Imdex Limited

FY09 Financial Results

17 August 2009

Bernie Ridgeway – Managing Director
Paul Evans – Chief Financial Officer

Presentation overview

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- Operational review
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  - Down Hole Instrumentation Division
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Overview

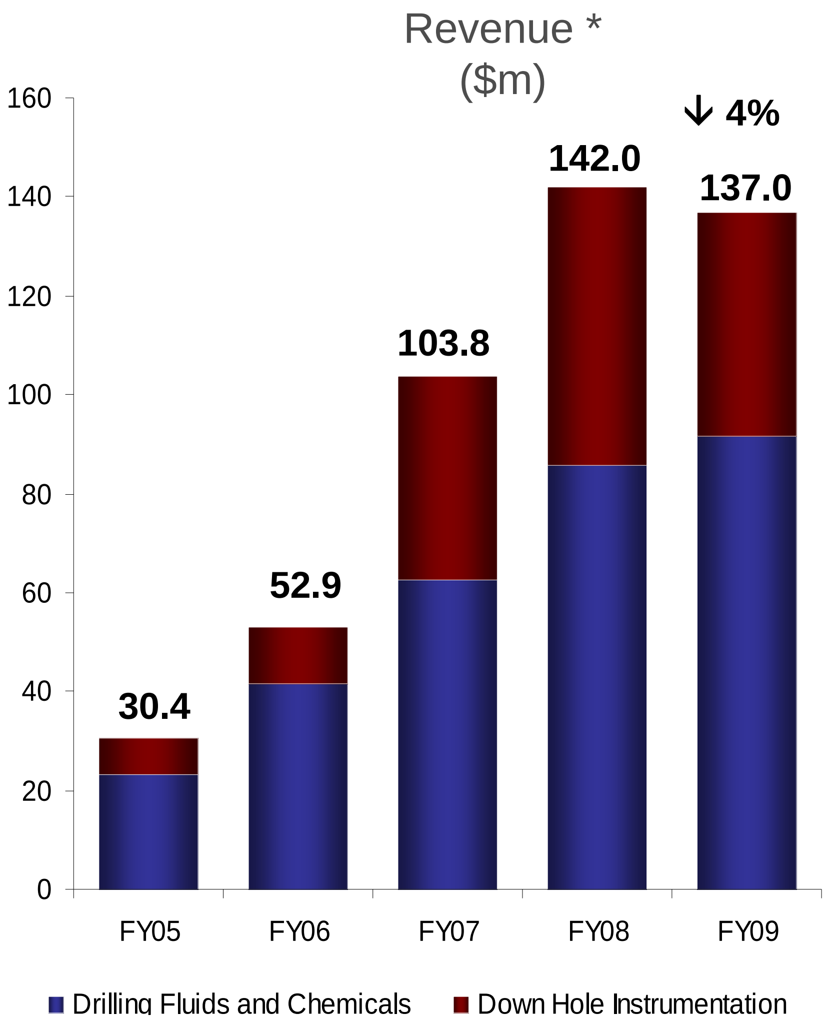
Bernie Ridgeway – Managing Director

Sound results given difficult markets

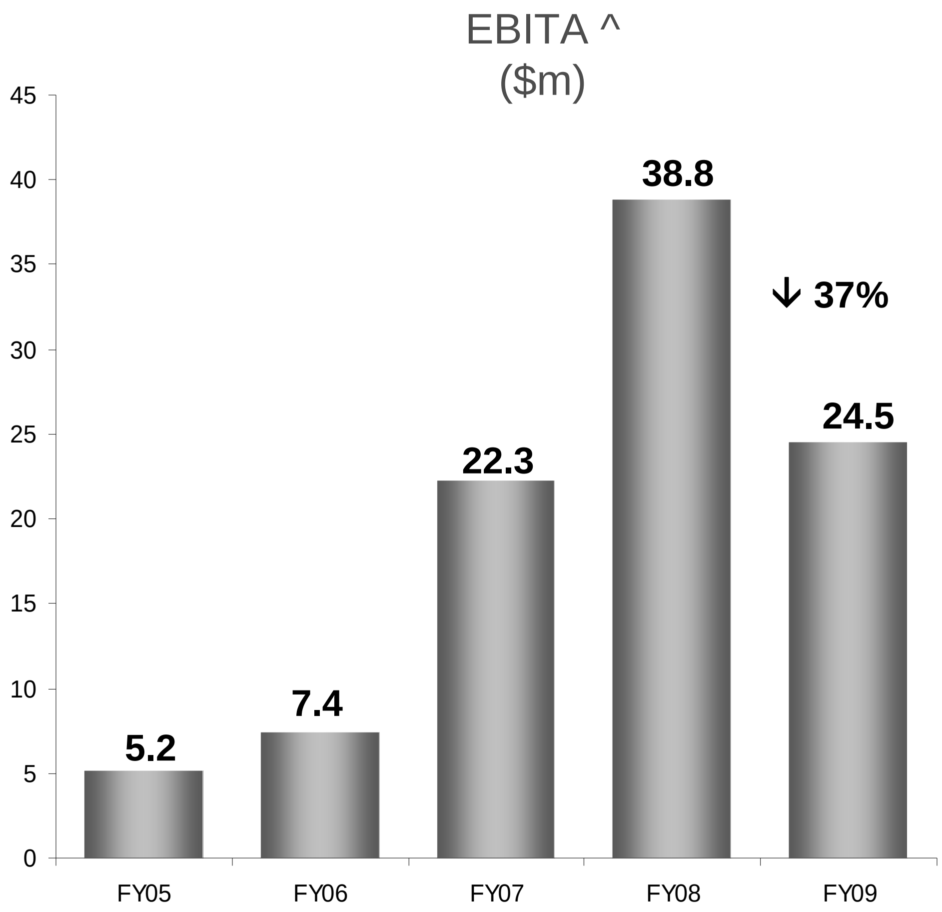
- Revenue from continuing operations ↓ 4% to $137m (FY08 - $142m)
- EBITA from continuing operations* ↓ 37% to $24.5m (FY08 - $38.8m)
- NPAT before non-operational items ↓ 46% to $11.3m (FY08 - $21.1m)
- Cash flow from operations ↑ 58% to $16.2m (FY08 - $10.3m)
- Low gearing – net debt / capital of 16.0% (Jun 08 - 17.4%)
- Interest cover : EBITA of 30 times
- Bank facilities extended until 2014
- Full year dividend 1 cps fully franked (FY08 – 4 cps)
- Signs of recovery experienced in 4Q09

