

ALS Limited

ABN 92 009 657 489

Interim Financial Report
for the Half Year Ended 30 September 2015
(including additional ASX Appendix 4D disclosures)

ALS Limited and its subsidiaries

Interim Financial Report for the Half Year Ended 30 September 2015

Contents

- Results for announcement to the market (including required Appendix 4D information)
- Directors' half year report
- Consolidated interim financial report for the half year ended 30 September 2015

The attached Interim Financial Report for the half year ended 30 September 2015 forms part of this document. This half yearly report is to be read in conjunction with the ALS Limited 2015 Annual Financial Report and the notes contained therein.

ALS Limited and its subsidiaries

Results for announcement to the market

For the half year ended 30 September 2015

Appendix 4D

(Previous corresponding period: half year ended 30 September 2014 – Continuing operations)

\$M				
Revenue from ordinary activities	Up	0.25%	to	712.1
Underlying net profit after tax * attributable to members	Down	8.6%	to	61.9
Profit from ordinary activities after tax attributable to members	Down	2.2%	to	57.1
Net profit for the period attributable to members	Down	2.2%	to	57.1

Dividends

	Amount per ordinary share	Franked amount per ordinary share
Interim dividend	7.5 cents	1.875 cents
Previous corresponding period	11.0 cents	1.1 cents

Record date for determining entitlements to the interim dividend: 7 December 2015

The Dividend Reinvestment Plan will be suspended for the FY2016 interim dividend.

Additional dividend information:

Details of dividends declared or paid during or subsequent to the half year ended 30 September 2015 are as follows:

Record date	Payment date	Type	Amount per ordinary share	Total dividend	Franked amount per ordinary share	Conduit foreign income per ordinary share
11 June 2015	1 July 2015	Final 2015	10.0 cents	\$40.5m	2.5 cents	7.5 cents
7 Dec 2015	18 Dec 2015	Interim 2016	7.5 cents	\$30.5m	1.875 cents	5.625 cents

Other financial information:

	Current period	Previous corresponding period
Basic underlying * earnings per ordinary share	15.2 cents	17.1 cents
Basic earnings per ordinary share	14.0 cents	14.7 cents
Net tangible assets per ordinary share	-13.90 cents	-2.41 cents

* Refer to page 3 of the attached Interim Financial Report for a reconciliation of Underlying net profit after tax to Statutory net profit after tax.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 30 September 2015 Interim Financial Report. The unqualified review report of the company's auditors, KPMG, is attached to this document and highlights no areas of dispute.

Sign here: 
Company Secretary
 Tim Mullen

Date: 26/11/2015



ALS Limited

ABN 92 009 657 489

**Interim Financial Report
for the Half Year Ended 30 September 2015**

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2015

The directors present their report together with the consolidated interim financial report for the half year ended 30 September 2015 and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the half year are:

NEROLIE WITHNALL BA, LLB, FAICD

Chairman and Independent Non-Executive Director Age 71

Appointed a director 1994 and appointed Chairman in 2012.

GREG KILMISTER B Sc (Hons), FRACI, MAIG, CCEO

Managing Director and Chief Executive Officer Age 59

Appointed Managing Director and Chief Executive Officer in 2005.

MEL BRIDGES B AppSc, PhD, FAICD

Independent Non-Executive Director Age 65

Appointed 2009.

GRANT MURDOCH M Com (Hons), FAICD, FCA

Independent Non-Executive Director Age 64

Appointed 2011.

JOHN MULCAHY PhD, BE (Civil Eng) (Hons), FIE Aust

Independent Non-Executive Director Age 65

Appointed 2012.

CHARLIE SARTAIN B Eng (Hons) (Mining), FAUSIMM, FTSE

Independent Non-Executive Director Age 54

Appointed 1 February 2015.

BRUCE PHILLIPS B Sc (Hons) (Geology)

Independent Non-Executive Director Age 60

Appointed 1 August 2015.

RAY HILL FAICD

Former Independent Non-Executive Director

Appointed 2003. Retired 30 July 2015.

BRUCE BROWN B Com, AAUQ, FAICD

Former Independent Non-Executive Director

Appointed 2005. Retired 30 July 2015.

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2015

Review and results of operations

Financial performance

The Group recorded underlying net profit after tax (attributable to equity holders of the Company, and excluding restructuring and other one-off items, amortisation of acquired intangibles and divestment write-downs) of \$61.9 million for the half year. The result represents a solid performance in difficult market conditions and falls within the guidance range of \$60.0 million to \$65.0 million provided to the market at the Company's Annual General Meeting on 30 July 2015. It is 7.6% below the \$67.0 million underlying net profit from continuing operations earned in the previous corresponding period (PCP).

