Centre
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SYDNEY NSW 2001

Dear Sir/Madam

**RESULTS ANNOUNCEMENT, APPENDIX 4D AND FINANCIAL REPORT FOR THE HALF YEAR
ENDED 31 DECEMBER 2014**

Please find attached the 1H15 Results Announcement of Imdex Limited regarding the Group's financial results and operating performance for the half year ended 31 December 2014.

Yours faithfully
Imdex Limited

Paul Evans
Company Secretary



16 February, 2015

1H15 FINANCIAL RESULTS

Imdex Limited (ASX: IMD)("Imdex" or the "Company"), a leading provider of drilling fluid products, advanced downhole instrumentation, data management solutions and geo-analytical services to the minerals and oil and gas sectors today announces its results for the six months ended 31 December 2014 (1H15).

OVERVIEW

- Combined revenue of **\$114.4 million***, up 12.3% (1H14: \$101.9 million);
- Growth seen in both Minerals and Oil & Gas Divisions;
- EBITDA of **\$20.7 million****, down 14% (1H14: \$24.2 million);
- Normalised EBITDA of **\$8.6 million**, up 32.3% (normalised 1H14: \$6.5 million) and up 431% on 2H14 (normalised 2H14: \$1.6 million);
- Net profit after tax of **\$9.7 million** (1H14: \$15.3 million);
- Balance sheet remains robust with gearing ratio of 13.7% (1H14: 12.9%);
- Operating cashflow of \$4.4 million;
- Normalised EBITDA Interest cover of 5 times (1H14: 4 times);
- 8.5% increase in the average number of REFLEX rental instruments on hire in 1H15 versus the prior corresponding period; and
- Ongoing capital investment in technology and personnel to take advantage of the Minerals recovery.

Commenting on the company's 1H15 results, Imdex's Managing Director, Mr Bernie Ridgeway said: *"Our core business performed well with group revenues up over 12% compared to the prior corresponding period. This was largely driven by increased drilling activity on existing brownfield projects by the major resource companies.*

"Innovation is the key to our future success and we have continued to pursue a number of growth initiatives during the period including ongoing investment in the development and commercialisation of advanced technologies and solutions for both drilling and resource companies.

"The Minerals market is receptive and increasingly adopting our solutions driven technologies - enabling customers to increase productivity and reduce costs. In many cases, Imdex has first mover advantage on the introduction of these technologies allowing us to be the primary beneficiary of the market upturn."

**including Imdex's share of VES International (VES) revenue*

***including equity accounted VES result; profit on sale of the balance of holding in Sino Gas and Energy (SEH) of \$14.2 million; and an additional \$2.1 million provided in respect of the product containment incident*

GROUP OVERVIEW

Financial performance

Group revenue, including Imdex's 30% share of Vaughn Energy Services International joint venture (VES), of \$114.4 million; an increase of 12.3% (1H14: \$101.9 million).

Revenue uplift driven by:

- 11% increase over the prior corresponding period in Minerals Division reflecting higher activity levels and continued product development; and
- 14% increase over the prior corresponding period in Oil & Gas Division; AMC Oil & Gas revenue increased 6% versus the prior corresponding period and VES revenue was up 14.5% versus the prior corresponding period.

1H15 EBITDA of \$20.7 million (including equity accounted VES result and profit on disposal of balance of shareholding in Sino Gas and Energy Holdings (SEH)); down 14% (1H14: \$24.2 million).

Normalised EBITDA of \$8.6 million (excluding \$14.2 million profit on disposal of the remaining shareholding in SEH and the additional \$2.1 million provided in respect of the product containment incident); an increase of 32.3% (normalised 1H14: \$6.5 million) and up 431% on 2H14 (normalised 2H14: \$1.6 million).

Net profit after tax of \$9.7 million was down 37% (1H14: \$15.3 million).

Balance sheet remains robust with net debt / capital ratio of 13.7% (1H14: 12.9%) and normalised EBITDA interest cover of 5 times after Operating Cash Flow of \$4.4 million.

Non recurring items:

- The financial impact of the product containment incident announced to the ASX on 13 March, 2014, requiring a further provision in 1H15 of \$2.1 million.
- In July, 2014 Imdex disposed of its remaining shareholding in SEH – a non core asset – resulting in a profit on disposal of \$14.2 million.

The impact of these one-off non-recurring items to Imdex's financial results for 1H15, was a net profit of \$12.1 million.

Mr. Ridgeway commented: *"Despite challenging market conditions, Imdex's leading and differentiated technologies assisted in the Company growing its revenue base. We continue to increase our global customer base with the objective of deriving more sustainable revenue."*

"Our diversification strategy into the Oil & Gas industry is via AMC Oil & Gas and our 30% interest in VES. However, both AMC Oil & Gas and VES will be impacted in 2H15 by the collapse in the oil price and activity in the sector generally. The Company continues to monitor the impact of the changing oil & gas operating environment to ensure its strategy remains appropriate."

“Our balance sheet is in good shape and comfortable gearing levels have been maintained. Combined with our commitment to invest in the business through the cycle, the Company is well positioned for the medium to long term.”

MINERALS DIVISION

Division Overview

The Minerals Division consists of AMC Minerals and REFLEX. AMC is a leading provider of drilling fluids, chemicals and solids removal technologies. REFLEX is a global supplier of advanced downhole instrumentation, innovative data management and data analysis solutions, and provides geo-analytical software and consulting services to the global resources industry.

Financial performance

Despite reduced non-ferrous global exploration expenditure, Imdex’s Minerals Division revenue increased by 11% to \$70.8 million (1H14: \$63.7 million). The Division contributed 62% of the Company’s combined 1H15 revenue (1H14: 62%). From July to October 2014 inclusive, revenue increased month on month before slowing during the traditional seasonal slowdown in November and December 2014.

