

ALS Limited

ABN 92 009 657 489

Interim Financial Report
for the Half Year Ended 30 September 2013
(including additional ASX Appendix 4D disclosures)

ALS Limited and its subsidiaries

Interim Financial Report for the Half Year Ended 30 September 2013

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 2013

ALS Limited and its subsidiaries
Results for announcement to the market
For the half-year ended 30 September 2013

Appendix 4D

(Previous corresponding period: half-year ended 30 September 2012)

				\$M
Revenue from ordinary activities	Down	8.5%	to	744.7
Profit from ordinary activities after tax attributable to members	Down	27.9%	to	97.7
Net profit for the period attributable to members	Down	27.9%	to	97.7

Dividends

	Amount per ordinary share	Franked amount per ordinary share
Interim dividend	19.0 cents	9.5 cents
Previous corresponding period	21.0 cents	10.5 cents

Record date for determining entitlements to the interim dividend: 5 December 2013

The last date for receipt of election notices for the company DRP: 5 December 2013

Additional dividend information:

Details of dividends declared or paid during or subsequent to the half-year ended 30 September 2013 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
14 June 2013	2 July 2013	Final 2013	27.0 cents	\$92.8m	13.5 cents	13.5 cents
5 Dec 2013	20 Dec 2013	Interim 2014	19.0 cents	\$73.1m	9.5 cents	9.5 cents

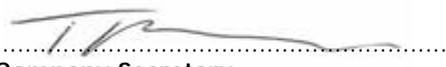
Other financial information:

	Current period	Previous corresponding period
Basic earnings per ordinary share	27.09 cents	39.28 cents*
Net tangible assets per ordinary share	- 6.86 cents	58.41 cents

* Comparative information for basic earnings per share has been restated for the impact of the 1 for 11 renounceable rights issue undertaken in July 2013.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 30 September 2013 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:  Date: 25/11/2013
Company Secretary
Tim Mullen



ALS Limited

ABN 92 009 657 489

**Interim Financial Report
for the Half Year Ended 30 September 2013**

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2013

The directors present their report together with the consolidated interim financial report for the half year ended 30 September 2013 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 69

Appointed a director 1994 and appointed chairman in July 2012.

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

Managing Director and Chief Executive Officer Age 57

Appointed Managing Director and Chief Executive in 2005.

RAY HILL FAICD

Independent Non-Executive Director Age 71

Appointed 2003.

BRUCE BROWN B Com, AAUQ, FAICD

Independent Non-Executive Director Age 69

Appointed 2005.

MEL BRIDGES B AppSc, PhD, FAICD

Independent Non-Executive Director Age 63

Appointed 2009.

GRANT MURDOCH M COM (Hons), FAICD, FCA

Independent Non-Executive Director Age 62

Appointed 2011.

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

Independent Non-Executive Director Age 63

Appointed 2012.

ALS Limited and its subsidiaries

Directors' Report

For the half-year ended 30 September 2013

Review and results of operations

Net profit

The Group recorded an interim net profit after tax (attributable to equity holders of the Company) of \$97.7 million in the half year to September 2013 in line with guidance provided to the market in July. This was 27.9% down on the previous corresponding period (PCP) and was generated from revenue of \$744.7 million (down 8.5% on the September 2012 half).

The result represented a sound financial performance in uncertain economic conditions, demonstrating the benefits of the scalability of the Group's businesses and its diversified global footprint. Markets for geochemical and coal services were challenging, in an environment of falling commodity prices and a strong cost focus by most producers.

Geochemical sample flows in ALS Minerals were down by approximately one-third compared with the same period last year with North America the most affected. Contribution margins remained in the targeted range as the business benefited from the cost flexibility provided by its hub and spoke model.

All other ALS testing and inspection services divisions recorded revenue increases compared with PCP. ALS Industrial returned solid organic revenue gains in both of its business lines, whilst ALS Life Sciences and ALS Energy benefited from both organic revenue growth and the impact of acquisitions over the past twelve months (refer divisional commentary below).

Directors have declared a partly franked (50%) interim dividend of 19 cents per share payable on all ordinary shares (2012: 21 cents, partly franked to 50%). It will be paid on 20 December 2013 on all shares registered in the Company's register at the close of business on 5 December 2013. The Company's dividend reinvestment plan will operate for the interim dividend at a 5.0% discount to market price.

