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Company Announcements Office
ASX Limited
Exchange Centre
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Dear Sir/Madam

FY13 Half Year Results Conference Call and Slide Show

Please find attached the script from today's FY13 Half Year Results Conference Call and Slide Show.

Yours faithfully
Imdex Limited

A handwritten signature in blue ink, appearing to read "P. Evans", with a long horizontal flourish extending to the right.

Paul Evans
Company Secretary

<<Slide 1 – Cover >>

Good morning everyone. Thank you for joining us today as we present the company's results for the first half of the 2013 financial year.

<<Slide 2 – Today's Agenda>>

I will begin by providing an overview of the Imdex Group results for 1H13. Paul Evans, Imdex's CFO and Company Secretary, will present a more detailed analysis of the company's financial results, and I will then review the company's operations and divisional performance, comment on the outlook for Imdex's main end markets – mining and oil and gas – and outline our strategy and opportunities for growth in 2H13 and beyond.

The presentation will take approximately 15-20 minutes; we will then be happy to answer questions. For listeners who are not familiar with the Imdex Group, additional information has been included in the appendices to the presentation slides, and on our company website.

<<Slide 3 – Overview>>

<<Slide 4 – Solid performance despite challenging conditions>>

Over the past four years, Imdex has pursued a strategy of diversifying its product suite, geographic footprint and customer profile, and focusing on developing leading technologies for the mining and oil and gas industries. The results for the first half of the 2013 financial year show the progression of this strategy given the challenging minerals market conditions we have operated in over the past six months.

Our combined revenue was only marginally down from the prior corresponding period's record result. While the performance of our minerals division was impacted by a slowdown in that market, revenue from our Oil and Gas Division increased 111% to \$33.5 million, a new record for this business.

The results from our Oil and Gas Division demonstrate the benefits now emerging from our investment in this business. It also aligns with our strategic goal of generating 30-40% of revenues from the oil and gas sector in the next two to three years.

While we saw much improved results within our Oil and Gas Division, the Imdex Group's first half performance was dampened by a cyclical slowdown within the minerals industry, which became increasingly pronounced in the second quarter. As we entered the half, activity levels by the junior explorers decreased and during the second quarter signs emerged that the major and intermediate miners had also reduced spending. As a result, our minerals revenue was down 18% on the previous corresponding period.

EBITA was down 32% on the prior corresponding period. This reflected the increased proportion of income from the oil and gas business. Margins in the oil and gas business will improve over time as revenues grow and the business builds scale. Importantly gross margins within our Minerals Division were maintained over the past six months.

We have a strong balance sheet.

Toward the end of the first half, we acquired ioGlobal, a provider of cloud based data solutions and geo-analytics services. The business is an excellent fit on multiple fronts – strategic, business and cultural – and its integration is progressing well. ioGlobal has enhanced our product offering, broadened our customer base and provides exposure to all stages of our customers' project life cycle.

We have made good progress with our strategy to diversify our business by industry, product, geography and customer. The acquisition of ioGlobal, the expansion of our oil and gas business and planned introduction of products such as the underground solids removal unit are all part of this strategy. As our business becomes more diversified, Imdex will become less impacted by cyclical swings in the minerals market.

In terms of the outlook for 2H13 and beyond, there is evidence that the cyclical slowdown in the minerals industry may have bottomed and we are pursuing a number of growth opportunities.

<<Slide 5 – Key Metrics>>

If I can turn now to Slide 5, which sets out the key financial results for 1H13 and comparative numbers for the previous corresponding period.

Combined revenue, which includes Imdex's 30% share of revenue from the VES International joint venture, formerly known as the DHS Joint Venture, was down 3% to \$135.6 million. EBITA was down 32% to \$26.2 million and net profit after tax was down 27% to \$16.6 million. Our pre-tax operational cash flow performance was strong, up 8% to \$35.9 million.

As you can see, our balance sheet is in good shape. While our gearing has increased on the back of recent acquisitions it still remains low, with net debt to total capital at 23% and interest cover to EBITA of 14 times.

We have continued to make bolt-on acquisitions and invest in our team to support the growth of the business and our commitment to excellent customer service. As a result, we have seen our global workforce grow by 10% to 597 people since June 2012. Over 60% of our employees live and work outside Australia. This is in line with our long term strategy to invest in our team and business to support the company's growth.

The Directors have declared a fully franked interim dividend of 2.5 cents per share, which is in line with the directors' intention to balance a sustainable dividend stream for shareholders with the cash requirements of investing in future growth.

