BOART LONGYEAR LIMITED

A.B.N. 49 123 052 728

HALF-YEAR FINANCIAL REPORT

AND

APPENDIX 4D

FOR THE PERIOD ENDED 30 JUNE 2012

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Name of entity:	**BOART LONGYEAR LIMITED**
ABN or equivalent company reference:	**49 123 052 728**
Half year ended ('current period'):	**30 June 2012**
Half year ended ('previous corresponding period'):	**30 June 2011**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half-year ended 30 June			
	2012 US$'000	2011 US$'000	$ change	% change
Revenue from ordinary activities	1,098,795	958,765	140,030	14.6%
Net profit from ordinary activities after tax attributable to members	97,731	74,083	23,648	31.9%
Net profit after tax attributable to members	97,731	74,083	23,648	31.9%

Brief explanation of any figures reported above:

Refer to the Directors' Report

Dividends per ordinary share paid or to be paid (US¢):

	30 June 2012	30 June 2011
Interim dividend	6.4 cents	4.8 cents
Franked amount	.96 cents	1.68 cents

An interim dividend of US 6.4 cents per share has been determined and is expected to be paid on 10 October 2012 to shareholders of record on 10 September 2012. The dividend will be 15% franked at the Australian corporate taxation rate of 30%. None of the unfranked portion of the dividend is conduit foreign income.

Net Tangible Assets per share:

Current period:	$1.65
Previous corresponding period:	$1.57

DIRECTORS' REPORT

The directors present their report together with the financial report of Boart Longyear Limited (the "Parent") and its controlled entities (collectively the "Company") for the half-year ended 30 June 2012.

Financial results and information contained herein are presented in United States ("US") dollars unless otherwise noted.

DIRECTORS

The directors of the Company (the "Directors") in office during the half-year and until the date of this report are:

Bruce Brook
Roger Brown
Tanya Fratto
Roy Franklin
Barbara Jeremiah
Craig Kipp
David McLemore
Peter St George

PRINCIPAL ACTIVITIES

The Company is a leading integrated provider of drilling services, capital equipment and consumable products for customers in the mining and minerals exploration, environmental and infrastructure, and energy industries. The Company conducts these activities through two operating divisions, known as the Global Drilling Services and Global Products divisions.

The Global Drilling Services division operates in over 40 countries. It provides services to a diverse customer base and offers a broad range of drilling technologies, including, but not limited to, diamond core, underground, reverse circulation, rotary and sonic drilling.

The Global Products division manufactures and sells capital equipment and consumables primarily to customers in the drilling services and mining industries globally. These products include rigs and products such as bits, rods and in-hole tools for exploration drilling, rock drilling and environmental, infrastructure and construction applications.

REVIEW OF OPERATIONS

Financial performance

Total revenue for the half-year was $1,098,795, an increase of 14.6% when compared to the same period last year. The period-on-period increase is primarily attributable to the improvement of the worldwide economic outlook that has positively impacted our drilling services and products businesses.

The Global Drilling Services division generated revenue of $816,682, an increase of 19.8% when compared to the same period last year. The increase is primarily driven by improved rig utilisation.

The Global Products division generated revenue of $282,113, an increase of 1.8% when compared to the same period last year. The increase is primarily driven by improved sales volumes of consumables and capital equipment.

Net income after tax for the first half of the year was $97,731, an increase of 31.9% when compared to the same period last year.

Earnings per share for the half-year were 21.5 cents on a basic basis and 21.3 cents on a diluted basis, compared to 16.2 cents on a basic and diluted basis for the same period last year.

Dividends

A dividend of US 5.6 cents per share (total of $25,825,151) was paid during the half-year ended 30 June 2012. The dividend, which was for the second half of 2011, was paid on 13 April 2012 and was 15% franked at the Australian corporate taxation rate of 30%. None of the unfranked portion of the dividend was conduit foreign income.