In millions of AUD

	Half year to 30 Sept 2013	Half year to 30 Sept 2012
Revenue (both continuing and discontinued operations)	744.7	813.6
Profit before acquisition costs, financing costs and income tax	145.5	200.9
Acquisition costs	(1.7)	(0.7)
Net financing costs	(9.8)	(10.2)
Income tax expense	(35.3)	(52.8)
Profit after income tax	98.7	137.2
Net (profit) / loss attributable to minority interests	(1.0)	(1.7)
Profit after tax attributable to equity holders of the Company	97.7	135.5
Earnings per share		
Basic earnings per share (both continuing and discontinued)	27.1 cents	39.3 cents*
Diluted earnings per share (both continuing and discontinued)	27.1 cents	39.3 cents*

* Comparative information for basic and diluted earnings per share has been restated for the impact of the 1 for 11 renounceable rights issue undertaken in July 2013.

ALS Limited and its subsidiaries

Directors' Report

For the half-year ended 30 September 2013

Review and results of operations (continued)

Contributions from business segments were as follow:

ALS Minerals	2013 \$M	2012 \$M	Increase/ (Decrease)
Revenue	232.1	344.9	(32.7%)
Segment EBITDA *	75.2	137.4	(45.3%)
Segment contribution	63.0	126.6	(50.2%)
Margin (segment contribution to revenue)	27.1%	36.7%	

ALS Minerals experienced a significant reduction in sample volumes during the period as global exploration activity experienced a downward trend in the industry cycle. Whilst the contribution margin as a percentage of revenue fell significantly from the previous corresponding period, the division's ability to react quickly in reducing its variable costs produced a sound margin performance given the difficult market conditions. These measures will continue to be a critical focus for the Minerals division as it manages its way through the current cycle.

ALS Life Sciences	2013 \$M	2012 \$M	Increase/ (Decrease)
Revenue	272.3	225.0	21.0%
Segment EBITDA *	68.5	58.3	17.5%
Segment contribution	53.5	47.3	13.1%
Margin (segment contribution to revenue)	19.6%	21.0%	

ALS Life Sciences delivered strong growth in revenue and contribution during the half year through a mixture of organic and acquired growth. The overall contribution margin softened slightly as the benefits of additional projects and improved market share in some regions was offset by competitive market conditions and integration costs in other parts of the division.

ALS Energy	2013 \$M	2012 \$M	Increase/ (Decrease)
Revenue	90.9	53.4	70.2%
Segment EBITDA *	26.7	18.2	46.7%
Segment contribution	22.0	16.5	33.3%
Margin (segment contribution to revenue)	24.2%	30.9%	

ALS Energy achieved significant diversification of its service offering during the period through the formation of its Oil and Gas testing operations stemming from the acquisition of both Reservoir and Earth Data. A solid contribution from the ALS Oil & Gas businesses in August and September 2013 boosted revenue and contribution for the Energy division albeit at a lower margin than the coal business.

The ALS Coal business stream suffered from tightening markets as both volume and price pressures led to lower levels of revenue and profit contribution. A strong culture of cost control resulted in only a slight deterioration in margin when compared with the September 2012 half.

ALS Industrial	2013 \$M	2012 \$M	Increase/ (Decrease)
Revenue	89.3	85.5	4.4%
Segment EBITDA *	16.1	18.1	(11.0%)
Segment contribution	13.7	15.7	(12.7%)
Margin (segment contribution to revenue)	15.3%	18.4%	

Both the Asset Care and Tribology business units within ALS Industrial division reported revenue improvements during the half-year. Market forces manifested in a combination of price competition and a shift in the mix of services being sought by clients resulted in a weaker margin performance by the division.

ALS Limited and its subsidiaries

Directors' Report

For the half-year ended 30 September 2013

Review and results of operations (continued)

Reward Distribution	2013 \$M	2012 \$M	Increase/ (Decrease)
Revenue	60.1	62.2	(3.4%)
Segment EBITDA *	1.6	1.2	33.3%
Segment contribution	1.3	0.9	44.4%
Margin (segment contribution to revenue)	2.2%	1.4%	

The Reward Distribution hospitality supplies business delivered improved profitability despite lower revenue levels than derived in the September 2012 half year as a result of the rationalisation of product sales mix, inventory holdings and overhead costs. These initiatives will continue to be pursued during the traditionally busier second half of the financial year.