<<Slide 6 – Revenue>>

Slide 6 shows Imdex's combined revenue of \$135.6 million for 1H13, which includes our share of the revenue from the VES International joint venture. Pleasingly, and reflecting the success of Imdex's strategy of pursuing diversification in industry, products, geographies, and customers, combined revenue was only 3% below the record high achieved in 1H12 and is our third highest result to date.

The Minerals Division was 18% down on the previous corresponding period due to the cyclical slowdown in the sector mentioned earlier, and subsequent reduction in demand for both drilling fluids and downhole instrumentation, particularly in 2Q13.

During 1H13 we experienced month on month reductions in the Reflex rental fleet, from the record high achieved in June 2012. Encouragingly, instrumentation numbers on active hire, post the traditional Christmas / New Year slowdown, have bounced back with utilisation levels again increasing as rigs continue to return to work.

The oil and gas revenue contributed strongly and made up 25% of total combined revenue for the half. This business has good momentum going into the second half of the year and has strong potential for ongoing growth.

<<Slide 7 – EBITA>>

Moving to slide 7, EBITA was down 32% to \$26.2 million on the record high achieved in 1H12. This is a credible result given the slowdown in the minerals industry in all global mining regions.

Importantly, gross margins have not deteriorated in the minerals business. Rather we have taken a long term view to maintain and grow staff levels and our product technology suite so the company is strongly positioned for the cyclical rebound and the lower EBITA is a reflection of the cost base we have maintained in the business. As revenue recovers, so too will our EBITA performance. The VES International joint venture performed strongly at the EBITA line. I will say more on that later in the presentation.

Before moving onto the operational review and outlook for Imdex's principal markets, strategies and opportunities for future growth, I will hand over to Paul Evans for a more detailed look at Imdex's financial performance.

<< Slide 8 – 1H13 financial performance >>

<< Slide 9 - Profit & loss >>

Thank you Bernie. Slide 9 outlines our financial results in more detail, comparing the result for 1H13 against the previous corresponding period. For the reasons Bernie has outlined, statutory revenue, excluding the VES International joint venture, for the half year was down 8% to \$127.6 million, and operating profit after tax was down 27% to \$16.6 million.

Notably, depreciation is similar to the previous corresponding period, despite the increase in fixed asset levels. This reflects increases in SRU numbers and the oil and gas equipment rental fleet during the half, the majority of which will only commence revenue generation in 2H13.

The effective tax rate for 1H13 is 27.5%. Removing the impact of the already taxed result for the VES International joint venture generates an effective tax rate of just under 30%.

Despite the lower profit levels, pre-tax operating cash flow was up 8% to \$35.9 million compared to \$33.2 million in the previous corresponding period and this is explained in further detail on the following slide.

<< Slide 10 – Working Capital Management >>

The release of working capital largely reflects the improvement in operating cash flow. Inventory rationalisations, resulting in lower inventory holdings and improvements in debtor collections were major contributors to this. Working capital management continues to be a major focus within the company and an area where we believe further efficiency gains can be made.

<< Slide 11 – Balance sheet >>

Moving to slide 11, net assets have increased \$18.7 million since 30 June 2012, due largely to the uplift in value of the company's investment in Sino Gas & Energy Holdings and the growth in fixed assets.

As mentioned previously, the latter is due to capital additions for the SRUs and oil and gas equipment rental fleets, the majority of which will only commence revenue generation in 2H13.

Our total debt position has increased since 30 June 2012 following the increase in facility limits secured for the ioGlobal acquisition and SRU growth. However, gearing, as measured by net debt to capital remains at relatively low levels, increasing slightly from 22% at 30 June 2012 to 23% at 31 December 2012. Interest cover to EBIT stands at 14x.

I'll now pass back to Bernie for the remainder of the presentation.

<< Slide 12 – Operational review >>

<< Slide 13 – Minerals division >>

Thanks, Paul. As many of you know Imdex operates two divisions being Minerals and Oil & Gas.

The bar chart on slide 13 shows our Minerals Division's half year revenue of \$102.1 million, representing 75% of Group combined revenue, down 18% on 1H12.

Asia Pacific continued to be the dominant region generating 45% of this division's revenue. The Americas and Africa contributed strongly with 31% and 20% of revenue respectively, reflecting strong growth in those regions – a trend we expect to continue as we pursue organic growth and successfully grow market share in those markets.

During the half, there was a contraction in spending on mineral exploration globally, which reduced the demand for Imdex's drilling fluids and downhole instrumentation, particularly in 2Q13.

Despite the more challenging environment, AMC remains the leading brand of drilling fluids for the global mining industry and Reflex is clearly the number one supplier of downhole instrumentation to the mining and mineral exploration industry globally. Given these market leading positions the business is well placed as the market improves.