On 30 August 2012, the Directors determined to pay an interim dividend of US 6.4 cents per share (total of $29,514,457) for the half-year ended 30 June 2012. The dividend is expected to be paid on 10 October 2012 to shareholders of record on 10 September 2012. The dividend will be 15% franked at the Australian corporate taxation rate of 30%. None of the unfranked portion of the dividend is conduit foreign income. The dividend is not included as a liability in the 30 June 2012 financial statements.

Disposals

There have been no disposals of businesses during the half-year.

Enterprise Resource Planning System Implementation

The Company has successfully implemented a new Oracle Enterprise Resource Planning system. The implementation, which occurred in three phases over two years, was completed in January 2012 and covered operations in 40 countries across all of the Company's regions and businesses except Brazil. It will be an integral element of the Company's management, reporting and control systems and includes a broad suite of modules offered by Oracle.

Future Developments

The Company intends to continue its principal activities related to providing drilling services and selling drilling capital equipment and consumable products while focusing on operating improvements, product development, cost management and cash generation. The Company may also elect to expand its product or service offerings through organic growth initiatives or strategic acquisitions.

Further information about potential developments in the operations of the Company in future years, expected results of those operations, and strategies of the Company and its prospects for future financial years has been omitted from this report because disclosure of the information would be speculative or prejudicial to the Company.

Events Subsequent to Reporting Date

On 31 July 2012, the Company amended its revolving bank debt facility to increase the aggregate principal amount available under the facility to $350,000,000 from $250,000,000. The increase was completed by the Company primarily to provide additional liquidity and flexibility as insurance against current market uncertainty, but could be used in the future to fund opportunistic acquisition and growth opportunities or for other uses. All other material terms and conditions of the revolving credit agreement, including covenants, maturity and pricing, remain unchanged.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's independence declaration is on page 7 of this report.

ROUNDING OF AMOUNTS

Boart Longyear Limited is a company of the kind referred to in Class Order 98/100, dated 10 July 1998, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and the half-year financial report are presented in US dollars and have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors

David R. McLemore

David McLemore
Chairman

30 August 2012

Deloitte.

Deloitte Touche Tohmatsu
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The Directors
Boart Longyear Limited
26 Butler Boulevard
Adelaide Airport SA 5650
Australia

30 August 2012

Dear Directors

Boart Longyear Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Boart Longyear Limited.

As lead audit partner for the review of the financial statements Boart Longyear Limited for the half-year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Samantha Lewis
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Review Report to the Members of Boart Longyear Limited

We have reviewed the accompanying half-year financial report of Boart Longyear Limited, which comprises the condensed statement of financial position as at 30 June 2012, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 10 to 22.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year 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 half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Boart Longyear Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Boart Longyear Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Samantha Lewis
Partner
Chartered Accountants
Sydney, 30 August 2012

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards, and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

David R. McLemore

David McLemore
Chairman

30 August 2012

Condensed Consolidated Statement of Comprehensive Income

For the half-year ended 30 June 2012

	Note	Half-year ended 30 June 2012 US$'000	Half-year ended 30 June 2011 US$'000
Continuing operations			
Revenue		1,098,795	958,765
Cost of goods sold		(786,738)	(699,827)
Gross margin		312,057	258,938
Other income	4	440	3,111
General and administrative expenses		(122,762)	(115,763)
Selling and marketing expenses		(31,958)	(25,955)
Other expenses	4	(9,729)	(7,653)
Operating profit		148,048	112,678
Interest income		1,741	2,410
Finance costs	5	(14,039)	(9,375)
Profit before taxation		135,750	105,713
Income tax expense		(38,019)	(31,630)
Profit for the period attributable to equity holders of the parent		97,731	74,083
Earnings per share			
Basic earnings per share		21.5 cents	16.2 cents
Diluted earnings per share		21.3 cents	16.2 cents
Other comprehensive income			
Profit for the period attributable to equity holders of the parent		97,731	74,083
Exchange differences arising on translation of foreign operations		(12,073)	26,624
Gains on cash flow hedges recorded in equity		-	193
Transfer to profit or loss on cash flow hedges		-	137
Income tax on income and expense recognised directly through equity		-	(71)
Other comprehensive income (loss) for the period, net of tax		(12,073)	26,883
Total comprehensive income for the period attributable to equity holders of the parent		85,658	100,966