* Segment EBITDA is a non-IFRS disclosure. This has not been subject to audit or review.

Events subsequent to balance date

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' Report

For the half-year ended 30 September 2013

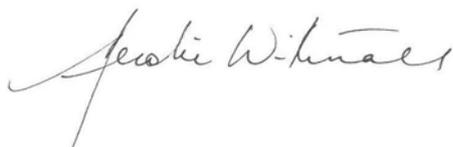
Lead auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the half-year ended 30 September 2013.

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
25 November 2013



Greg Kilmister
Managing Director

Brisbane
25 November 2013

ALS Limited and its subsidiaries

Interim profit and loss statement

For the half-year ended 30 September 2013

In millions of AUD

	<i>Note</i>	Consolidated	
		30 September 2013	30 September 2012
Continuing operations			
Revenue from sale of goods		60.1	62.2
Revenue from rendering of services		684.6	708.8
		<hr/> 744.7	<hr/> 771.0
Other income		1.1	0.9
Changes in inventories of finished goods and work in progress		16.7	3.1
Raw materials and consumables purchased		(97.9)	(100.4)
Employee expenses		(324.6)	(305.7)
Warehousing and distribution costs		(17.4)	(18.7)
Amortisation and depreciation		(34.9)	(26.7)
Selling expenses		(8.0)	(6.5)
Administration and other expenses		(137.2)	(126.8)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method		1.3	0.4
		<hr/> 143.8	<hr/> 190.6
Profit before financing costs and income tax			
Finance income		1.1	1.0
Finance expense		(10.9)	(11.2)
Net finance expense		<hr/> (9.8)	<hr/> (10.2)
Profit before income tax			
		134.0	180.4
Income tax expense		(35.3)	(51.5)
Profit from continuing operations		<hr/> 98.7	<hr/> 128.9
Discontinued operations			
Profit of discontinued operations (net of income tax)	7	-	8.3
Profit for the period		<hr/> 98.7	<hr/> 137.2
Attributable To:			
Equity holders of the Company		97.7	135.5
Non-controlling interest		1.0	1.7
Profit for the period		<hr/> 98.7	<hr/> 137.2
Basic earnings per share attributable to equity holders		27.1c	39.3c*
Diluted earnings per share attributable to equity holders		27.1c	39.3c*
Basic earnings per share attributable to equity holders from continuing operations		27.1c	36.9c*
Diluted earnings per share attributable to equity holders from continuing operations		27.1c	36.9c*

* Comparative information for basic and diluted earnings per share has been restated for the impact of the 1 for 11 renounceable rights issue undertaken in July 2013.

The interim profit and loss statement is to be read in conjunction with the notes to the interim financial report set out on pages 12 to 22.

ALS Limited and its subsidiaries

Interim statement of comprehensive income

For the half-year ended 30 September 2013

In millions of AUD

	Note	Consolidated	
		30 September 2013	30 September 2012
Profit for the period		98.7	137.2
Other comprehensive income *			
<i>Items that are or may be reclassified subsequently to profit and loss</i>			
Foreign exchange translation differences		43.8	(1.6)
Gain/(loss) on hedge of net investments in foreign subsidiaries		(7.8)	(3.3)
Net gain/(loss) on cash flow hedges taken to equity		0.5	(0.3)
Other comprehensive income for the period, net of income tax		36.5	(5.2)
Total comprehensive income for the period		135.2	132.0
Attributable to:			
Equity holders of the company		134.0	130.3
Non-controlling interest		1.2	1.7
Total comprehensive income for the period		135.2	132.0

* 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 12 to 22.