We are very pleased with the acquisition of ioGlobal, which became effective on 1 November 2012. The integration is progressing smoothly and we expect ioGlobal will contribute strongly to profits in FY14 and beyond.

Our solids removal technology is now in the field and is continuing to generate strong interest from our customers. The slowdown in the Minerals industry and some manufacturing bottlenecks experienced in 1H13 prevented these units from contributing to our 1H13 results as previously expected. Those bottlenecks have now been resolved and our aim is to have 50 units in service by the end of FY13. Units have arrived in all the major mining regions and we have successfully commissioned our first units in Chile and Africa. Units will be progressively on rental in Africa, Europe, Canada, the USA and Latin America during 2H13. Australia is an attractive market for the SRUs and we are confident of robust take-up here. In addition, the underground unit, for which there is also strong demand, is being trialed in Australia in early 2H13.

Imdex has built its reputation on the quality and performance of its advanced products and technologies. While the release of the Reflex Ez-Gyro and Smart Barrel instruments are behind internal schedules, there is still more work to do to ensure the products meet our stringent performance standards prior to their market release. Once released to the market which is likely to be in FY14, we are confident that there will be strong demand from customers.

Having said that, we are also aware that a number of companies have initiated cost reduction programs, which are likely to impact their levels of exploration expenditure.

Nevertheless, rigs are going back to work, albeit at a slower rate than the previous two years and more in line with a traditional start up post the normal holiday period.

Regardless of market conditions we believe that good opportunities exist to grow market share in underpenetrated markets, and increase our customer base through ioGlobal and these opportunities are being actively pursued.

<< Slide 14 – Sustainable revenue base >>

Slide 14 provides an overview of our minerals revenue base and demonstrates that our customer base is well diversified. During 1H13, gold and copper made up greater than 70% of our minerals revenue and iron ore continued to be a smaller but strong contributor at 12%. About 70% of revenue came from development and production activities and we are aiming to increase this percentage over time.

Gold and copper prices remain robust, new world class discoveries have been in decline for many years, and exploration and production companies must continue to spend in order to replace depleting reserves and resources.

Over 80% of revenue was from major and intermediate companies, however, when they made decisions to curtail spending during the half; this impacted our revenue.

<< Slide 15 – Reflex rental fleet >>

Slide 15 clearly shows the benefit of our global structure, technology leadership, and continued expenditure on product development as we grew the Reflex rental fleet to record levels at the end of FY12. However, due to the slowdown in the global minerals industry, we

experienced month on month declines from June 2012. This is at odds with the two previous years, where the number of instruments on rent has been stable or growing in the period prior to the traditional slowdown during the Christmas/New Year holiday season. At 31 December 2012, you can see the negative seasonal impact; nevertheless instruments have been going back out on hire post the traditional holiday slow down period and we have seen a 56% rebound from the 31 December low point as at 8 February 2013. As more rigs return to work we expect additional instruments will be on active rental in 2H13, however, we do not expect to reach the record levels established late in FY12 prior to the end of FY13.

<< Slide 16 – ioGlobal acquisition >>

Effective 1 November 2012 Imdex acquired ioGlobal. Consideration was \$8 million in total based on an EBIT multiple of 4 times.

ioGlobal links providers and consumers of field operations data with seamlessly integrated, end-to-end solutions in actionable formats which are simpler and more reliable than those available by conventional means.

Many current systems are paper based, inefficient and prone to inaccuracies.

ioGlobal is the only cloud-based data management solution and we are excited about the enhanced product offering, broadened customer based and greater reach across the mining life cycle that ioGlobal brings.

The integration is progressing well and we expect to see growth from this acquisition in FY14 onwards.

<< Slide 17 – Oil & Gas division >>

Slide 17 shows that in 1H13, the Oil & Gas Division combined revenue was up 111% to \$33.5 million, and represented 25% of Group combined revenue. Included in this revenue figure is \$8.0 million, being Imdex's share of the VES International joint venture.

The major contributors to the continued growth of AMC in the oil and gas sector were market share growth in Europe and Asia Pacific. We have continued to invest in our oil and gas

teams and we are confident this will support the growth agenda for this business with consequential margin improvement as scale increases.

We are also very happy with the performance of Vaughn Energy Services which I will go into in more detail on the next slide.

<< Slide 18 – VES International Joint Venture >>

The VES International joint venture supplies downhole survey services to both the onshore and offshore oil and gas industry, primarily in the land based market in the US and it has a smaller presence in the Middle East.

In 1H13, the joint venture generated revenue of \$27.6 million and EBITDA of \$7.8 million, despite the rig count in the land based market in the US reducing by 18% during the course of calendar 2012. Pleasingly, the previously loss making Middle East operations were profitable at the EBITDA line in December 2012, with further improvement expected in 2H13.