Half year statutory net profit after tax attributable to equity holders of the Company (including restructuring and other one-off items, amortisation of acquired intangibles and divestment write-downs) was \$57.1 million, down 2.2% on the \$58.4 million recorded in the half year to September 2014. Refer to page 3 for a detailed summary and reconciliation of results.

Revenue of \$712.1 million was up 0.25% on the \$710.3 million recorded for continuing operations in the PCP, however reduced activity in oil and gas markets and pricing pressures in most business streams resulted in a lower overall profit margin. Pleasing growth in the Life Sciences Division demonstrated the importance of the Company's strategy to increasingly diversify its profit base over recent years.

ALS Life Sciences delivered a 16% improvement in underlying contribution compared with the six months to September 2014. The performance of other business units more exposed to cyclical markets was mixed. Revenue and contribution from the Minerals Division were in line with the PCP, while the Energy and Industrial Divisions were affected by declining volumes and margins.

The Group remains focused on being ready to take advantage of future opportunities by targeting organic and acquired growth in the more stable Environmental and Food sectors (ALS Life Sciences) and by maintaining its assets, market share and reputation in the more cyclical Minerals, Energy and Industrial divisions in order to be able to respond quickly when those markets recover.

Directors have declared a partly franked (to 25% or 1.875cents) interim dividend of 7.5 cents per share, payable on all ordinary shares (2014: 11 cents, partly franked to 10% or 1.1cents). It will be paid on 18 December 2015 on all shares registered in the Company's register at the close of business on 7 December 2015. The Company's dividend reinvestment plan will be suspended for the FY2016 interim dividend.

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2015

Review and results of operations (continued)

The Group's financial performance for the half year to 30 September 2015 is summarised as follows:

2015 \$m	Continuing operations	Discontinued operations (operating result)	Underlying operating result (1)	Write-down - discontinued operations	Restructuring & other one- off items (1,2)	Amortisation of intangibles	Statutory result
Revenue	712.1	-	712.1	-	-	-	712.1
EBITDA (3)	150.4	-	150.4	-	3.9	-	154.3
Depreciation & amortisation	(43.8)	-	(43.8)	-	-	(7.4)	(51.2)
EBIT (3)	106.6	-	106.6	-	3.9	(7.4)	103.1
Interest expense	(17.2)	-	(17.2)	-	-	-	(17.2)
Tax expense	(26.2)	-	(26.2)	-	(1.3)	-	(27.5)
Non-controlling interests	63.2	-	63.2	-	2.6	(7.4)	58.4
	(1.3)	-	(1.3)	-	-	-	(1.3)
Net profit after tax	61.9	-	61.9	-	2.6	(7.4)	57.1
Basic EPS (cents)			15.2				14.0
Diluted EPS (cents)			15.2				14.0

2014 \$m	Continuing operations	Discontinued operations (operating result)	Underlying operating result (1)	Write-down - discontinued operations	Restructuring & other one- off items (1,2)	Amortisation of intangibles	Statutory result
Revenue	710.3	58.8	769.1	-	-	-	769.1
EBITDA (3)	149.8	1.6	151.4	(2.2)	(2.2)	-	147.0
Depreciation & amortisation	(40.8)	(0.3)	(41.1)	-	-	(6.0)	(47.1)
EBIT (3)	109.0	1.3	110.3	(2.2)	(2.2)	(6.0)	99.9
Interest expense	(16.6)	-	(16.6)	-	-	-	(16.6)
Tax expense	(24.7)	(0.4)	(25.1)	0.4	0.7	-	(24.0)
Non-controlling interests	67.7	0.9	68.6	(1.8)	(1.5)	(6.0)	59.3
	(0.7)	(0.2)	(0.9)	-	-	-	(0.9)
Net profit after tax	67.0	0.7	67.7	(1.8)	(1.5)	(6.0)	58.4
Basic EPS (cents)			17.1				14.7
Diluted EPS (cents)			17.0				14.7

(1) The terms Underlying Operating Result and Restructuring & Other One-off Items are non-IFRS disclosures. They have been presented to assist in the assessment of the relative performance of the Group from period to period. The calculations thereof are based on non-IFRS information and are unaudited.

(2) Restructuring & Other One-off Items in 2015 include foreign exchange gains of \$7.4 million before tax realised on repayment of inter-company balances within the Group (2014: Nil). Refer note 6.

(3) EBITDA = EBIT plus depreciation and amortisation. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. They have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e. non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2015

Review and results of operations (continued)

Contributions from business segments were as follow:

ALS Life Sciences	2015 \$M	2014 \$M	Increase
Revenue	317.7	276.1	15.0%
Segment contribution	58.6	50.2	
Restructuring and related costs	0.1	0.6	
Underlying segment contribution	58.7	50.8	15.6%
Margin (underlying segment contribution to revenue)	18.5%	18.4%	
Underlying segment EBITDA	76.2	65.9	15.6%

The ALS Life Sciences division delivered strong revenue growth in all geographic regions during the period. In particular the Environmental business stream grew revenue by 13% over the PCP with gains in all regions and improved margin performance in Australia and South America from a combination of new contract work and cost management disciplines.