ALS Limited and its subsidiaries

Interim balance sheet

As at 30 September 2013

In millions of AUD

	Consolidated		
	Note	30 September 2013	31 March 2013
Current Assets			
Cash and cash equivalents		116.7	115.9
Trade and other receivables		343.3	257.0
Inventories		93.5	74.0
Other assets		31.7	34.7
Total current assets		585.2	481.6
Non-current assets			
Receivables		6.7	2.6
Investments accounted for using the equity method		8.5	7.9
Investment property		10.9	11.0
Deferred tax assets		23.9	16.3
Property, plant and equipment		481.5	397.2
Intangible assets		1,390.4	805.0
Other assets		7.8	13.1
Total non-current assets		1,929.7	1,253.1
Total assets		2,514.9	1,734.7
Current Liabilities			
Bank overdraft		0.3	3.0
Trade and other payables		149.8	113.5
Loans and borrowings	9	3.4	3.9
Income tax payable		13.1	15.1
Employee benefits		42.4	41.2
Total current liabilities		209.0	176.7
Non-current liabilities			
Loans and borrowings	9	895.1	521.9
Deferred tax liabilities		8.6	2.1
Employee benefits		5.0	3.4
Other		33.2	33.5
Total non-current liabilities		941.9	560.9
Total liabilities		1,150.9	737.6
Net assets		1,364.0	997.1
Equity			
Share capital		993.5	667.9
Reserves		(61.7)	(97.9)
Retained earnings		419.6	415.4
Total equity attributable to equity holders of the company		1,351.4	985.4
Non-controlling interest		12.6	11.7
Total equity		1,364.0	997.1

The interim balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 22.

ALS Limited and its subsidiaries

Interim statement of changes in equity

For the half-year ended 30 September 2013

In millions of AUD

	Consolidated							
	Share Capital	Foreign Currency Translation	Other reserves	Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
Balance 1 April 2013	667.9	(69.2)	(30.4)	1.7	415.4	985.4	11.7	997.1
Total comprehensive income for the period								
Profit or loss	-	-	-	-	97.7	97.7	1.0	98.7
Other comprehensive income								
Foreign exchange translation differences	-	43.6	-	-	-	43.6	0.2	43.8
Gain/(loss) on hedge of net investments in foreign subsidiaries	-	(7.8)	-	-	-	(7.8)	-	(7.8)
Net gain/(loss) on cash flow hedges taken to equity	-	-	0.5	-	-	0.5	-	0.5
Total other comprehensive income	-	35.8	0.5	-	-	36.3	0.2	36.5
Total comprehensive income for the period	-	35.8	0.5	-	97.7	134.0	1.2	135.2
Transactions with equity holders, recorded directly in equity								
Contributions by and distributions to owners								
Dividends to equity holders	-	-	-	-	(92.8)	(92.8)	(0.8)	(93.6)
Shares issued under dividend reinvestment plan (3,937,994 ordinary shares at \$8.92 per share)	35.1	-	-	-	-	35.1	-	35.1
Treasury shares purchased and held in trust during the period	(0.2)	-	-	-	-	(0.2)	-	(0.2)
Proceeds of the renounceable 1 for 11 rights issue (net of costs) ¹	241.2	-	-	-	-	241.2	-	241.2
Direct issue of shares to fund acquisition (5,750,418 ordinary shares at \$8.60 per share)	49.5	-	-	-	-	49.5	-	49.5
Share-settled performance rights awarded during the period	-	-	-	0.9	-	0.9	-	0.9
Share-settled performance rights vested during the period	-	-	-	(1.0)	(0.7)	(1.7)	-	(1.7)
Non-controlling interest ownership of subsidiary acquired	-	-	-	-	-	-	0.5	0.5
Total contributions by and distributions to owners	325.6	-	-	(0.1)	(93.5)	232.0	(0.3)	231.7
Balance at 30 September 2013	993.5	(33.4)	(29.9)	1.6	419.6	1,351.4	12.6	1,364.0

¹ Costs attributable to the 1 for 11 rights issue totalled \$6.7m

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 12 to 22.

ALS Limited and its subsidiaries

Interim statement of changes in equity (continued)

