Swick Mining Services Ltd and Its Controlled Entities

Appendix 4D

Half-Year Financial Report
31 December 2010

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Period ended
Current Reporting Period	31-Dec-10
Previous Corresponding Period	31-Dec-09

Revenue from Ordinary Activities relating to Continuing Operations	Up	38%	to	54,725,077
Revenue from Ordinary Activities relating to Discontinued Operations	Up	9%	to	7,052,322
Net Profit /(Loss) After Tax from Ordinary Activities	Up	5%	to	1,540,020
Net Profit/(Loss) After Tax Attributable to Members	Up	5%	to	1,540,020

Dividends

No dividend has been paid or is proposed to be paid in relation to the period ended 31 December 2010.

	31-Dec 2010	30-Jun 2010
Net tangible asset backing per ordinary share	0.39	0.39

Net tangible asset backing per share has been calculated by dividing the net tangible assets by the closing number of ordinary shares on issue.

DIRECTORS' REPORT

The Directors of Swick Mining Services (Swick) are pleased to submit their report for the half-year ended 31 December 2010.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Name	**Period of Directorship**
Andrew Simpson (Chairman)(Non-Executive)	Appointed 24 October 2006
Kent Swick (Managing Director)	Appointed 24 October 2006
David Nixon (Non-Executive)	Appointed 1 January 2007
Phil Lockyer (Non-Executive)	Appointed 11 February 2008
Joe Ariti (Non-Executive)	Appointed 11 February 2008
Ian McCubbing (Non-Executive)	Appointed 1 August 2010
Company Secretary	
Ian Hobson	Appointed 19 July 2010

REVIEW AND RESULTS OF OPERATIONS

As of 31 December 2010, the Company held assets for sale in the surface diamond division, and consequently, unless otherwise stated the results below relate to the continuing operations only.

H1 FY2011 FINANCIAL RESULTS Continuing Operations	H1 2011 $m	H1 2010 $m	Change %
Revenue	**54.725**	**39.668**	**38%**
Gross Margin	**12.627**	**11.093**	**14%**
Gross Margin %	23.10%	28.00%	
EBITDA	**11.670**	**10.094**	**15%**
EBITDA Margin %	21.30%	25.40%	
Depreciation and Amortisation	**7.946**	**6.787**	
Interest	**1.576**	**1.756**	
Impairment	**0.070**		
EBT	**2.078**	**1.551**	**34%**
NPAT*	**1.540**	**1.460**	**5%**
NPAT Margin %	2.80%	3.70%	
Cash from Operations*	**10.375**	**0.734**	**1313%**
EPS - cents per share	**0.65**	**0.85**	