ALS' global food and pharmaceutical testing business achieved revenue growth of 31% compared with the PCP. It was boosted by the acquisition in April 2015 of Controlvet which operates in Portugal, Spain and Poland. This business stream continues to deliver strong organic growth in the UK, Asia and Australia benefiting from the platform provided by its laboratory information management system and investment in new technologies.

ALS Industrial	2015 \$M	2014 \$M	(Decrease)
Revenue	94.5	99.9	(5.4%)
Segment contribution	13.2	16.4	
Restructuring and related costs	0.3	0.2	
Underlying segment contribution	13.5	16.6	(18.7%)
Margin (underlying segment contribution to revenue)	14.3%	16.6%	
Underlying segment EBITDA	16.4	19.6	(16.3%)

The falls in both revenue and margin experienced by ALS Industrial came from the Asset Care business stream where revenue was down 11% on the PCP due to a decline in the capital expenditure-exposed major construction projects in the LNG and mining sectors in Australia.

The Tribology business continued to grow profitably, particularly in USA where half year contribution grew 23% compared with the PCP.

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2015

Review and results of operations (continued)

ALS Energy	2015 \$M	2014 \$M	(Decrease)
Revenue	116.6	152.3	(23.4%)
Segment contribution	1.5	16.8	
Restructuring and related costs	2.1	0.5	
Underlying segment contribution	3.6	17.3	(79.2%)
Margin (underlying segment contribution to revenue)	3.0%	11.4%	
Underlying segment EBITDA	14.9	28.2	(47.2%)

Both business units within ALS Energy suffered declines in revenue and earnings as a result of continued market contraction. While the ALS Coal business performed above expectations during the period in Australia this was offset by lower volumes and pricing pressures in other regions, particularly Canada. The flow-on effects from the steep fall in oil prices since October 2014 continue to impact Oil & Gas drill rig counts, exploration activity and pricing for services in the sector. As a result ALS Oil and Gas recorded a break-even underlying contribution during the half year as revenue fell 28% compared with the PCP.

ALS remains committed to the Oil & Gas sector and believes it can develop a substantial, successful business servicing that market by creating a differentiated, integrated, well-site service, built around testing in-situ, at the well head and in a full service hub laboratory. Restructuring initiatives are continuing and are concentrated on right-sizing the business by rationalising facilities and aggressively removing waste from the operations. These initiatives, together with the recent opening of the major hub laboratory in Houston, are expected to start delivering benefits prior to the end of the current financial year.

ALS Minerals	2015 \$M	2014 \$M	Increase/ (Decrease)
Revenue	183.3	182.0	0.7%
Segment contribution	35.2	35.4	
Restructuring and related costs	0.6	0.7	
Underlying segment contribution	35.8	36.1	(0.8%)
Margin (underlying segment contribution to revenue)	19.5%	19.8%	
Underlying segment EBITDA	47.4	47.5	(0.2%)

ALS Minerals recorded a steady performance across the division over the half year. Sample volumes in the Geochemistry business remained flat at levels experienced for the past 18 months and its underlying contribution margin was maintained at 21% of revenue. While this is below its target range, the business has maintained its focus on cost management and ensuring its facilities are well-equipped to manage work flow increases when market activity improves.

Although revenue from the Metallurgy business was down 5% on the PCP, the Inspection business stream achieved strong growth in operating margin on revenue growth of 22% derived from increased market share.

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2015

Events subsequent to balance date

Equity raising

On 26 November 2015, the Company announced a \$324.8 million fully underwritten, 5-for-21 accelerated pro rata non-renounceable entitlement offer of 96,963,406 new fully paid ordinary shares to eligible shareholders. The Entitlement Offer will further strengthen the Company's balance sheet and provide funding flexibility for growth predominantly in its Life Sciences division. The new shares issued will not participate in the FY2016 interim dividend. Further information concerning the Entitlement Offer is contained in the shareholder offer materials lodged separately with the ASX.

Other than the matter discussed above, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

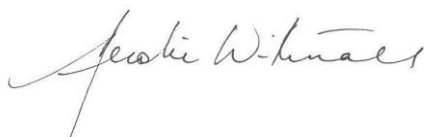
Lead auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 24 and forms part of the Directors' Report for the half year ended 30 September 2015.