** Excluding non-operational items*

Revenue and EBITA



* excludes other income & discontinued operations



^ excludes discontinued operations and non-operational items

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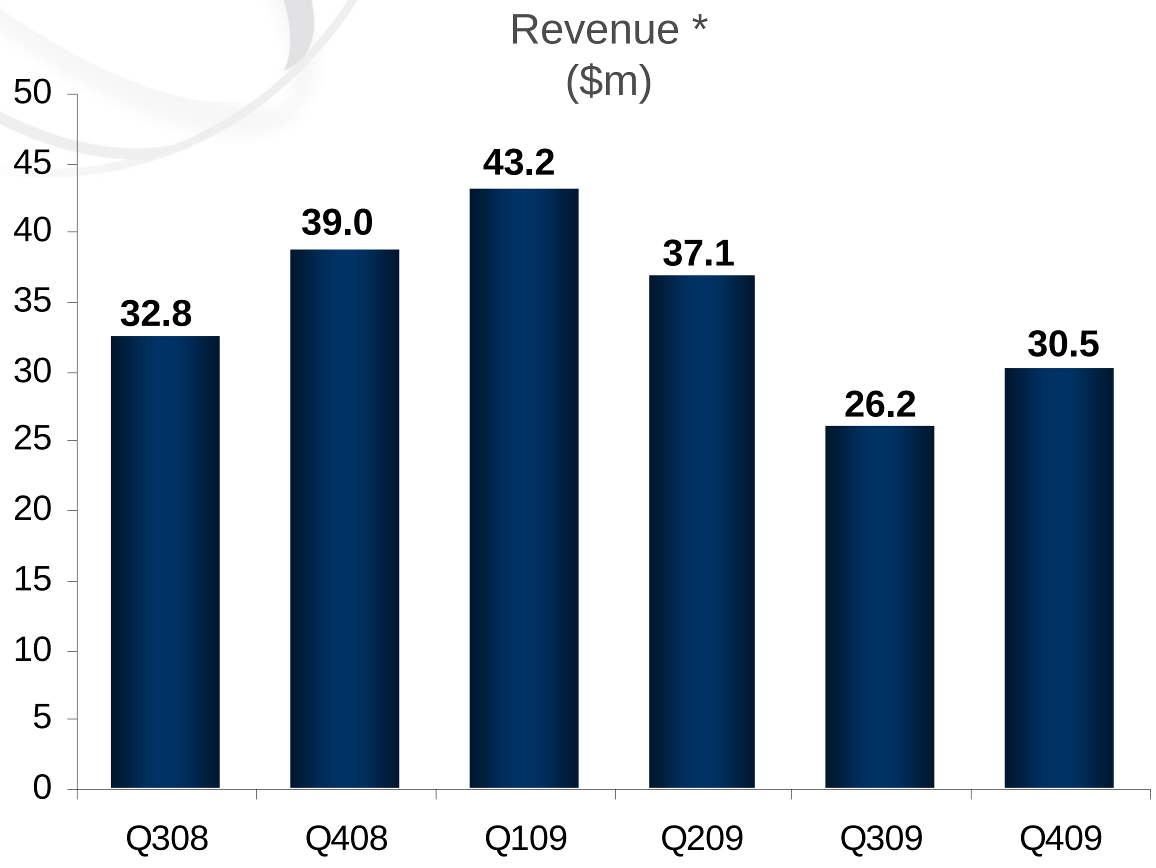
Signs of recovery



* excludes other income & discontinued operations

- Positive tool movements since May 09
- General increase in drilling activity
- Customers positive on tender activity
- Capital raisings by resource companies
- Improved key commodity prices

FY09 financials

Paul Evans – Chief Financial Officer

Profit & loss

($ millions)

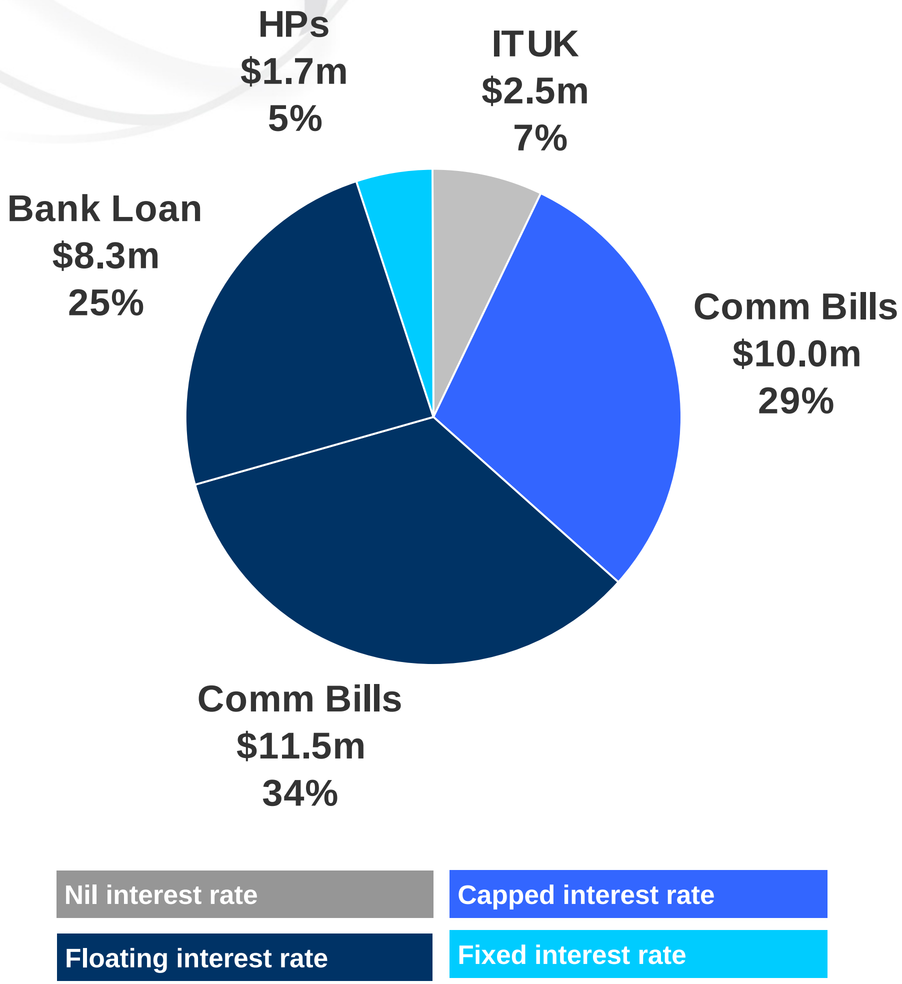
	FY07	FY08	FY09	FY08 / FY09 Var %
Revenue	103.8	142.0	137.0	4% ↓
EBITDA	25.5	42.1	27.8	34% ↓
Depreciation	(3.2)	(3.3)	(3.3)	2% ↑
EBITA	**22.3**	**38.8**	**24.5**	**37% ↓**
Amortisation	(3.4)	(6.0)	(6.5)	8% ↑
Net interest expense	(1.9)	(0.9)	(0.8)	4% ↓
Tax expense	(5.8)	(10.8)	(5.9)	46% ↓
Operating profit after tax	**11.2**	**21.1**	**11.3**	**46% ↓**
Discontinued operations	1.6	10.9	-	-
RTE recovery	0.7	-	-	-
Forex gain on SGE	-	-	0.8	-
Net profit after tax	**13.5**	**32.0**	**12.1**	**62% ↓**
Earnings per share (continuing operations)				
Basic (cents per share)	*7.72*	*11.22*	*6.37*	*43% ↓*
Diluted (cents per share)	*7.09*	*10.79*	*6.23*	*42% ↓*
Cash flow from operations	16.3	10.3	16.2	58% ↑