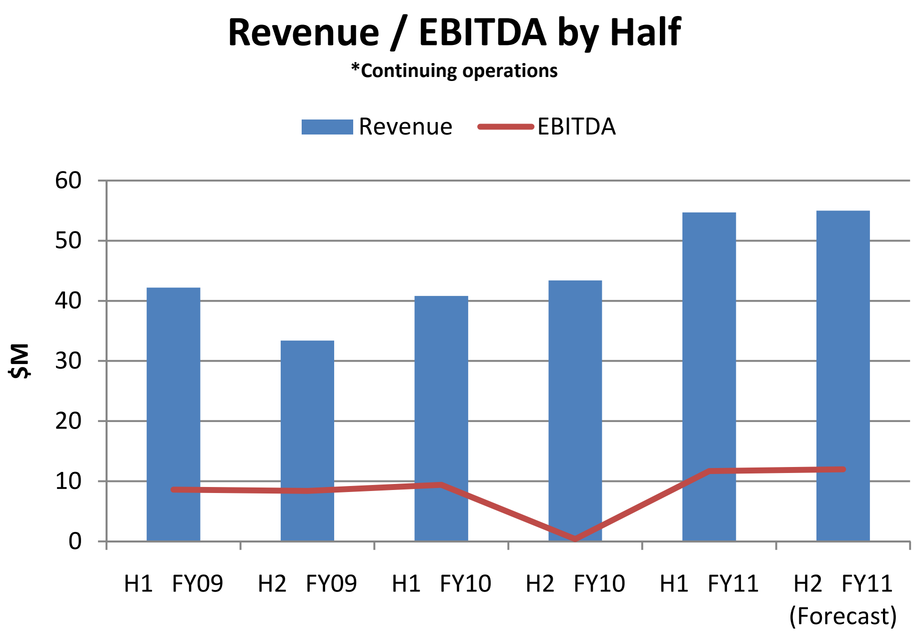
***** includes discontinuing operations

As announced in our June Annual Report the Company has embarked on a strategic business improvement process. The single biggest component was the decision to divest our Surface Diamond and Multi-purpose drilling fleet. As previously announced this sale was completed on 14 February 2011, resulting in net funds of $9.8m, after payment of associated debt. Having completed this sale we will now continue our focus on generating internal efficiencies within the business.

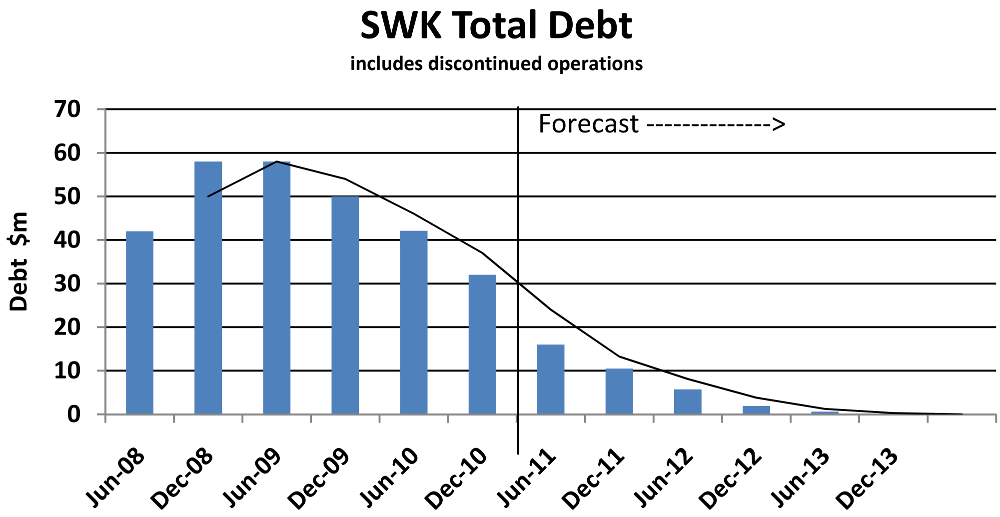
The Half Year ended 31 December 2010 has been a period of consolidation for the Company. Revenue has grown by 38% from the previous corresponding period (PCP) to $54.7m. Earnings before tax have increased by 34% to $2.08m ($1.55m PCP). Interest cost is reducing in line with our strategy to reduce our debt.

We believe the underlying strength in our current strategy is confirmed with the improved cash from operations for the period totalling $10.4m ($0.734m PCP).

The graph below shows our historical revenue from the continuing operations together with the corresponding EBITDA returns.



With an efficiency focus in mind, Swick has been aggressively addressing issues within the business including targeted debt reduction, cost reduction and overhead efficiency. The Company decided to focus on its strengths and its competitive advantages and dispose of non-core assets and resources that do not fit this strategy