Rounding off

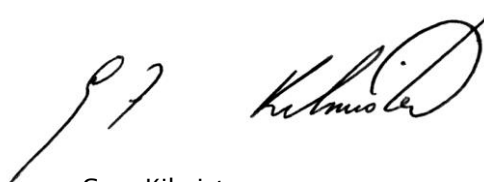
The entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



Nerolie Withnall
Chairman

Brisbane
26 November 2015



Greg Kilmister
Managing Director

Brisbane
26 November 2015

ALS Limited and its subsidiaries

Interim profit and loss statement

For the half year ended 30 September 2015

In millions of AUD

Note

Consolidated

	30 September 2015	30 September 2014
Continuing operations		
Revenue from sale of goods	2.8	3.0
Revenue from rendering of services	709.3	707.3
	712.1	710.3
Raw materials and consumables purchased	(65.5)	(63.6)
Employee expenses	(348.2)	(342.5)
Warehousing and distribution costs	(15.4)	(15.0)
Occupancy Costs	(26.9)	(23.9)
Amortisation and depreciation	(51.2)	(46.8)
Selling expenses	(3.5)	(8.8)
Administration and other expenses	(99.8)	(110.8)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	1.5	1.9
Profit before financing costs and income tax	103.1	100.8
Finance income	1.5	1.0
Finance expense	(18.7)	(17.6)
Net finance expense	(17.2)	(16.6)
Profit before income tax	85.9	84.2
Income tax expense	(27.5)	(24.0)
Profit from continuing operations	58.4	60.2
Discontinued operations		
(Loss) of discontinued operations (net of income tax)	-	(0.9)
Profit for the period	58.4	59.3
Attributable to:		
Equity holders of the Company	57.1	58.4
Non-controlling interest	1.3	0.9
Profit for the period	58.4	59.3
Basic and diluted earnings per share attributable to equity holders	14.0c	14.7c
Basic and diluted earnings per share attributable to equity holders from continuing operations	14.0c	15.0c

The interim profit and loss statement is to be read in conjunction with the notes to the interim financial report set out on pages 13 to 21.

ALS Limited and its subsidiaries

Interim statement of comprehensive income

For the half year ended 30 September 2015

In millions of AUD

	Note	Consolidated	
		30 September 2015	30 September 2014
Profit for the period		58.4	59.3
Other comprehensive income *			
<i>Items that are or may be reclassified subsequently to profit and loss</i>			
Foreign exchange translation differences		8.1	14.8
(Loss)/gain on hedge of net investments in foreign subsidiaries		(1.1)	0.2
Net gain/(loss) on cash flow hedges taken to equity		1.3	0.9
Other comprehensive income for the period, net of income tax		8.3	15.9
Total comprehensive income for the period		66.7	75.2
Attributable to:			
Equity holders of the company		65.4	74.3
Non-controlling interest		1.3	0.9
Total comprehensive income for the period		66.7	75.2

* All movements in comprehensive income are disclosed net of applicable income tax.

The interim statement of comprehensive income is to be read in conjunction with the notes to the interim financial statements set out on pages 13 to 21.

ALS Limited and its subsidiaries

Interim balance sheet

As at 30 September 2015

In millions of AUD

	Note	Consolidated	
		30 September 2015	31 March 2015
Current Assets			
Cash and cash equivalents		156.0	163.1
Trade and other receivables		338.7	313.5
Inventories		90.2	76.1
Income tax receivable		2.6	4.5
Other assets		39.4	41.5
Total current assets		626.9	598.7
Non-current assets			
Receivables		4.6	3.9
Investments accounted for using the equity method		13.7	15.0
Investment property		10.6	10.7
Deferred tax assets		19.6	22.1
Property, plant and equipment		504.1	491.9
Intangible assets		1,311.0	1,250.4
Other assets		15.3	14.2
Total non-current assets		1,878.9	1,808.2
Total assets		2,505.8	2,406.9
Current Liabilities			
Bank overdraft		0.5	0.1
Trade and other payables		159.9	158.4
Loans and borrowings	8	1.2	4.0
Employee benefits		41.3	39.2
Total current liabilities		202.9	201.7
Non-current liabilities			
Loans and borrowings	8	1,002.1	935.4
Deferred tax liabilities		10.9	6.7
Employee benefits		8.7	8.0
Other		26.8	26.7
Total non-current liabilities		1,048.5	976.8
Total liabilities		1,251.4	1,178.5
Net assets		1,254.4	1,228.4
Equity			
Share capital		1,134.1	1,134.1
Reserves		(14.2)	(23.1)
Retained earnings		121.1	104.5
Total equity attributable to equity holders of the company		1,241.0	1,215.5
Non-controlling interest		13.4	12.9
Total equity		1,254.4	1,228.4

The interim balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 13 to 21.