For the half-year ended 30 September 2012

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 2012	610.3	(39.2)	-	2.3	351.1	924.5	5.6	930.1
Total comprehensive income for the period								
Profit or loss	-	-	-	-	135.5	135.5	1.7	137.2
Other comprehensive income								
Foreign exchange translation differences	-	(1.6)	-	-	-	(1.6)	-	(1.6)
Gain/(loss) on hedge of net investments in foreign subsidiaries	-	(3.3)	-	-	-	(3.3)	-	(3.3)
Net gain/(loss) on cash flow hedges taken to equity	-	-	(0.3)	-	-	(0.3)	-	(0.3)
Total other comprehensive income	-	(4.9)	(0.3)	-	-	(5.2)	-	(5.2)
Total comprehensive income for the period	-	(4.9)	(0.3)	-	135.5	130.3	1.7	132.0
Transactions with equity holders, recorded directly in equity								
Contributions by and distributions to owners								
Dividends to equity holders	-	-	-	-	(87.7)	(87.7)	(0.2)	(87.9)
Shares issued under dividend reinvestment plan (600,633 ordinary shares at \$51.01 per share*)	30.6	-	-	-	-	30.6	-	30.6
Treasury shares purchased and held in trust during the period	(0.3)	-	-	-	-	(0.3)	-	(0.3)
Share-settled performance rights awarded during the period	-	-	-	-	-	-	-	-
Share-settled performance rights vested during the period	-	-	-	(1.2)	(2.3)	(3.5)	-	(3.5)
Non-controlling interest ownership of subsidiary acquired	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	30.3	-	-	(1.2)	(90.0)	(60.9)	(0.2)	(61.1)
Balance at 30 September 2012	640.6	(44.1)	(0.3)	1.1	396.6	993.9	7.1	1,001.0

* Pre-1 for5 share split in July/August 2012

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 12 to 22.

ALS Limited and its subsidiaries

Interim statement of cash flows

For the half-year ended 30 September 2013

In millions of AUD

	Consolidated	
	30 September 2013	30 September 2012
Cash flows from operating activities		
Cash receipts from customers	826.5	853.0
Cash paid to suppliers and employees	(679.9)	(680.2)
Cash generated from operations	146.6	172.8
Interest paid	(10.9)	(11.2)
Interest received	1.1	1.0
Income taxes paid	(36.3)	(55.3)
Net cash from operating activities	100.5	107.3
Cash flows from investing activities		
Payments for property, plant and equipment	(39.4)	(75.2)
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)	(435.8)	(52.8)
Proceeds from sale of business operations	-	24.2
Loan repayments from associates	0.5	0.8
Dividend from associate	0.7	-
Proceeds from sale of other non-current assets	3.5	2.4
Net cash used in investing activities	(470.5)	(100.6)
Cash flows from financing activities		
Proceeds from borrowings	844.7	66.5
Repayment of borrowings	(660.2)	(45.0)
Proceeds from issue of new issued capital	239.7	-
Lease payments	(1.3)	(1.8)
Dividends paid	(57.6)	(57.3)
Net cash from (used in)/from financing activities	365.3	(37.6)
Net movement in cash and cash equivalents	(4.7)	(30.9)
Cash and cash equivalents at 1 April	112.8	132.2
Effect of exchange rate fluctuations on cash held	8.3	(1.5)
Cash and cash equivalents at 30 September	116.4	99.8

The interim statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 22.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2013

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 2013 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 2013 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 2013.

This consolidated interim financial report was approved by the Board of Directors on 25 November 2013.

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

Except as described below 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 2013.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 April 2013.

AASB 10 Consolidated Financial Statements (2011)

AASB 11 Joint Arrangements

AASB 12 Disclosure of Interests in Other Entities

AASB 13 Fair Value Measurement

AASB 119 Employee Benefits (2011)

Annual Improvements to Australian Accounting Standards 2009–2011 Cycle

These changes have not had either a material recognition or measurement impact on the interim financial report however disclosure has been updated as follows.

Presentation of transactions recognised in other comprehensive income

From 1 April 2013 the Group applied amendments to AASB 101 Presentation of Financial Statements outlined in AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Items of Other Comprehensive Income. The change in accounting policy only relates to disclosures and has had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in future from those that will never be reclassified to profit or loss. These changes are included in the statement of comprehensive income.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2013

3. Significant accounting policies (continued)

Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASB's. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASB's, including AASB 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (refer note 5). In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures.

Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

Segment information

The amendment to AASB 134 clarifies that the Group needs to disclose the measures of total assets and liabilities for a particular reportable segment only if the amounts are regularly provided to the Group's chief operating decision maker, and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. As a result of this amendment, the Group has included additional disclosure of total segment assets and liabilities (refer note 6).

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 2013.

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 2013.

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 \$732.3m. 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 a net gain of \$7.1m 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 2013

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 5 reportable segments, as described below, representing 5 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 Minerals - provides assaying and analytical testing services and metallurgical services for mining and mineral exploration companies.
- 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 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 Industrial - provides the energy, resources and infrastructure sectors with testing, inspection and asset care services.
- Reward Distribution - distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries.