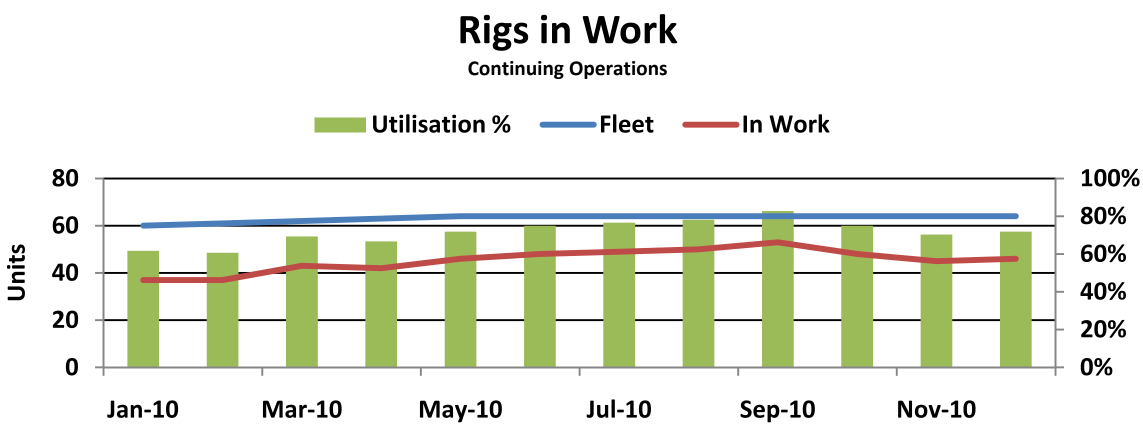
The debt amortisation graph above shows the aggressive focus the Company has on debt reduction and this will remain until debt is cleared. The Directors do not foresee the need to maintain any significant debt profile for the medium term as the capital expense of future rig builds will be significantly lower than that of the past. An internal engineering program is currently being undertaken that is proving to achieve large reductions in the component costs used to assemble drilling rigs for the business. The capital expense for future rig builds will be able to be easily met by operating cashflow.

The underlying drilling market continues to improve, with increased utilisation of drill rigs. The market is not experiencing the same demands as previous highs in 2008, although the sustained strength in commodity prices may see the demand increase further in the short to medium term. As a result the Company forecasts similar revenue and a rising EBITDA for the second half. We also anticipate our NPAT improving principally due to reduced financing costs in the second half of this financial year.

Market rates, although improving, are yet to recover to those seen prior to the downturn and as a result the Directors have put in place targeted strategies to ensure the underlying performance of the Company remains robust despite pricing pressure. The Company is not relying on market rates to improve to achieve targeted earnings.

Current rig utilisation sits around 72% of available fleet, and Swick is well placed to take advantage of the increased demand as it unfolds. Swick has capacity to increase its fleet in the short term by a further 6 rigs by assembling the components which are held in stock, limiting the capital expense required to build these additional units to around a quarter of full price. On this basis the Company has already invested the capital required to increase annual revenue by a further 33%.

As indicated by the rig utilisation graph below, the Company has the ability to significantly increase revenue without any capital expenditure programs. The rig utilisation trend shows a general improvement primarily as a result of the existing client base increasing their drilling requirements. Tendering activity is currently strong with a number of opportunities for increased rig utilisation being assessed. Most of these opportunities will require rig mobilisations around the middle of the calendar year 2011, which if Swick is successful at tender, could lead to a strong start for FY 2012.