ALS Limited and its subsidiaries

Interim statement of changes in equity

For the half year ended 30 September 2015

In millions of AUD

Balance 1 April 2015

Total comprehensive income for the period

Profit or loss

Other comprehensive income

Foreign exchange translation differences

(Loss) on hedge of net investments in foreign subsidiaries

Net gain on cash flow hedges taken to equity

Total other comprehensive income

Total comprehensive income for the period

Transactions with equity holders, recorded directly in equity

Contributions by and distributions to owners

Dividends to equity holders

Share-settled performance rights awarded during the period

Share-settled performance rights vested or lapsed during the period

Total contributions by and distributions to owners

Balance at 30 September 2015

	Consolidated						
	Share Capital	Foreign Currency Translation	Other reserves	Employee share-based awards	Retained earnings	Total	Non-controlling Interest
Balance 1 April 2015	1,134.1	(1.7)	(22.7)	1.3	104.5	1,215.5	12.9
Total comprehensive income for the period							
Profit or loss	-	-	-	-	57.1	57.1	1.3
Other comprehensive income							
Foreign exchange translation differences	-	8.1	-	-	-	8.1	-
(Loss) on hedge of net investments in foreign subsidiaries	-	(1.1)	-	-	-	(1.1)	-
Net gain on cash flow hedges taken to equity	-	-	1.3	-	-	1.3	-
Total other comprehensive income	-	7.0	1.3	-	-	8.3	-
Total comprehensive income for the period	-	7.0	1.3	-	57.1	65.4	1.3
Transactions with equity holders, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	-	-	-	-	(40.5)	(40.5)	(0.8)
Share-settled performance rights awarded during the period	-	-	-	0.7	-	0.7	-
Share-settled performance rights vested or lapsed during the period	-	-	-	(0.1)	-	(0.1)	-
Total contributions by and distributions to owners	-	-	-	0.6	(40.5)	(39.9)	(0.8)
Balance at 30 September 2015	1,134.1	5.3	(21.4)	1.9	121.1	1,241.0	13.4

The interim statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 13 to 21.

ALS Limited and its subsidiaries

Interim statement of changes in equity (continued)

For the half year ended 30 September 2014

In millions of AUD

	Share Capital	Foreign Currency Translation	Other reserves	Consolidated Employee share-based awards	Retained earnings	Total	Non- controlling Interest	Total Equity
Balance 1 April 2014	1,061.0	(30.2)	(26.0)	1.3	401.6	1,407.7	11.7	1,419.4
Total comprehensive income for the period								
Profit or loss	-	-	-	-	58.4	58.4	0.9	59.3
Other comprehensive income								
Foreign exchange translation differences	-	14.8	-	-	-	14.8	-	14.8
Gain/(loss) on hedge of net investments in foreign subsidiaries	-	0.2	-	-	-	0.2	-	0.2
Net gain/(loss) on cash flow hedges taken to equity	-	-	0.9	-	-	0.9	-	0.9
Total other comprehensive income	-	15.0	0.9	-	-	15.9	-	15.9
Total comprehensive income for the period	-	15.0	0.9	-	58.4	74.3	0.9	75.2
Transactions with equity holders, recorded directly in equity								
Contributions by and distributions to owners								
Dividends to equity holders	-	-	-	-	(78.9)	(78.9)	(0.4)	(79.3)
Shares issued under dividend reinvestment plan (3,543,523 ordinary shares at \$8.32 per share)	29.5	-	-	-	-	29.5	-	29.5
Treasury shares transferred to employees under the LTI plan	0.4	-	-	-	-	0.4	-	0.4
Share-settled performance rights awarded during the period	-	-	-	0.5	-	0.5	-	0.5
Share-settled performance rights vested or lapsed during the period	-	-	-	(0.6)	0.2	(0.4)	-	(0.4)
Total contributions by and distributions to owners	29.9	-	-	(0.1)	(78.7)	(48.9)	(0.4)	(49.3)
Balance at 30 September 2014	1,090.9	(15.2)	(25.1)	1.2	381.3	1,433.1	12.2	1,445.3

The interim statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 13 to 21.

ALS Limited and its subsidiaries

Interim statement of cash flows

For the half year ended 30 September 2015

In millions of AUD

	Consolidated	
	30 September 2015	30 September 2014
Cash flows from operating activities		
Cash receipts from customers	772.6	843.1
Cash paid to suppliers and employees	(661.6)	(709.7)
Cash generated from operations	111.0	133.4
Interest paid	(18.7)	(17.6)
Interest received	1.5	1.0
Income taxes paid	(24.4)	(29.6)
Net cash from operating activities	69.4	87.2
Cash flows from investing activities		
Payments for property, plant and equipment	(36.9)	(37.5)
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)	(8.3)	(24.8)
Loan repayments/(advances) from/(to) associates	0.5	(0.1)
Dividend from associate	2.8	1.1
Proceeds from sale of other non-current assets	2.7	1.6
Net cash used in investing activities	(39.2)	(59.7)
Cash flows from financing activities		
Proceeds from borrowings	32.0	25.0
Repayment of borrowings	(32.0)	(28.5)
Proceeds from issue of new issued capital	-	-
Lease payments	(1.1)	(1.4)
Dividends paid	(41.3)	(49.8)
Net cash from (used in)/from financing activities	(42.4)	(54.7)
Net movement in cash and cash equivalents	(12.2)	(27.2)
Cash and cash equivalents at 1 April	162.9	136.2
Effect of exchange rate fluctuations on cash held	4.8	1.3
Cash and cash equivalents at 30 September	155.5	110.3