See accompanying Notes to the Condensed Consolidated Financial Statements included on pages 16 – 22

Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	Note	30 June 2012 US$'000	31 December 2011 US$'000
Current assets			
Cash and cash equivalents		83,750	82,286
Trade and other receivables	**6**	464,937	334,307
Inventories		486,395	400,439
Current tax receivable		29,311	29,993
Prepaid expenses and other assets		42,996	23,782
Total current assets		1,107,389	870,807
Non-current assets			
Property, plant and equipment		573,242	508,231
Goodwill	**7**	293,127	294,063
Other intangible assets	**7**	136,668	129,843
Deferred tax assets		141,609	144,587
Other assets		1,254	1,153
Total non-current assets		1,145,900	1,077,877
Total assets		2,253,289	1,948,684
Current liabilities			
Trade and other payables		419,145	320,604
Provisions	**9**	30,619	22,286
Current tax payable		87,339	82,000
Loans and borrowings	**8**	220	2,518
Total current liabilities		537,323	427,408
Non-current liabilities			
Loans and borrowings	**8**	456,804	310,343
Deferred tax liabilities		2,216	2,905
Provisions	**9**	68,463	73,588
Total non-current liabilities		527,483	386,836
Total liabilities		1,064,806	814,244
Net assets		**1,188,483**	**1,134,440**
Equity			
Issued capital		1,120,752	1,128,923
Reserves		49,975	59,667
Other equity		(137,182)	(137,182)
Accumulated profit		154,938	83,032
Total equity		**1,188,483**	**1,134,440**

See accompanying Notes to the Condensed Consolidated Financial Statements included on pages 16 – 22

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2012

	Issued Capital US$'000	Foreign Currency Translation Reserve US$'000	Equity Settled Compensation Reserve US$'000	Hedging Reserve US$'000	Other Equity US$'000	Accumulated (Losses) Profit US$'000	Total Attributible to Owners of the Parent US$'000
Balance at 1 January 2010	1,132,051	76,421	8,415	(259)	(137,182)	(19,477)	1,059,969
Profit for the period	-	-	-	-	-	74,083	74,083
Other comprehensive income for the period	-	26,624	-	259	-		26,883
Total comprehensive profit for the period	-	26,624	-	259	-	-	26,883
Payment of dividends	-	-	-	-	-	(15,680)	(15,680)
Vesting of LTIP rights	4,843	-	(4,843)	-	-	-	-
Purchase of shares for LTIP	(8,332)	-	-	-	-	-	(8,332)
Share-based compensation expense	-	-	3,231	-	-	-	3,231
Balance at 30 June 2011	**1,128,562**	**103,045**	**6,803**	**-**	**(137,182)**	**38,926**	**1,140,154**
Balance at 1 January 2012	1,128,923	50,334	9,333	-	(137,182)	83,032	1,134,440
Profit for the period	-	-	-	-	-	97,731	97,731
Other comprehensive loss for the period	-	(12,073)	-	-	-	-	(12,073)
Total comprehensive loss for the period	-	(12,073)	-	-	-	-	(12,073)
Payment of dividends	-	-	-	-	-	(25,825)	(25,825)
Vesting of LTIP rights	868	-	(868)	-	-	-	-
Purchase of shares for LTIP	(9,039)	-	-	-	-	-	(9,039)
Share-based compensation expense	-	-	3,249	-	-	-	3,249
Balance at 30 June 2012	**1,120,752**	**38,261**	**11,714**	**-**	**(137,182)**	**154,938**	**1,188,483**

See accompanying Notes to the Condensed Consolidated Financial Statements included on pages 16 – 22

Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2012

	Note	Half-year ended 30 June 2012 US$'000	Half-year ended 30 June 2011 US$'000
Cash flows from operating activities			
Profit for the year		97,731	74,083
Adjustments provided by operating activities:			
Income tax expense recognised in profit		38,019	31,630
Finance costs recognised in profit	**5**	14,039	9,375
Investment revenue recognised in profit		(1,741)	(2,410)
Loss (Gain) on disposal of non-current assets		270	(619)
Impairment of current and non-current assets		205	-
Depreciation and amortisation		59,658	52,219
Foreign exchange (gain) loss on intercompany balances		(620)	1,114
Share-based compensation		3,249	3,231
Long-term compensation - cash rights		2,118	1,330
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:			
Increase in assets:			
Trade and other receivables		(137,354)	(110,333)
Inventories		(93,294)	(81,502)
Other assets		(21,099)	(6,294)
Increase in liabilities:			
Trade and other payables		97,476	67,066
Provisions		1,995	1,145
Cash generated from operations		60,652	40,035
Interest paid		(13,591)	(12,867)
Interest received		1,741	2,410
Income taxes paid		(24,945)	(7,777)
Net cash flows provided by operating activities		**23,857**	**21,801**

See accompanying Notes to the Condensed Consolidated Financial Statements included on pages 16 – 22

Condensed Consolidated Statement of Cash Flows (continued)

For the half-year ended 30 June 2012

	Note	Half-year ended 30 June 2012 US$'000	Half-year ended 30 June 2011 US$'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(112,612)	(83,820)
Purchase of rods and casings		(1,710)	(1,587)
Proceeds from sale of property, plant and equipment		605	1,731
Development costs paid		(6,603)	(3,281)
Software costs paid		(10,211)	(12,706)
Net cash flows used in investing activities		**(130,531)**	**(99,663)**
Cash flows from financing activities			
Purchase shares for LTIP	**12**	(9,039)	(8,332)
Proceeds from borrowings		219,461	478,077
Repayment of borrowings		(75,761)	(387,405)
Payments for debt issuance costs		-	(6,098)
Dividends paid	**11**	(25,825)	(15,680)
Net cash flows provided by financing activities		**108,836**	**60,562**
Net increase (decrease) in cash and cash equivalents		**2,162**	**(17,300)**
Cash and cash equivalents at the beginning of the period		**82,286**	**94,944**
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(698)**	**(9,013)**
Cash and cash equivalents at the end of the period		**83,750**	**68,631**

See accompanying Notes to the Condensed Consolidated Financial Statements included on pages 16 – 22

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2012

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting' ("AASB 134"). Compliance with AASB 134 ensures compliance with International Accounting Standard 34 'Interim Financial Reporting.' The half-year financial report does not include notes of the type normally included in an annual financial report, but additional notes have been included where such notes are deemed relevant to the understanding of the half-year financial report. The half-year financial report should be read in conjunction with the most recent annual financial report.

General information and basis of preparation

The condensed consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments that are stated at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Except where indicated otherwise, all amounts are presented in United States dollars.

2. SUMMARY OF ACCOUNTING POLICIES AND ADOPTION OF NEW STANDARDS

The accounting policies and methods of computation followed in the preparation of the half-year financial report are consistent with those followed and disclosed in the Company's 2011 Annual Financial Report for the financial year ended 31 December 2011, except for the impact of the standards, interpretations and amendments described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised Accounting Standards

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

3. SEGMENT REPORTING

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is aggregated based on the Company's two general operating activities – Global Drilling Services and Global Products. The Global Drilling Services segment provides a broad range of drilling services to mining companies, energy companies, water utilities, environmental and geotechnical engineering firms, government agencies and other mining services companies. The Global Products segment manufactures and sells capital equipment and consumables to customers in the drilling services and mining industries.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Company's accounting policies.