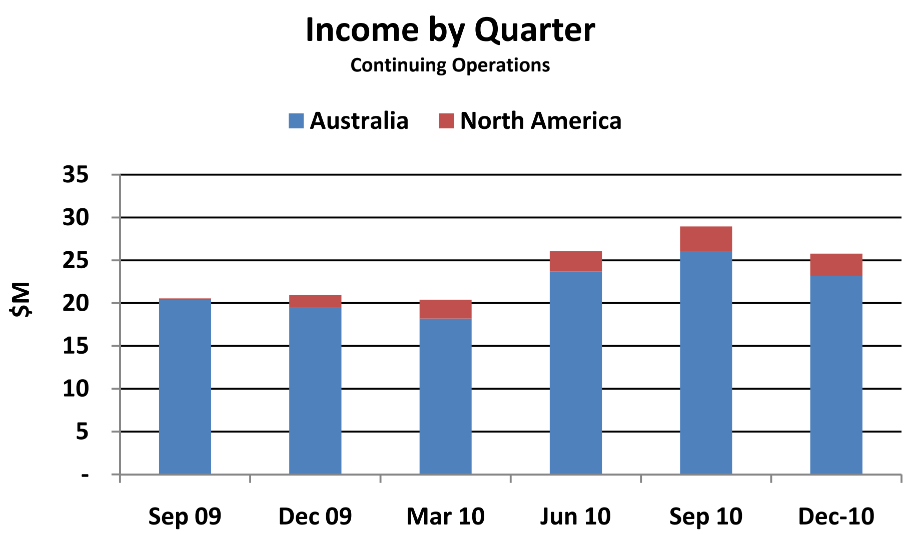


The overriding goal of the business is to be *"innovative, productive and safe"*. As a Company, the aim is to be the contractor of choice for the area of our expertise and also the employer of choice.

A strategic focus on Human Resources and Safety management is currently in train and improvements in safety management, injury prevention programs and return to work programs have led the Company to a continued strong performance in this area. Swick supports full resourcing of our Safety and Training department that oversees the employee competencies and safe working environments. In addition to this, the Company is continuing to research and develop safer, more ergonomic methods of drilling and the Directors are fully supportive of the R&D teams in achieving these goals.

North American operations are contributing strongly to the overall group. The Company employs a team of professional drilling personnel based in Sudbury, Ontario, Canada from where it manages its contracts in North America.

The contribution of North America can be seen in the graph below from its inception. This contribution is expected to remain approximately 10% of group revenue in the short term as opportunities present themselves for increases in rig utilisation in both regions.



The Directors are confident that the efforts made by all employees throughout the business in the first half to focus on safety, efficiency and productivity will continue to improve the performance of the Company. The aggressive debt reduction will provide future free cashflow and an improved balance sheet which will reward shareholders.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Deloitte Touche Tohmatsu, which is included on page 7.

Signed in accordance with a resolution of the directors

Kent Swick
Managing Director
Dated: 28 February 2011

AUDITORS' INDEPENDENCE DECLARATION

Deloitte.

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The Board of Directors
Swick Mining Services Limited
64 Great Eastern Highway
South Guildford
WA 6055

28 Feburary 2011

Dear Board Members

Swick Mining Services 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 Swick Mining Services Limited.

As lead audit partner for the half year review of the financial statements of Swick Mining Services Limited for the half year ended 31 December 2010, 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

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	Consolidated	
		31-Dec-2010 $	31-Dec-2009 $
Continuing Operations			
Revenue		54,725,077	39,667,740
Finance Revenue		23,449	11,920
Other Income		165,586	16,770
Total revenue and other income	4	**54,914,112**	**39,696,430**
Expenses			
Impairment Loss		69,952	-
Finance Costs		1,575,661	1,756,203
Other Expenses		51,190,374	36,389,187
Total Expenses	4	**52,835,987**	**38,145,390**
Profit before Income Tax Expense		**2,078,125**	**1,551,040**
Income Tax Expense		588,196	479,228
Profit after Income Tax from Continuing Operations		**1,489,929**	**1,071,812**
Discontinued Operations			
Profit for the Period from Discontinued Operations	5	**50,091**	**387,969**
Profit for the Period		**1,540,020**	**1,459,782**
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations		(264,715)	(44,381)
Total Comprehensive Income for the Period		**1,275,305**	**1,415,400**

Earnings per share (cents per share)			
From continuing and discontinued operations			
- basic; for profit for the year	10	0.65	0.85
- diluted; for profit for the year	10	0.65	0.85
From continuing operations			
- basic; for profit for the year	10	0.63	0.62
- diluted; for profit for the year	10	0.63	0.62