Discontinued segment:

- Campbell Chemicals - manufacture and distribution of cleaning agents and chemicals for both domestic and industrial customers.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2013

6. Segment reporting (continued)

<i>In millions of AUD</i>	Revenue		Contribution		Segment margin*		Assets		Liabilities	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<i>Continuing Operations</i>										
ALS Minerals	232.1	344.9	63.0	126.6	27.1%	36.7%	677.0	694.3	61.7	68.4
ALS Life Sciences	272.3	225.0	53.5	47.3	19.6%	21.0%	612.7	481.8	75.5	49.6
ALS Energy	90.9	53.4	22.0	16.5	24.2%	30.9%	785.7	141.1	54.0	16.9
ALS Industrial	89.3	85.5	13.7	15.7	15.3%	18.4%	205.2	193.4	25.2	25.2
Reward Distribution ***	60.1	62.2	1.3	0.9	2.2%	1.4%	35.4	44.9	11.7	12.3
Total Continuing Operations	744.7	771.0	153.5	207.0			2,316.0	1,555.5	228.1	172.4
<i>Discontinued Operations</i>										
Campbell Chemicals**	-	42.6	-	3.8	-	8.9%	-	20.0	-	0.9
Total Reportable Segments	744.7	813.6	153.5	210.8			2,316.0	1,575.5	228.1	173.3

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

** The Campbell Chemicals segment was divested during September 2012 (refer note 7).

*** The Reward Distribution segment result excludes the goodwill impairment charge of \$6.1m recognised during the half year ended 30 September 2012 (refer note 8).

Reconciliation of reportable segment profit

<i>In millions of AUD</i>	2013	2012
Contribution from reportable segments	153.5	210.8
Unallocated amounts:		
Acquisition costs	(1.7)	(0.7)
Net financing costs	(9.8)	(10.2)
Impairment loss	-	(6.1)
Gain on sale of discontinued operations	-	5.8
Net foreign exchange gains/(losses)	3.8	2.0
Other corporate expenses	(11.8)	(11.6)
Consolidated profit before income tax	134.0	190.0

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2013

7. Discontinued operations

In September 2012 the Group sold its Campbell Chemicals operating segment consisting of both its former Panamex Pacific and Deltrex Chemicals business units via two separate sale arrangements.

Information attributable to discontinued operations is as follows:

In millions of AUD

	2013	2012
Discontinued operations		
Revenue	-	42.6
Amortisation and depreciation	-	(0.3)
Other Expenses	-	(38.5)
Results from operating activities	-	3.8
Income tax expense	-	(1.1)
Results from operating activities, net of income tax	-	2.7
Gain on sale of discontinued operations	-	5.8
Income tax on gain on sale of discontinued operations	-	(0.2)
	-	8.3
Basic earnings per share from discontinued operations (post 5-for-1 split basis)	-	2.4c
Diluted earnings per share from discontinued operations (post 5-for-1 split basis)	-	2.4c

8. Significant items

In millions of AUD

	2013	2012
Significant Items		
Profit for the period attributable to equity holders of the Company includes the following significant items:		
Gain on sale of the Campbell Chemicals segment	-	5.8
Goodwill impairment charge in relation to the Reward Distribution CGU	-	(6.1)
	-	(0.3)
Income tax expense	-	(0.2)
Net significant items	-	(0.5)

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2013

9. Loans and borrowings

In millions of AUD

	30 September 2013	31 March 2013
Current Liabilities		
Bank loans	1.5	1.5
Finance lease liabilities	1.9	2.4
	3.4	3.9
Non-current liabilities		
Bank loans	152.3	138.4
Long term notes	740.4	381.1
Finance lease liabilities	2.4	2.4
	895.1	521.9

Bank loans

Funding available to the Group from undrawn facilities at 30 September 2013 amounted to \$109.9 million (March 2013: \$124.6 million).

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

During the period the Company's controlled entities ALS Group General Partnership and ALS Canada Ltd issued long term, fixed rate notes to investors in the US Private Placement market. The proceeds of these loan notes were used to refinance existing short-term funding the Group had arranged to initially fund the acquisition of the Reservoir Group. The notes are denominated in US dollars and Canadian dollars and mature as follows - 6 years due July 2019: \$128.8m; 7 years due December 2020: \$139.7m; and 9 years due July 2022: \$53.6m. All loan notes have total fixed interest coupons ranging between 3.40% - 4.17%.