EBITDA increased by 20% to \$12.1 million (1H14: \$10.1 million).

Growth was largely driven by an increase in drilling activity due to brownfield expenditure by the major resource companies. The REFLEX rental fleet barometer held up well despite the market slowdown. The average number of REFLEX rental instruments on hire for 1H15 was up 8.5% versus the prior corresponding period. The rental bounce back in January 2015 has been 24% stronger than experienced in January 2014.

The Minerals Division continues to expand its blue chip customer base both geographically and with a greater focus on resource companies - primarily those in production. The Asia Pacific region accounted for 43% of the Minerals Division revenue, however expectations are that the largest growth areas for this business will be outside Australia.

AMC Minerals, USA was profitable for the first time in October, 2014. This was largely driven by increased SRU rentals and an increase in non-mining applications. We expect this momentum to continue in the second half with further measured expansion.

Key Operational Highlights

- **Solids Removal Units (SRU)** – Ongoing industry acceptance of SRU’s led to an increase in the number of units on hire during the period, including the seasonal holiday shutdown;
- **REFLEX HUB** - Increased throughput and continuing positive feedback with the marketing and take-up of REFLEX HUB by large resource companies and mining services companies;

- **REFLEX EZ-GYRO** - Commercialisation of the world's first north seeking driller operated gyro during the latter part of 1H15;
- **Product Development** continued throughout the period;
 - AMC's innovation on new drilling fluid products generated new products for introduction to the market during 1H15;
 - Reflex is committed to becoming the Minerals industry standard in the provision of innovative, simple to use technologies improving the effectiveness and efficiency of customers day to day operations;
- **Customer base continued to expand**, together with greater exposure to resource companies and those in the production phase of the mining cycle; increased exposure to non-mining applications including HDD and waterwell markets;
- **Continued investment in experienced personnel** to drive growth initiatives in under penetrated regions; and
- **The acquisition of 2iC**, effective 1 September 2014. This strategic acquisition for a purchase price of \$3 million ensures REFLEX is the single provider of the most complete range of core orientation solutions for the mining and exploration sector globally. Integration of 2iC into the REFLEX business is complete.

Division Outlook

The outlook for Imdex's Minerals division for 2H15 is encouraging and the improved market conditions seen in 1H15 are expected to continue in 2H15. The expected increased activity should be led by major resource companies returning to spend on brownfield projects as a less capital-intensive and less risky means of replacing and adding reserves.

While this activity is forecast to increase, these companies continue to cut costs and increase the efficiencies of their operations. Imdex's suite of technologies is able to assist these companies achieve their objectives and is increasingly gaining traction on these initiatives.

Mr Ridgeway commented: *"This is an exciting time for our Minerals business, as we look to drive returns from our new technologies following our aggressive research and development spend through the cycle. These technologies will provide substantial industry change and also significantly enhance the efficiency of our customers operations."*

"While the cyclical downturn in the Minerals industry is challenging in the short-term, there are early signs of a measured recovery and the introduction of new and differentiated technologies are positive for Imdex."

OIL & GAS DIVISION

Division Overview

The Oil & Gas Division consists of AMC Oil & Gas and Imdex's 30% interest in Vaughn Energy Services International joint venture (VES).

The AMC Oil & Gas and VES businesses manufacture and provide quality drilling fluids, products and completion chemicals, and downhole survey services to the conventional and unconventional oil and gas markets worldwide. VES is the third largest provider of downhole survey services to the oil and gas market, operating primarily in the USA, Middle East and Latin America.

Financial performance

Imdex's Oil & Gas Division generated record revenue, up 14% to \$43.6 million (1H14: \$38.2 million) and contributed 38% of the Company's combined 1H15 revenue reflecting the ongoing investment in the development of the Division during 1H15.

AMC Oil & Gas revenue for 1H15 was up 6% versus the prior corresponding period and Imdex's 30% share of VES revenue was up 14.5% versus the prior corresponding period.

Normalised EBITDA showed a loss of \$0.5 million (1H14: \$0.8 million loss) including further investment of \$1.2 million into Oil & Gas R&D (Instrumentation). The contribution by VES was positive at \$0.5 million after allowing for all expenses including depreciation, amortisation and tax.

Divisional Outlook

It is likely that both AMC Oil & Gas and VES revenues will be impacted in 2H15 by the recent collapse in the oil price and sharp reduction of activity in the sector. Operators are in the process of reducing expenditure by postponing and cancelling drilling programs. While it is difficult to predict how long the low oil price cycle will last, Imdex is in the process of ensuring AMC Oil & Gas is structured appropriately for the current operating conditions. Similar action is being taken by VES.

Mr. Ridgeway commented: *"The Company continues to monitor the impact of the changing oil & gas operating environment to ensure its strategy remains appropriate."*

KEY PRIORITIES FOR 2015

Imdex's Board and management remain focussed on building the Imdex business, with a focus on the following during 2H15:

- Maintaining and gaining market share through technology leadership;
- Continuing to diversify the customer base to include more resource companies; and
- Building a resilient and a more broad based business with a more sustainable revenue stream and greater emphasis on the production phase of the project life cycle.

More specifically, we will concentrate on:

- Delivering on our organic growth initiatives, particularly the solids removal technology and growth for AMC Minerals in the Americas;
- Introducing REFLEX technologies that increase the efficiency and productivity of our customers' operations;
- Investing in product development to enhance our product range and maintain our technological leadership;
- Reducing our fixed costs and key areas of expenditure; and
- Ensuring AMC Oil & Gas is structured appropriately in response to the lower oil price.