3. SEGMENT REPORTING (continued)

	Revenue [1]		Profit	
	Half-year ended		Half-year ended	
	30 June 2012 US$'000	30 June 2011 US$'000	30 June 2012 US$'000	30 June 2011 US$'000
Global Drilling Services	816,682	681,522	132,149	89,559
Global Products	282,113	277,243	61,791	61,531
	1,098,795	958,765	193,940	151,090
Unallocated [2]			(45,892)	(38,412)
Finance costs			(14,039)	(9,375)
Interest income			1,741	2,410
Profit before taxation			135,750	105,713

(1) Represents revenue generated from external customers.
(2) Unallocated costs include corporate general and administrative costs as well as other expense items such as restructuring costs and foreign exchange gains and losses.

4. OTHER INCOME AND EXPENSES

For the half-years ended 30 June, other income and expenses consist of the following:

	2012 US$'000	2011 US$'000
Other income		
Profit on foreign currency-denominated assets and liabilities	114	763
Profit on disposal of property, plant and equipment	-	619
Miscellaneous	326	1,729
	440	3,111
Other expenses		
Amortisation of intangible assets	8,252	7,487
Restructuring expenses	1,002	166
Loss on disposal of property, plant and equipment	270	-
Impairment of property, plant and equipment	205	-
	9,729	7,653

5. FINANCE COSTS

For the half-years ended 30 June, finance costs consist of the following:

	2012 US$'000	2011 US$'000
Interest on loans and bank overdrafts	13,508	7,940
Interest rate swap expense	-	346
Interest rate swap expense due to debt repayment	-	137
Amortisation of debt issuance costs	448	631
Write-off of debt issuance costs	-	196
Interest on obligations under finance leases	83	125
	14,039	9,375

6. TRADE AND OTHER RECEIVABLES

	30 June 2012 US$'000	31 December 2011 US$'000
Trade receivables	403,749	292,719
Allowance for doubtful accounts	(1,840)	(1,412)
Goods and services tax receivable	56,716	33,796
Other receivables	6,312	9,204
	464,937	334,307

The ageing of trade receivables is detailed below:

	30 June 2012 US$'000	31 December 2011 US$'000
Current	341,377	220,532
Past due 0 - 30 days	29,540	45,619
Past due 31 - 60 days	7,231	11,344
Past due 61-90 days	15,732	7,778
Past due 90 days	9,869	7,446
	403,749	292,719

The movement in the allowance for doubtful accounts is detailed below:

	30 June 2012 US$'000	31 December 2011 US$'000
Opening Balance	1,412	3,619
Additional provisions	744	500
Amounts used	(33)	(2,361)
Amounts reversed	(260)	(255)
Foreign currency exchange differences	(23)	(91)
Closing balance	1,840	1,412

6. TRADE AND OTHER RECEIVABLES (Continued)

The average credit period on sales of goods is 63 days as at 30 June 2012. No interest is charged on trade receivables.

The Company's policy requires customers to pay the Company in accordance with agreed payment terms. The Company's settlement terms are generally 30 to 60 days from date of invoice. All credit and recovery risk associated with trade receivables has been provided for in the statement of financial position. Trade receivables have been aged according to their original due date in the above aging analysis. The Company holds security for a number of trade receivables in the form of letters of credit, deposits, and advanced payments.

The Company has used the following criteria to assess the allowance loss for trade receivables and as a result is unable to specifically allocate the allowance to the aging categories shown above:

- the general economic conditions in specific geographical regions;
- an individual account by account specific risk assessment based on past credit history; and
- any prior knowledge of debtor insolvency or other credit risk.