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	Consolidated 31-Dec-10 $	Consolidated 30-Jun-10 $
CURRENT ASSETS			
Cash and cash equivalents	6	5,662,445	8,817,798
Trade and other receivables		15,504,285	17,963,159
Financial lease receivable	5	658,064	-
Inventories		16,731,162	16,399,505
Other current assets		1,171,920	1,681,065
Assets Classified as held for sale	5	14,988,447	10,996,683
TOTAL CURRENT ASSETS		54,716,322	55,858,210
NON-CURRENT ASSETS			
Property, plant and equipment		87,363,446	97,078,494
Intangible assets and goodwill		955,298	794,618
Financial lease receivable		1,218,905	-
Other Non-current assets		2,000	2,000
TOTAL NON-CURRENT ASSETS		89,539,650	97,875,112
TOTAL ASSETS		**144,255,972**	**153,733,322**
CURRENT LIABILITIES			
Trade and other payables		12,535,438	15,568,516
Interest bearing loans and borrowings	7	13,677,587	14,480,322
Provisions		2,513,620	2,011,482
Liabilities associated with assets classified as held for sale	5	6,261,899	6,617,685
TOTAL CURRENT LIABILITIES		34,988,544	38,678,005
NON – CURRENT LIABILITIES			
Deferred tax liabilities		1,055,769	763,348
Provisions		137,104	137,103
Interest bearing loans and borrowings	7	13,649,943	21,012,312
TOTAL NON - CURRENT LIABILITIES		14,842,817	21,912,763
TOTAL LIABILITIES		**49,831,361**	**60,590,768**
NET ASSETS		**94,424,611**	**93,142,554**
EQUITY			
Contributed equity		82,189,451	82,189,451
Reserves		310,616	568,580
Retained earnings		11,924,544	10,384,523
TOTAL EQUITY		**94,424,611**	**93,142,554**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated 31-Dec-2010 $	31-Dec-2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		64,557,432	46,021,173
Payments to suppliers and employees		(52,574,628)	(42,969,338)
Interest paid		(1,607,386)	(2,120,495)
Income tax paid		-	(197,188)
Net cash inflow from operating activities		10,375,418	734,152
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		46,562	11,920
Proceeds from sale of property, plant & equipment		953,377	56,309
Payments for plant and equipment		(5,849,141)	(6,441,073)
Payment for Intangible assets		(160,680)	(723,861)
Net cash used in investing activities		(5,009,882)	(7,096,706)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issued capital		-	6,654,467
Insurance Loan Repayment		(896,476)	(981,107)
Repayment of finance lease obligations		(8,676,278)	(8,008,122)
Proceeds from Hire purchase loans		1,051,865	861,000
Net cash used in financing activities		(8,520,888)	(1,473,763)
Net decrease in cash and cash equivalents held		(3,155,352)	(7,836,317)
Cash and cash equivalents at the beginning of the period		8,817,798	8,548,370
Cash and cash equivalent at the end of the period		**5,662,445**	**712,053**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

CONSOLIDATED	Ordinary shares	Share Based Payments Reserve	Foreign Currency reserve	Retained earnings	Total Equity
At 1 July 2010	**82,189,451**	**532,042**	**36,538**	**10,384,524**	**93,142,555**
Profit for the period	-	-	-	1,540,020	1,540,020
Other comprehensive income	-	-	(264,715)		(264,715)
Total comprehensive income for the period	-	-	(264,715)	1,540,020	1,275,305
Issue of share capital			-	-	-
Share based payments	-	6,750	-	-	6,750
Transaction costs on share issue	-	-	-	-	-
At 31 December 2010	**82,189,451**	**538,792**	**(228,177)**	**11,924,544**	**94,424,611**
At 1 July 2009	**58,682,835**	**487,199**	**17,998**	**20,443,837**	**79,631,869**
Profit for the period	-	-		1,459,782	1,459,782
Other comprehensive income	-	-	(44,381)	-	(44,381)
Total comprehensive income for the period	-	-	(44,381)	1,459,782	1,415,400
Issue of share capital	6,315,544	-	-	-	6,315,544
Share based payments	-	33,367	-	-	33,367
Transaction costs on share issue	338,923	-	-	-	338,923
At 31 December 2009	**65,337,302**	**520,566**	**(26,383)**	**21,903,619**	**87,735,103**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Swick Mining Services Ltd (the Company) for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 28 February 2011.

Swick Mining Services Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Swick Mining Services Ltd as at 30 June 2010.