10. Dividends

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

In millions of AUD

	2013	2012
Final 2013 dividend paid 2 July 2013 (2 July 2012)	92.8	87.7

Since 30 September 2013, directors have declared a partly franked (50%) interim dividend of 19 cents per ordinary share, amounting to \$73.1 million payable on 20 December 2013. The dividend is payable on all ordinary shares. The financial effect of this dividend has not been brought to account in the financial report for the period ended 30 September 2013.

11. Capital commitments

At 30 September 2013 the Group had capital expenditure commitments of \$5.2 million (31 March 2013: \$11.4 million, 30 September 2012: \$9.1 million).

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2013

12. Acquisitions of businesses and subsidiaries

<i>In millions of AUD</i>	Interest Acquired	Date acquired	Consideration
Half year ended 30 September 2013			
Reliance Group	100%	May 2013	12.4
Earth Data Pty Ltd	100%	July 2013	21.5
Reservoir Group	100%	August 2013	470.1
			<u>504.0</u>
Half year ended 30 September 2012			
Eclipse Scientific Group Limited	100%	April 2012	30.4
Milana A.S.	100%	July 2012	21.7
Artek Engineering Environmental Management & Consultancy Services (Turkey)	100%	August 2012	3.4
			<u>55.5</u>

If the current period acquisitions had occurred on 1 April 2013, management estimates that Group revenue would have been \$831.9m and net profit would have been \$109.7m. The acquisitions of Earth Data Pty Ltd and Reservoir Group have been integrated into the ALS Energy segment and the Reliance Group has been integrated into the ALS Life Sciences segment.

Reservoir Group: net assets at acquisition date	Recognised values*
<i>In millions of AUD</i>	2013
Property, plant and equipment	57.3
Inventories	17.0
Trade and other receivables	53.9
Other current assets	11.6
Cash and cash equivalents	10.3
Deferred tax liabilities	(10.9)
Interest-bearing loans and borrowings	(147.5)
Trade and other payables	(37.2)
Current tax liabilities	(5.7)
Net identifiable assets and liabilities	(51.2)
Non-controlling interest at acquisition	-
Goodwill on acquisition	521.3
Total consideration payable	470.1
Shares issued (5,750,418 shares at \$8.60 per share)	(49.5)
Consideration paid satisfied in cash	420.6
Cash (acquired)	(10.3)
Net cash outflow	<u>410.3</u>

* The acquisition of the Reservoir Group was completed during August 2013. 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 \$1.1m were included in administration and other expenses in the profit and loss statement. In the period to 30 September 2013 the Reservoir Group contributed revenue totalling \$41.8m and contributed net profit of \$5.2m to the consolidated net profit for the period.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2013

12. Acquisitions of businesses and subsidiaries (continued)

The Reservoir Group was acquired for the purpose of enhancing the global service reach of the Group's existing Energy operations. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of the Reservoir Group'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.

Earth Data Pty Ltd: net assets at acquisition date	Recognised values*
<i>In millions of AUD</i>	2013
Property, plant and equipment	2.1
Identifiable intangible assets	0.2
Inventories	0.5
Trade and other receivables	2.6
Other current assets	0.2
Cash and cash equivalents	3.8
Trade and other payables	(1.6)
Current tax liabilities	(1.2)
Other non-current liabilities	(0.4)
Net identifiable assets and liabilities	6.2
Goodwill on acquisition*	15.3
Total consideration payable	21.5
Contingent consideration not yet paid	(1.0)
Consideration paid, satisfied in cash	20.5
Cash (acquired)	(3.8)
Net cash outflow	16.7

* The acquisition of Earth Data Pty Ltd was completed during July 2013. Accordingly, the accounting for this acquisition has been completed on a provisional basis. Further analysis will be performed to determine the existence and fair value of any identifiable intangible assets acquired as part of the acquisition.

In the period to 30 September 2013 Earth Data Pty Ltd contributed revenue totalling \$3.2m and contributed net profit of \$0.5m to the consolidated net profit for the period.