Conservative balance sheet

($ millions)	June 09	June 08
Net cash	12.0	13.3
Receivables	23.4	32.1
Inventory	26.4	21.7
Investment in SGE	20.5	17.5
Fixed assets	10.8	7.1
Intangibles	79.2	79.9
Other assets	1.5	1.4
Total Assets	**173.8**	**173.0**
Payables	18.1	25.3
Commercial bills	21.5	17.0
Bank loan	8.3	13.1
Vendor finance	2.5	5.4
HP Finance	1.7	-
Provisions / Deferred tax	5.5	6.6
Total Equity	**116.2**	**105.6**
(CA – Inventory)/CL	***1.62***	***1.53***
CA/CL	***2.37***	***2.05***
***Gearing** (net debt / capital)*	***16.0%***	***17.4%***

- Solid working capital ratios
- $12.0m cash on hand
- $5.4m unused facility
- Total debt down $1.5m to $34.0m
- $8.5m Flexit liability extinguished
- SGE
  - Investment $8.1m
  - Secured receivable $12.4m

Low gearing



- Total debt at 30 June 09 - $34.0m
- Low gearing 16%
- Bank facilities extended until 2014
- Interest cover (normalised EBITA / net interest expense) = 30 times
- ITUK (Chardec) liability paid July 09
- No outstanding vendor liabilities
- Cash flow from operations up 58% to $16.2m

Operational review

Bernie Ridgeway – Managing Director

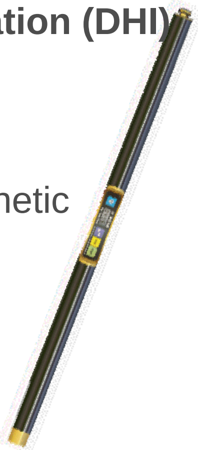
A snapshot of Imdex's business

Drilling Fluids & Chemicals (DFC)

- Consumable item
- Keep drill holes open and lubricate moving parts while removing cuttings to the surface
- Environmental focus
- Manufacture & supply

Down Hole Instrumentation (DHI)

- Core orientation
- Survey tools
- Magnetic and non-magnetic
- World class technology
- Innovation
- Rental model
- Manufacture & supply