The overall loss after tax was \$6.0 million due to a \$7.0 million non-cash amortisation charge and a high tax rate due to profits being made in taxable jurisdictions and losses being made in non-taxable countries. Tax charges are expected to normalise as all jurisdictions become profitable.

Imdex owns 30% of the joint venture and our overall equity accounted share of profit for 1H13 was \$1.4 million. With the finalisation of the provisional joint venture balances at 1 January 2012 largely completed, this included a once off gain arising from the dilution from 50% to 30% of \$3.0 million.

The joint venture is well positioned to grow revenue and profits through organic opportunities and bolt on acquisitions.

The VES International joint venture is the third largest global provider in the annual US\$400 million-US\$500 million oil & gas downhole survey market. It is expected to generate revenue of approximately US\$70 million in calendar year 2013, up from US\$55 million in calendar 2012.

<< Slide 19 – Outlook>>

<< Slide 20 – On track with strategy>>

Our focused strategy of supplying drilling fluids, downhole instrumentation and cloud based data management services to the two main end markets of mining and oil and gas is the right strategy. As illustrated in slide 20, Imdex will continue to concentrate on late stage minerals applications and further penetration of underdeveloped mining markets globally while growing our oil and gas business.

Looking at the top row of pie charts, you can see that we are aiming to grow our oil and gas revenue to represent approximately 30-40% of overall revenue in the next 2-3 years. The planned expansion in our drilling fluids, equipment, production and completion chemicals, plus the VES International joint venture business supports this target.

We believe that having a meaningful presence in oil and gas is a logical extension of our existing business in a sector that offers substantial growth potential and effectively diversifies our business.

The middle row of pie charts shows the benefits of geographic diversification where over 55% of our combined revenue is now generated outside Asia/Pacific.

The pie charts on the bottom row show the benefit of the strategy to transition from a sales model to a rental model, where possible. In the past we did not rent any instrumentation or equipment, however over the last 5-6 years we have been implementing a rental strategy and in 1H13, 30% of combined revenue was generated by rentals.

We will continue to invest in technology and expand the rental model going forward.

<< Slide 21 – 1H13 Summary >>

In summary, I would like to recap our 1H13 performance with the following remarks on slide 21.

1H13 combined revenue was only marginally lower than the previous record revenue generated in 1H12 – down 3%. This was a credible result given the cyclical downturn experienced in the global minerals market and was achieved as a result of the strong growth

in our oil and gas business. This result is a clear vindication of our focused strategy to diversify our industry, products, geographies and customers.

We acknowledge the significant impact of the minerals downturn on our EBITA performance over the past six months. However, we are managing the business for sustainable long term growth and consciously maintained our strategy of investing in people and new technologies, which had the short term impact of generating higher fixed costs in our business.

Importantly, we have been able to continue to maintain gross profit margins and as the cycle rebounds are well placed to grow earnings.

We have a strong balance sheet with relatively low gearing even after the acquisition of ioGlobal. We have also been able to continue generating strong cash flows.

We continued to strengthen our management and expertise, particularly in the oil and gas business.

We have also continued to invest in product and technology development in both minerals and oil and gas and the benefits from these investments will materialise in FY14 and beyond.

The acquisition of ioGlobal during the half provides another growth platform with the ability to become a truly integrated supplier to the global Minerals business as well as diversify further into oil and gas.

<< Slide 22 – 2H13 Outlook >>

The key industry fundamentals remain positive with gold, copper and iron ore prices remaining robust.

Despite cost cutting initiatives by a number of the major companies, the number of world class discoveries has been in decline for many years, and resource companies need to keep spending on exploration and development in order to replace depleting reserves and resources.

We are continuing to expand our geographic reach and enter new and underpenetrated markets.

We are making significant achievements with the development and growth of our oil and gas business, and further improvements are expected in 2H13. This is a large market and we have invested in personnel, equipment and established a substantial presence in key regions where AMC as an independent, service focused company is well placed to grow market share.

Imdex already has market leading technology, which has been a significant differentiator in the global minerals industry. Through continued investment in product development, we expect to further advance our market leadership in the global minerals industry as well as providing unique technology to the oil and gas industry.

The global roll out of our solids removal technology will continue throughout 2H13 and will have significant momentum as we enter FY14. We also expect the Ez-Gyro, Smart Barrel and other technologies will be introduced to the market in FY14.

Imdex is on the path to becoming a fully integrated service provider to the global minerals industry encompassing all stages of the project life cycle and involving the resource companies, drilling contractors and other mining service companies.

That brings the formal part of our presentation to an end. Thank you for your interest in Imdex. Paul and I are now happy to answer any questions you may have.