The interim statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 13 to 21.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2015

1. Reporting entity

ALS Limited (the "Company") is a company domiciled in Australia. The interim financial report of the Company as at and for the six months ended 30 September 2015 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 31 March 2015 is available upon request from the Company's registered office at Level 2, 299 Coronation Drive, Milton Qld 4064 or at www.alsglobal.com.

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 31 March 2015.

This consolidated interim financial report was approved by the Board of Directors on 26 November 2015.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

3. Significant accounting policies

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 March 2015.

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 March 2015.

5. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 March 2015.

Fair values of financial instruments

The Group's financial assets and liabilities are included in the balance sheet at amounts that approximate fair values with the exception of fixed rate debt which has a fair value of \$989.8m (March 2015: \$938.8m). The fair value at 30 September of derivative assets held for risk management, which are the Group's only financial instruments carried at fair value, was an asset of \$17.3m (March 2015: \$19.8m asset) measured using Level 2 valuation techniques as defined in the fair value hierarchy. The Group does not have any financial instruments that are categorised as Level 1 or Level 3 in the fair value hierarchy.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2015

5. Financial risk management (continued)

Fair value hierarchy

In valuing financial instruments, the Group uses the following fair value measurement hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

6. Segment reporting

The Group has 4 reportable segments, as described below, representing 4 distinct strategic business units each of which is managed separately and offers different products and services. For each of the strategic business units, the CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- ALS Life Sciences - provides analytical testing data to assist consulting and engineering firms, industry, and governments around the world in making informed decisions about environmental, food and pharmaceutical, electronics, and animal health testing matters.
- ALS Industrial - provides the energy, resources and infrastructure sectors with testing, inspection and asset care services.
- ALS Energy - provides specialist services to both the black coal and oil and gas industries such as coal sampling, analysis and certification, hydrocarbon formation evaluation services, specialist well services and related analytical testing.
- ALS Minerals - provides assaying and analytical testing services and metallurgical services for mining and mineral exploration companies.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2015

6. Segment reporting (continued)

<i>In millions of AUD</i>	Revenue		Contribution		Segment margin*		Assets		Liabilities	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<i>Continuing Operations</i>										
ALS Life Sciences	317.7	276.1	58.6	50.2	18.4%	18.2%	725.1	637.4	96.3	75.4
ALS Industrial	94.5	99.9	13.2	16.4	13.9%	16.5%	230.0	220.5	26.2	24.2
ALS Energy	116.6	152.3	1.5	16.8	1.3%	11.0%	632.2	842.4	29.1	41.3
ALS Minerals	183.3	182.0	35.2	35.4	19.2%	19.5%	671.1	646.7	69.4	54.8
Total Continuing Operations	712.1	710.3	108.5	118.8			2,258.4	2,347.0	221.0	195.7
<i>Discontinued Operations</i>										
Reward Distribution**	-	58.8	-	1.3	-	2.2%	-	34.0	-	11.9
Total Reportable Segments	712.1	769.1	108.5	120.1			2,258.4	2,381.0	221.0	207.6

* Segment margin is calculated as segment contribution as a percentage of segment revenue.

** The Reward Distribution segment was divested subsequent to 30 September 2014 (refer note 7).

Reconciliation of reportable segment profit

<i>In millions of AUD</i>	2015	2014
Contribution from reportable segments	108.5	120.1
Unallocated amounts:		
Acquisition costs	-	(0.2)
Amortisation of intangibles	(7.4)	(6.0)
Net financing costs	(17.2)	(16.6)
Write-down of discontinued operations	-	(2.2)
Net foreign exchange gains (1)	11.8	0.8
Other corporate expenses	(9.8)	(12.6)
Consolidated profit before income tax (incl. discontinued operations)	85.9	83.3

(1) includes one-off gain of \$7.4 million before tax realised on repayment of inter-company balances within the Group (2014: Nil)

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2015

7. Discontinued operations

In October 2014 the Group sold its Reward Distribution operating segment.