Key markets

Mining & Mineral Exploration

Oil & Gas

Other markets

- Coal Bed Methane (CBM)
- Water well
- Horizontal directional drilling / Civil

Global Reach

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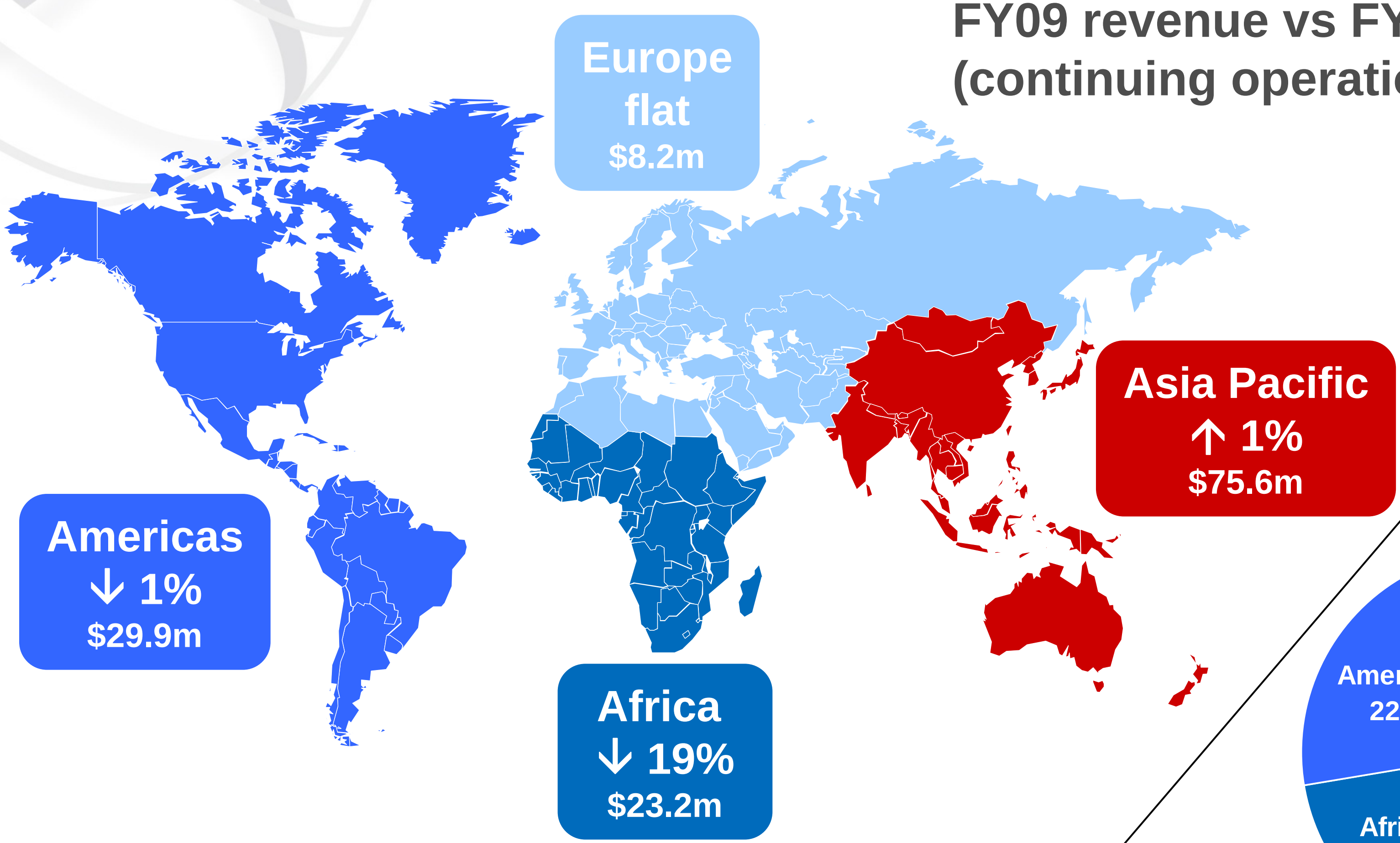
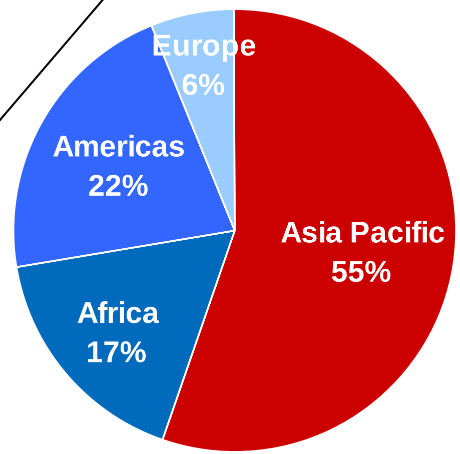
Global presence

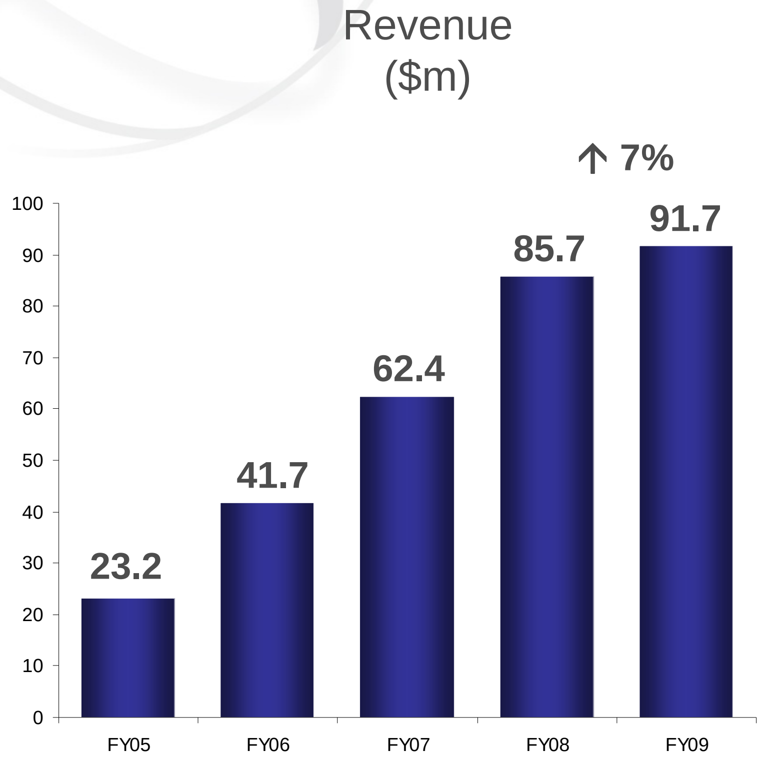
FY09 revenue vs FY08 (continuing operations)

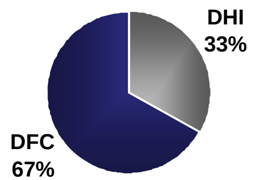




FY09 revenue

Key highlights & operational review (DFC)