Earth Data Pty Ltd is a provider of sampling and analysis services to Australia's oil, gas and coal industries and is integrated into the Energy division. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of Earth Data Pty Ltd'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 2013

12. Acquisitions of businesses and subsidiaries (continued)

Reliance Group: net assets at acquisition date	Recognised values*
<i>In millions of AUD</i>	2013
Property, plant and equipment	1.0
Trade and other receivables	0.5
Other current assets	0.5
Cash and cash equivalents	0.3
Trade and other payables	(1.4)
Interest bearing loans and borrowings	(0.2)
Net identifiable assets and liabilities	0.7
Goodwill on acquisition*	11.7
Total consideration payable	12.4
Contingent consideration not yet paid	(3.3)
Consideration paid, satisfied in cash	9.1
Cash (acquired)	(0.3)
Net cash outflow	8.8

* The acquisition of Reliance was completed during May 2013. Accordingly, the accounting for this acquisition has been completed on a provisional basis. Further analysis will be performed to determine the existence and fair value of any identifiable intangible assets acquired as part of the acquisition.

In the period to 30 September 2013 Reliance Group contributed revenue totalling \$2.5m and contributed a net profit of \$0.7m to the consolidated net profit for the period.

Reliance is based in Hong Kong and China operating in the consumer product testing market and forms part of the Life Sciences division. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of Reliance'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 2013

12. Acquisitions of businesses and subsidiaries (continued)

Acquisitions during the half year ended 30 September 2012

Acquisitions made in the prior corresponding financial period ended 30 September 2012 had the following effect on the Group's assets and liabilities:

<i>In millions of AUD</i>	Recognised values 2012
Property, plant and equipment	12.0
Inventories	1.1
Trade and other receivables	9.2
Other current assets	1.2
Cash and cash equivalents	2.7
Other non-current assets	1.6
Interest-bearing loans and borrowings	(11.1)
Trade and other payables	(7.0)
Other non-current liabilities	(1.1)
Net identifiable assets and liabilities	<u>8.6</u>
Non-controlling interest at acquisition	-
Goodwill on acquisition*	<u>46.9</u>
Consideration paid, satisfied in cash	55.5
Cash (acquired)	<u>(2.7)</u>
Net cash outflow	<u><u>52.8</u></u>

* The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's workforce and the synergies expected to be achieved from integrating the companies into the Group's existing businesses.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2013

13. Share-based payments

Performance rights granted

During the period the Group granted performance 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 performance rights to receive ordinary shares in the Company at no cost to the employees (or in limited cases to receive cash-settled awards). The terms and conditions of performance rights granted during the current and prior periods are set out below:

	Half year ended 30 September 2013	Half year ended 30 September 2012
Equity-settled		
Date of grant	30 July 2013	5 Sept 2012
Number of rights	179,320	227,495
Testing date for performance hurdles	31 March 2016	31 March 2015
Vesting date	1 July 2016	1 July 2015
Weighted average fair value at date of grant	\$5.74	\$3.66
Cash-settled		
Date of grant	30 July 2013	5 Sept 2012
Number of rights	35,398	40,595
Testing date for performance hurdles	31 March 2016	31 March 2015
Vesting date	1 July 2016	1 July 2015
Weighted average fair value at date of grant	\$5.74	\$3.66

Vesting conditions in relation to the above rights:

Employees must be employed by the Group on the vesting date. The rights vest only if Earnings Per Share ("EPS"), relative EBITDA margin ("EBITDA") and 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.

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

14. Events subsequent to balance date

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.

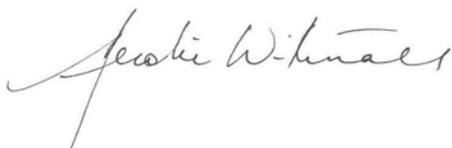
ALS Limited and its subsidiaries

Directors' declaration

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

1. The financial statements and notes set out on pages 6 to 22, 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 2013 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
25 November 2013



Greg Kilmister
Managing Director

Brisbane
25 November 2013



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

We have reviewed the accompanying interim financial report of ALS Limited, which comprises the consolidated interim balance sheet as at 30 September 2013, 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 period ended on that date, notes 1 to 14 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 period.

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 2013 and its performance for the half-year period 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 2013 and of its performance for the half-year period 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
25 November 2013



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 period ended 30 September 2013 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.

KPMG

Simon Crane
Partner

Brisbane
25 November 2013