Information attributable to discontinued operations is as follows:

In millions of AUD

	2015	2014
Discontinued operations		
Revenue	-	58.8
Amortisation and depreciation	-	(0.3)
Other Expenses	-	(57.2)
Results from operating activities	-	1.3
Income tax expense	-	(0.4)
Results from operating activities, net of income tax	-	0.9
Write-down of discontinued operations	-	(2.2)
Income tax credit on write-down of discontinued operations	-	0.4
	-	(0.9)
Basic earnings per share from discontinued operations	-	(0.3)c
Diluted earnings per share from discontinued operations	-	(0.3)c

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2015

8. Loans and borrowings

In millions of AUD

	30 September 2015	31 March 2015
Current Liabilities		
Bank loans	0.4	3.0
Finance lease liabilities	0.8	1.0
	1.2	4.0
Non-current liabilities		
Bank loans	68.3	65.9
Long term notes	932.3	867.4
Finance lease liabilities	1.5	2.1
	1,002.1	935.4

Bank loans

Funding available to the Group from undrawn facilities at 30 September 2015 amounted to \$274.7 million (March 2015: \$249.7 million). The Group has entered into a series of bi-lateral, multi-currency debt facility agreements with five Australian and international banks amounting to USD240 million (AUD 342 million). These facilities are due to mature in October 2017.

Long term notes

The Company's controlled entities ALS Group General Partnership and ALS Canada Ltd have previously issued long term, fixed rate notes to investors in the US Private Placement market which remain unpaid at balance date. All loan notes have total fixed interest coupons ranging between 3.40% - 4.79% and bullet maturity dates repayable at various intervals between December 2017 and July 2022.

The weighted average interest rate (incorporating the effect of interest rate contracts) for all bank loans and long term notes at balance date is 3.6% (March 2015: 3.5%).

9. Dividends

The following dividend was declared and paid by the Company during the half year:

In millions of AUD

	2015	2014
Final 2015 dividend paid 1 July 2015 (2 July 2014)	40.5	78.9

Since 30 September 2015, directors have declared a partly franked (to 25% or 1.875cents) interim dividend of 7.5 cents per share, amounting to \$30.5 million payable on 18 December 2015. The dividend is payable on all ordinary shares registered in the Company's register at the close of business on 7 December 2015. The financial effect of this dividend has not been brought to account in the financial report for the period ended 30 September 2015.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2015

10. Acquisitions of businesses and subsidiaries

<i>In millions of AUD</i>	Interest Acquired	Date acquired	Consideration
Half year ended 30 September 2015			
Controlvet Group	100%	April 2015	8.6
			<u>8.6</u>
Half year ended 30 September 2014			
Ellington & Associates Inc.	100%	April 2014	11.2
Other acquisitions during the period	100%	June 2014	10.0
			<u>21.2</u>

The acquisition of Controlvet has been integrated into the ALS Life Sciences segment.

Controlvet's net assets at acquisition date	Recognised values*
<i>In millions of AUD</i>	2015
Property, plant and equipment	3.9
Identifiable intangible assets	1.2
Inventories	0.4
Trade and other receivables	3.2
Cash and cash equivalents	0.3
Interest bearing loans and borrowings	(1.0)
Trade and other payables	(2.8)
Employee benefits	(0.3)
Current tax liabilities	(0.1)
Net identifiable assets and liabilities	4.8
Goodwill on acquisition*	3.8
Consideration paid, satisfied in cash	8.6
Cash (acquired)	(0.3)
Net cash outflow	<u>8.3</u>

* The acquisition of Controlvet was completed during April 2015. Accordingly, the accounting for this acquisition has been completed on a provisional basis. Further analysis will be performed to determine the existence of any fair value adjustments, including identifiable intangible assets acquired as part of the acquisition.

Directly attributable transaction costs of \$31,500 were included in administration and other expenses in the profit and loss statement. In the period to 30 September 2015 the Controlvet Group contributed revenue totalling \$3,942,000 and contributed net profit of \$425,500 to the consolidated net profit for the period.

Controlvet was acquired for the purpose of enhancing the global service reach of the Group's existing Food Pharma operations. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of Controlvet's workforce and the synergies expected to be achieved from integrating the acquired operations into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2015

11. Acquisitions of businesses and subsidiaries (continued)

Other acquirees' net assets at acquisition date	Recognised values	Recognised values*
<i>In millions of AUD</i>	2015	2014
Property, plant and equipment	-	1.4
Trade and other receivables	-	2.7
Other current assets	-	1.0
Cash and cash equivalents	-	1.7
Trade and other payables	-	(1.1)
Deferred tax liabilities	-	(0.1)
Current tax liabilities	-	(0.7)
Interest bearing loans and borrowings	-	(2.3)
Net identifiable assets and liabilities	-	2.6
Goodwill on acquisition	-	18.6
Consideration paid, satisfied in cash	-	21.2
Cash (acquired)	-	(1.7)
Net cash outflow	-	19.5

* The comparatives disclose all 2014 acquisitions for the period.