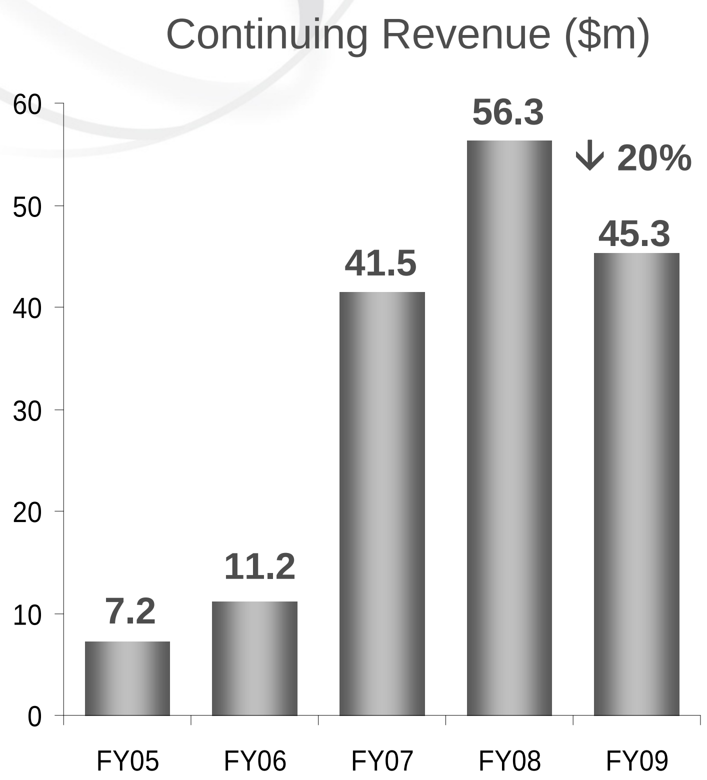


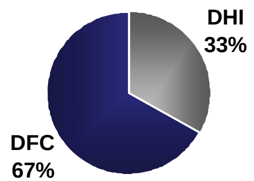


FY09 Divisional Revenue Split

- Strong organic growth to Nov 08 followed by decline in world markets
- Wildcat successfully integrated and provided positive contribution
- Commissioned new plants to better service regional markets
  - Samchem, Johannesburg
  - Santiago, Chile
- Commercialised unique solids control units – benefit in FY10
- Global alliances grew global footprint

Key highlights & operational review (DHI)





FY09 Divisional Revenue Split

- Decline in global mineral exploration partially offset by resilient rental model
- Global alliances grew global footprint
- Flexit $10m liability settled by 10m shares
- Repositioned DHI trading brands
  - Reflex – mining & mineral exploration
  - Flexit – oil and gas
- Innovative down hole instrumentation launched at PDAC and OTC
- Research and development centres of excellence
- Relocated Reflex manufacturing from UK to Australia

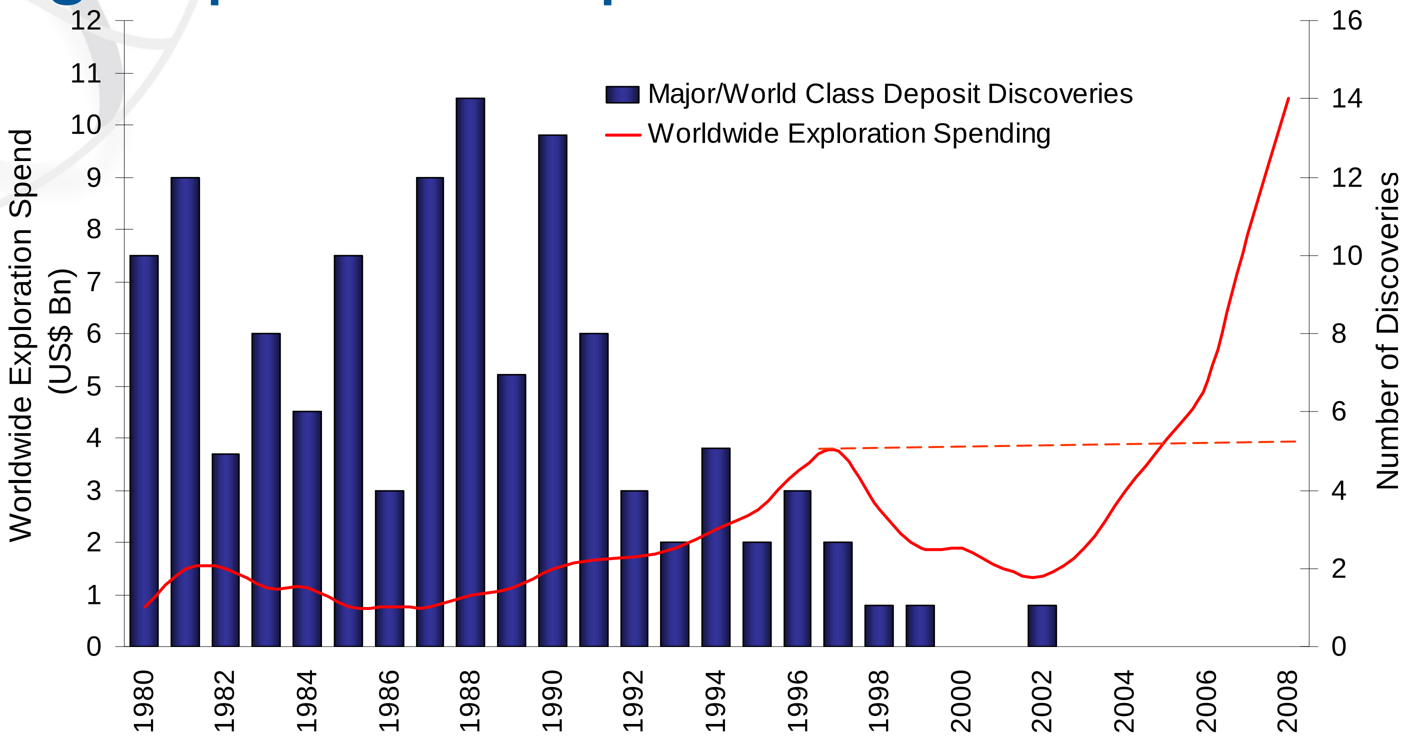
Market outlook

Bernie Ridgeway – Managing Director

Signs of recovery

- 3Q09 represented trough – signs of recovery in 4Q09
- Improved global debt and equity markets – better access to funding
- Key commodity prices such as copper and nickel recovered from 08 lows
- Major customers bottomed out in March/April 2009
- Increased drilling and tender activity globally
- Main activity: gold, iron ore, coal, uranium and coal bed methane
- Oil & gas industry remains robust
- Fundamental supply/demand imbalances remain