7. GOODWILL AND OTHER INTANGIBLES

	30 June 2012 US$'000	31 December 2011 US$'000
Goodwill	293,127	294,063
Other Intangibles:		
Software	60,658	57,313
Customer relationships	32,144	35,239
Development assets	37,324	31,282
Patents	4,092	3,558
Trademarks	2,450	2,451
	136,668	129,843

Goodwill by cash-generating units

For purposes of impairment testing, goodwill is included in cash-generating units that are significant individually or in aggregate. The carrying amount of goodwill included in cash generating units, by geographic area, is as follows:

	30 June 2012 US$'000	31 December 2011 US$'000
Asia Pacific	154,415	154,677
North America	106,532	106,619
Latin America	32,180	32,767
	293,127	294,063

The carrying amount of goodwill is tested for impairment annually at 31 October and whenever there is an indicator that the asset may be impaired. If goodwill is impaired, it is written down to its recoverable amount. The Company concluded that there were no indicators of impairment in the half-year ended 30 June 2012. The movement in goodwill for the half-year ended 30 June 2012 was due to currency exchange differences arising on translation of foreign operations.

8. LOANS AND BORROWINGS

	30 June 2012 US$'000	31 December 2011 US$'000
Unsecured - at amortised cost		
Current		
Bank loans	-	2,191
Non-current		
Senior notes	300,000	300,000
Revolver bank loans	163,000	17,000
Debt issuance costs	(6,343)	(6,866)
Secured - at amortised cost		
Current - finance lease liabilities	220	327
Non-current - finance lease liabilities	147	209
	457,024	312,861
Disclosed in the financial statements as:		
Current borrowings	220	2,518
Non-current borrowings	456,804	310,343
	457,024	312,861
A summary of the maturity of the Company's borrowings is as follows:		
Less than 1 year	220	2,518
Between 1 and 2 years	147	197
Between 2 and 3 years	-	13
Between 3 and 4 years	-	-
More than 4 years	456,657	310,133
	457,024	312,861

Senior Notes

The Company has $300,000,000 of senior unsecured notes at an interest rate of 7% with a scheduled maturity date of 1 April 2021. The Company may redeem all or a portion of the notes prior to maturity subject to certain conditions, including in certain cases the payment of premiums or make-whole amounts. Guarantors of the senior notes are the same as the $250,000,000 revolver bank loan facility described below.

The indenture governing the notes includes covenants that restrict the Company's ability to engage in certain activities, including incurring additional indebtedness and paying dividends, subject in each case to specified exceptions and qualifications.

Revolver Bank Loans

The bank facility includes a $250,000,000 revolving bank loan which was increased on 31 July 2012 to an aggregate principal amount of $350,000,000. $163,000,000 was drawn as at 30 June 2012. Interest rates on borrowings are based on a base rate plus an applicable margin. The base rate is generally based on either 30-day USD LIBOR or the prime rate as determined by Bank of America, while the margin is determined based on leverage according to a pricing grid. $163,000,000 of the borrowings as at 30 June 2012 were based on 30-day LIBOR at the time of draws (between 0.24% and 0.25%) plus a margin of 1.75%, for a weighted average interest rate of 1.99%. The scheduled maturity date is 29 July 2016.

Outstanding letters of credit of $2,305,000 as of 30 June 2012 and 31 December 2011, reduce the amount available to draw under the revolver.

8. LOANS AND BORROWINGS (Continued)

Loan Covenants - Revolver Bank Loans

The Company's revolver and term bank loans contain covenants and restrictions requiring the Company to meet certain financial ratios and reporting requirements, as well as minimum levels of subsidiaries that are guarantors of the borrowings.

The covenants for the $350,000,000 revolving bank loan facility includes maintaining a gross debt to EBITDA ratio of not more than 3.5:1, and an EBITDA to interest ratio of not less than 3.0:1. The agreement also requires that borrowers and guarantors represent at least 60% of Company EBITDA and total tangible assets of the Company.

Prior to the Company engaging in certain activities, including incurring additional indebtedness, the Company is subject to specific covenants, which contain specified exceptions and qualifications.

Testing of covenant compliance takes place twice-yearly for the trailing 12-month periods to 30 June and 31 December. Non-compliance with one or more of the covenants and restrictions could result in the full or partial principal balance of the associated debt becoming immediately due and payable. The Company is in compliance with the debt covenants as at 30 June 2012 and 31 December 2011.