The goodwill recognised on acquisition is attributable mainly to skills and technical talent of the acquired business's workforce and the synergies expected to be achieved from integrating the acquired operations into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

Directly attributable transaction costs of nil (2014: \$7,000) were included in administration and other expenses in the profit and loss statement.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2015

12. Share-based payments

Performance-hurdle rights and service-based rights granted

During the period the Group granted performance-hurdle rights and service-based rights under its Long Term Incentive (LTI) plan which is designed as a retention and reward tool for high performing personnel. Under the plan key employees may be granted conditional rights to receive ordinary shares in the Company at no cost to the employees (or in limited cases to receive cash-settled awards).

The concept of service-based rights was introduced during the previous financial year. The only condition attaching to such rights is that an employee must remain employed by the Group until vesting date. As no performance hurdles attach to these rights, the number of rights issued to an individual employee is significantly less than the number of performance-hurdle rights that would otherwise be issued to an employee of similar standing.

The terms and conditions of rights granted during the current and prior periods are set out below:

	Half year ended 30 Sept 2015	Half year ended 30 Sept 2014
Equity-settled		
Date of grant	30 July 2015	29 July 2014
Number of performance-hurdle rights	612,625	391,675
Weighted average fair value at date of grant of performance-hurdle rights	\$4.04	\$5.40
Testing date for performance hurdles	31 March 2018	31 March 2017
Number of service-based rights	63,852	97,976
Weighted average fair value at date of grant of service-based rights	\$4.83	\$6.52
Vesting date and testing date for service condition	1 July 2018	1 July 2017
Cash-settled		
Date of grant	30 July 2015	29 July 2014
Number of performance-hurdle rights	72,540	45,174
Weighted average fair value at date of grant of performance-hurdle rights	\$4.04	\$5.40
Testing date for performance hurdles	31 March 2018	31 March 2017
Number of service-based rights	10,436	21,434
Weighted average fair value at date of grant of service-based rights	\$4.83	\$6.52
Vesting date and testing date for service condition	1 July 2018	1 July 2017

The fair value of services received in return for all rights is based on the fair value of the rights granted measured using Binomial Tree (EPS and EBITDA hurdles and service condition) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies.

Vesting conditions in relation to performance-hurdle rights:

Employees must remain employed by the Group until vesting date. The rights vest only if underlying Earnings Per Share ("EPS"), relative underlying EBITDA margin or relative Total Shareholder Return ("TSR") hurdles are achieved by the Company over the specified performance period. 25 percent of each employee's rights are subject to EPS measurement, 25 percent are subject to EBITDA measurement and 50 percent are subject to the TSR measurement.

Vesting condition in relation to service-based rights:

Employees must remain employed by the Group until vesting date.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2015

13. Events subsequent to balance date

On 26 November 2015, the Company announced a \$324.8 million fully underwritten, 5-for-21 accelerated pro rata non-renounceable entitlement offer of 96,963,406 new fully paid ordinary shares to eligible shareholders. The Entitlement Offer will further strengthen the Company's balance sheet and provide funding flexibility for growth predominantly in its Life Sciences division. The new shares issued will not participate in the FY2016 interim dividend. Further information concerning the Entitlement Offer is contained in the shareholder offer materials lodged separately with the ASX.

Other than the matter discussed above, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

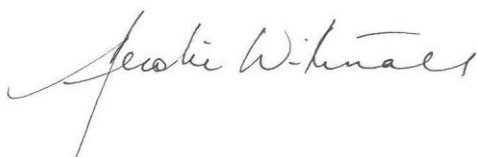
ALS Limited and its subsidiaries

Directors' declaration

In the opinion of the directors of ALS Limited ("the Company"):

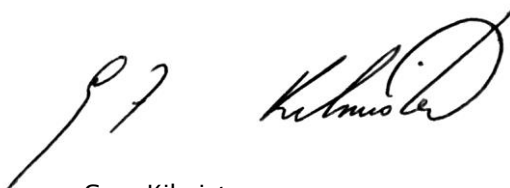
1. The financial statements and notes set out on pages 7 to 21, are in accordance with the *Corporations Act 2001* including:
 - a) giving a true and fair view of the Group's financial position as at 30 September 2015 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date: and
 - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Nerolie Withnall
Chairman

Brisbane
26 November 2015



Greg Kilmister
Managing Director

Brisbane
26 November 2015



Independent auditor's review report to the members of ALS Limited

We have reviewed the accompanying interim financial report of ALS Limited (the Company), which comprises the consolidated interim balance sheet as at 30 September 2015, the consolidated interim profit and loss statement, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 September 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of ALS Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, 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 Australian Auditing Standards 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of ALS Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 September 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Simon Crane
Partner

Brisbane
26 November 2015



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of ALS Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 September 2015 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Simon Crane'.

KPMG

A handwritten signature in black ink, appearing to read 'Simon Crane'.

Simon Crane
Partner

Brisbane
26 November 2015