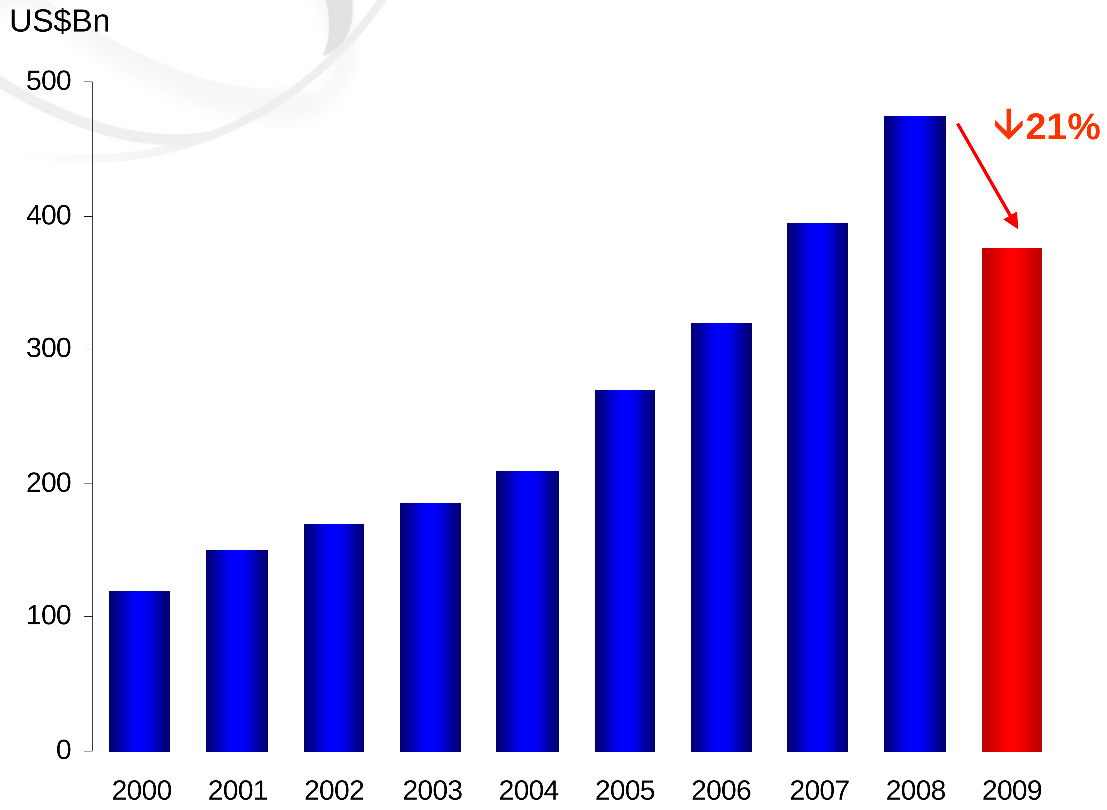
Mining exploration spend v discoveries



Source: Metals Economics Group & UBS

- 1 new world class discovery in 8 years
- Higher costs, deeper & more complicated ore bodies
- Supply issues unaddressed
- Misaligned supply and demand

Oil & gas – worldwide upstream capex



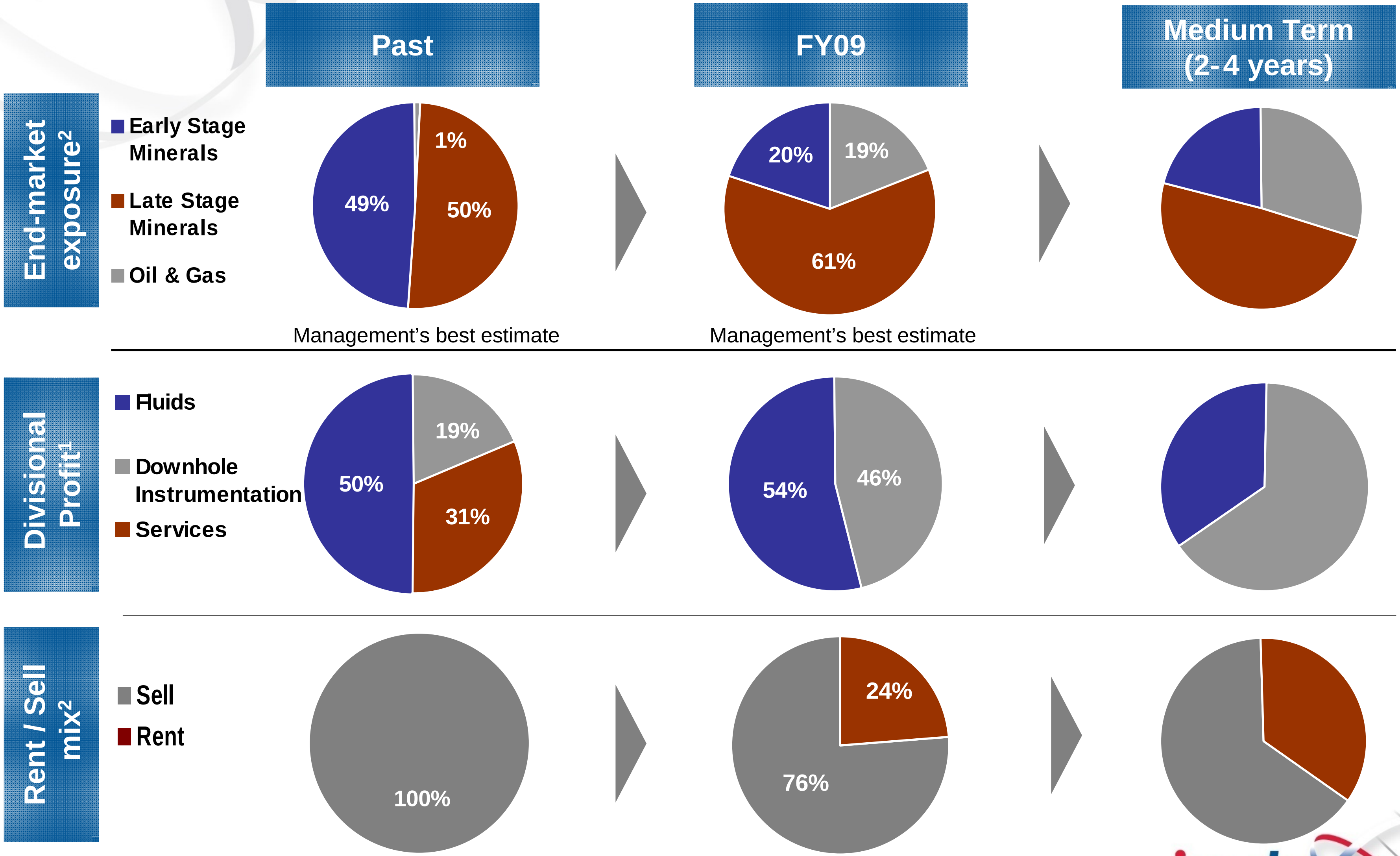
- Global spend expected to drop 21% in 2009
- Still high in historical terms
- Supply/demand imbalances remain
- Exploration - increasingly complex
- Good opportunities for Imdex's technology