Finance Leases

The finance lease liabilities were assumed largely as part of acquiring certain businesses prior to 2008. The leases are secured by the assets leased. The borrowings have interest rates ranging from 7.10% to 13.08%, with repayment periods not exceeding three years.

9. PROVISIONS

	30 June 2012 US$'000	31 December 2011 US$'000
Current		
Employee benefits	28,090	19,871
Restructuring and termination costs	1,066	1,044
Warranty	1,036	715
Onerous lease costs	427	656
	30,619	22,286
Non-current		
Employee benefits	3,029	4,510
Pension and post-retirement benefits (1)	65,434	69,078
	68,463	73,588
	99,082	95,874

(1) Full actuarial valuations of the defined benefit pension and post-retirement benefit plans are performed annually by qualified independent actuaries for the Company's 31 December year-end closing. Management believes that movements in the defined benefit obligations and fair values of plan assets during the half-year ended 30 June 2012 have not been significant and, as a result, has not performed full actuarial valuations at 30 June 2012.

10. CONTINGENCIES

Legal claims

The Company is subject to certain legal proceedings that arise in the normal course of its business. The Company believes that the ultimate amount of liability, if any, for any pending claims of any type (either alone or combined), will not materially affect the Company's operations, liquidity, or financial position taken as a whole. However, the ultimate outcome of any litigation is uncertain, and unfavourable outcomes could have a material adverse impact.

Income Taxes

The Canada Revenue Agency ("CRA") has been reviewing the Company's tax returns for 2005 to 2009. The CRA issued an assessment in December 2011, which the Company is contesting, and further assessments for the period are possible.

The taxes, interest and penalties assessed relate to profits which the CRA asserts should have been attributable to the Company's Canadian operations. These profits were assessed in other jurisdictions and taxes were paid in those jurisdictions, many of which have tax rates similar to Canada.

The Company has applied for relief through a process known as "competent authority", which allows interested jurisdictions to determine where the Company's income and costs should be reported. This process avoids double payment of taxes but the Company would be exposed to penalties and interest on underpayments, if any.

The Company believes it is appropriately reserved in respect of this issue.

11. DIVIDENDS

A dividend of US 5.6 cents per share (total of $25,825,151) was paid during the half-year ended 30 June 2012. The dividend, which was for the second half of 2011, was paid on 13 April 2012 and was 15% franked at the Australian corporate taxation rate of 30%. None of the unfranked portion of the dividend was conduit foreign income.

On 30 August 2012, the Directors determined to pay an interim dividend of US 6.4 cents per share (total of $29,514,457) for the half-year ended 30 June 2012. The dividend is expected to be paid on 10 October 2012 to shareholders of record on 10 September 2012. The dividend will be 15% franked at the Australian corporate taxation rate of 30%. None of the unfranked portion of the dividend is conduit foreign income. The dividend is not included as a liability in the 30 June 2012 financial statements.

12. ISSUANCE OF SHARE RIGHTS AND PURCHASE OF SHARES

During the half-year ended 30 June 2012, the Company granted 2,689,710 share rights under its long-term incentive plan (LTIP) with a combined fair value of approximately $12,104,000 and vesting period of three years. The Company also purchased 2,641,580 shares of the Company's stock, at a cost of approximately $9,039,000.

During the half-year ended 30 June 2011, the Company granted 2,118,435 share rights under its long-term incentive plan (LTIP) with a combined fair value of approximately $9,280,000 and vesting period of three years. The Company also purchased 1,702,069 shares of the Company's stock, at a cost of approximately $8,332,000.

13. SUBSEQUENT EVENT

On 31 July 2012, the Company amended its revolving bank debt facility to increase the aggregate principal amount available under the facility to $350,000,000 from $250,000,000. The increase was completed by the Company primarily to provide additional liquidity and flexibility as insurance against current market uncertainty, but could be used in the future to fund opportunistic acquisition and growth opportunities or for other uses. All other material terms and conditions of the revolving credit agreement, including covenants, maturity and pricing, remain unchanged.