Source: APPEA 2009 presentation "Energy Security in an Insecure Financial World"

Strategy & growth opportunities

Bernie Ridgeway – Managing Director

Robust strategy – progress on track



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[1] Based on actual or anticipated EBITA
[2] Based on actual or anticipated Revenue

FY10 strategy & opportunities – DFC

Rental	▪ Market Solids Control Units – 100% rental
Global	▪ Continue to expand and support global alliances ▪ Underpenetrated markets: Canada & Latin America
Oil and Gas	▪ Service niche markets ▪ Provision of production & treating chemicals
Research and Development	▪ Commission new drilling fluids laboratory in Perth for the global mining and oil & gas markets
Operational efficiencies	▪ Lower input costs – purchasing and local manufacturing operations

FY10 strategy & opportunities – DHI

Rental	▪ Continue rental preference to sales
Global	▪ Continue to expand and support global alliances
Oil and Gas	▪ Market instrumentation to the onshore & offshore oil & gas industries globally
Research and Development	▪ Innovative R&D to ensure technology leadership ▪ Commission new & improved instrumentation
Operational efficiencies	▪ Manufacturing & repair capabilities in Perth, WA

Resilient business with attractive growth opportunities

- 4Q09 signs of recovery – market fundamentals improving
- Global growth opportunities in FY10 and beyond, particularly oil & gas
- Strong position to deliver on focused strategy
- Conservative balance sheet - bank facilities extended to 2014
- Strong management team
- World class expertise and innovation
- Continuing R&D spend to maintain market leadership

Appendices

Statutory profit & loss statement

	Consolidated	
	Year Ended 30 June 2009 $'000	Year Ended 30 June 2008 $'000
Continuing operations		
Revenue from sale of goods and operating lease rental	136,968	142,009
Other revenue from operations	2,024	1,900
Total revenue	138,992	143,909
Other income	253	369
Raw materials and consumables used	(61,700)	(59,589)
Employee benefit expense	(28,467)	(22,996)
Depreciation expense	(3,318)	(3,266)
Amortisation expense	(6,535)	(6,055)
Finance costs	(2,850)	(2,762)
Other expenses	(18,180)	(17,725)
Profit before tax	18,195	31,885
Income tax expense	(6,128)	(10,804)
Profit from continuing operations	12,067	21,081
Profit from discontinued operations	-	10,921
Profit for the year	12,067	32,002

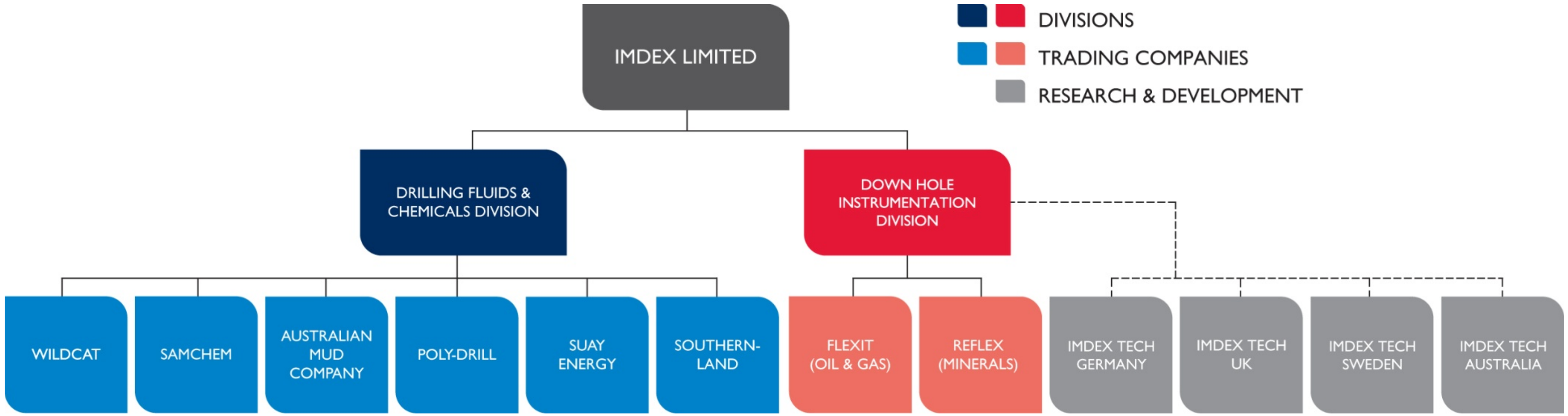
Statutory balance sheet

	Consolidated	
	30 June 2009 $'000	30 June 2008 $'000
Current Assets		
Cash and Cash Equivalents	11,975	13,276
Trade and Other Receivables	23,367	32,079
Inventories	26,535	21,716
Other Financial Assets	12,340	13,237
Other	1,507	1,200
	75,724	81,508
Non Current Assets Classified as Held for Sale	8,130	4,500
Total Current Assets	83,854	86,008
Non Current Assets		
Other Financial Assets	-	-
Property, Plant and Equipment	10,781	7,140
Goodwill	55,268	52,626
Other Intangible Assets	23,915	27,289
Total Non Current Assets	89,964	87,055
Total Assets	173,818	173,063
Current Liabilities		
Trade and Other Payables	12,769	16,522
Borrowings	13,514	13,016
Current Tax Payables	5,268	8,792
Provisions	1,317	972
Other Current Liabilities	2,492	2,687
Total Current Liabilities	35,360	41,989
Non Current Liabilities		
Borrowings	18,033	17,132
Deferred Tax Liabilities	3,674	5,024
Provisions	553	558
Other Non Current Liabilities	-	2,717
Total Non Current Liabilities	22,260	25,431
Total Liabilities	57,620	67,420
Net Assets	116,198	105,643
Equity		
Contributed Capital	67,136	64,883
Foreign Currency Translation Reserve	(4,105)	(4,863)
Employee Equity-Settled Benefits Reserve	4,024	2,573
Retained Profits	49,143	43,050
Total Equity	116,198	105,643

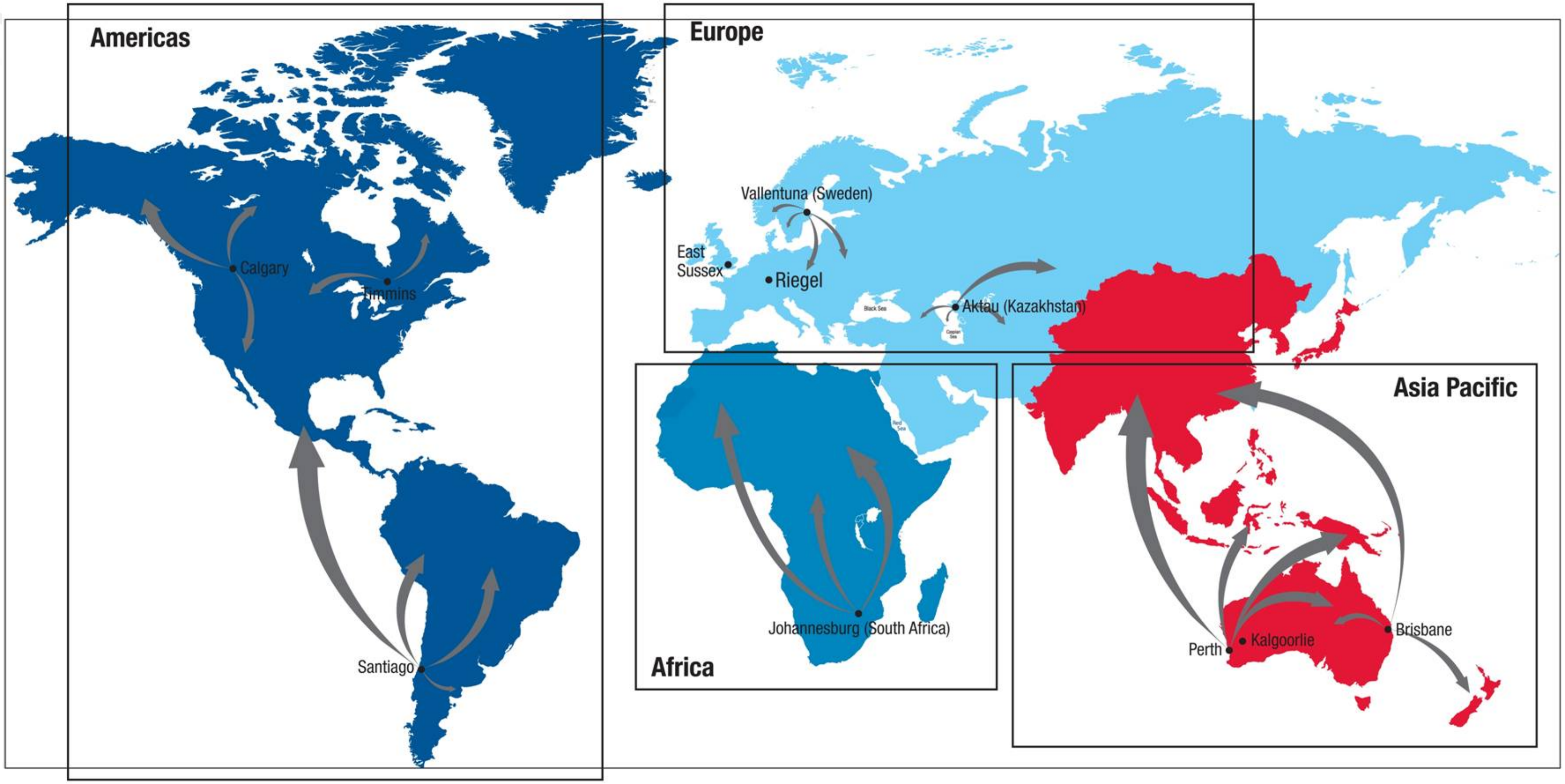
Statutory cash flow statement

	Consolidated Year Ended 30 June 2009 $'000	Consolidated Year Ended 30 June 2008 $'000
Cash Flows From Operating Activities		
Receipts from customers	161,981	154,253
Payments to suppliers and employees	(132,564)	(126,292)
Interest and other costs of finance paid	(1,963)	(2,342)
Income tax paid	(11,279)	(15,362)
Net cash provided by / (used in) Operating Activities	16,175	10,257
Cash Flows From Investing Activities		
Interest received	119	451
Payment for property, plant and equipment	(7,741)	(4,803)
Proceeds from sale of property, plant and equipment	2,113	1,138
Payment for development costs capitalised	(3,650)	-
Payment for shares of Wildcat net of cash acquired	(1,902)	-
Payment for shares of Imdex Technology UK net of cash acquired	(3,106)	(5,088)
Payment for shares of Poly-Drill net of cash acquired	-	(899)
Payment for shares of Suay net of cash acquired	(500)	(246)
Payment for shares of Southernland net of cash acquired	-	(1,446)
Payment for shares of ITG net of cash acquired	-	(13,853)
Proceeds on the sale of Surtron net of cash disposed	-	18,000
Net cash provided by / (used in) Investing Activities	(14,667)	(6,746)
Cash Flows From Financing Activities		
Cash received on exercise of options	93	674
Dividend paid to equity holders of the parent	(5,975)	(5,934)
Hire purchase debt raised	1,838	-
Hire purchase and lease payments	(227)	(888)
Payment for interest rate cap	-	(239)
Payment of convertible note interest	-	(464)
Proceeds from borrowings	7,000	12,000
Repayment of borrowings	(6,592)	(9,983)
Net cash used in Financing Activities	(3,863)	(4,834)
	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents Held	(2,355)	(1,323)
Cash and Cash Equivalents At The Beginning Of The Financial Year	13,276	15,271
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	1,054	(672)
Cash and Cash Equivalents At The End Of The Financial Year	11,975	13,276

Imdex Group structure



Global reach



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