It is also recommended that the half-year financial report be considered together with any public announcements made by Swick Mining Services Ltd and its controlled entities ('the Group') during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of Preparation

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirement of the *Corporations Act 2001*, applicable Accounting Standards, including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, except where stated.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The consolidated entity has also reviewed all other new standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2010. It has been determined by the consolidated entity that there is no impact, material or otherwise, of the new or revised standards and interpretations on its business and, therefore, no change to the accounting policy.

(c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Swick Mining Services Ltd and its controlled subsidiaries.

3. SEGMENT INFORMATION

Geographical Segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Board for the purposes of resource allocation and assessment of performance is more specifically focused on Drilling Services in Asia Pacific and Drilling Services in North America. The results from continuing operation are reflected in the table that follows.

Segment Revenue, Expense and Results for Continuing Operations

HY10/11	**Drilling Services – Asia Pacific**		**Drilling Services – North America**		**Total**	
	Half-year ended 31 Dec 2010	**Half-year ended 31 Dec 2009**	**Half-year ended 31 Dec 2010**	**Half-year ended 31 Dec 2009**	**Half-year ended 31 Dec 2010**	**Half-year ended 31 Dec 2009**
Revenue	49,619,107	38,112,676	5,105,970	1,555,063	54,725,077	39,667,740
Other income	189,035	28,690	-	-	189,035	28,690
Total Revenue	**49,808,142**	**38,141,366**	**5,105,970**	**1,555,063**	**54,914,112**	**39,696,430**
Cost of Sales	39,515,232	27,519,497	2,772,173	1,083,471	42,287,405	28,602,969
Depreciation	7,778,939	6,731,918	167,105	55,142	7,946,044	6,787,060
Overhead	430,729	438,549	526,196	560,610	956,925	999,159
Interest Expenses	1,344,297	1,756,203	231,365	-	1,575,662	1,756,203
Impairment Loss	69,952	-	-	-	69,952	-
Total Expense	**49,139,149**	**36,446,167**	**3,696,838**	**1,699,223**	**52,835,987**	**38,145,390**
Segment Profit before Tax	**668,993**	**1,695,199**	**1,409,132**	**- 144,160**	**2,078,125**	**1,551,039**

The segment information does not include any amount for the discontinued operations, which are described in more detail in note 5.

Segment Assets and Liability for Continuing Operations

	Drilling Services – Asia Pacific		**Drilling Services – North America**		**Total**	
	Half-year ended 31 Dec 2010	**Year ended 30 June 2010**	**Half-year ended 31 Dec 2010**	**Year ended 30 June 2010**	**Half-year ended 31 Dec 2010**	**Year ended 30 June 2010**
Total Segment Assets	269,659,459	260,149,265	12,049,833	11,521,833	266,720,846	271,671,098
Segment Liabilities	(184,460,890)	(179,693,233)	(11,784,223)	(12,251,305)	(189,983,214)	(179,693,233)
Liabilities associated with assets held for sale	-	-	-	-	(6,261,899)	(6,617,685)
Eliminations	-	-	-	-	8,960,431	(3,214,309)
Total Net Assets	**85,198,569**	**80,456,032**	**265,610**	**(729,472)**	**94,424,611**	**93,142,554**

Other segment information

Depreciation and amortisation	7,778,939	16,640,499	167,105	198,603	7,946,044	16,839,102
Non-current assets	79,106,257	90,339,293	9,214,488	7,535,819	88,320,745	97,875,112

4. REVENUE, INCOME AND EXPENSES FOR CONTINUING OPERATIONS

	31-Dec-10 $	31-Dec-09 $
Revenue		
Rendering of Services	54,725,077	39,667,740
Total Revenue	**54,725,077**	**39,667,740**
Finance Revenue		
Interest Revenue	23,449	11,920
Total Finance Revenue	**23,449**	**11,920**
Other income		
Net Gain on disposal of property, plant and equipment	165,586	16,770
Total Other Income	**165,586**	**16,770**
Impairment Loss		
Impairment of PPE	69,952	-
Impairment loss	**69,952**	**-**
Finance costs		
Finance charges payable under finance leases and hire purchase contracts	1,575,661	1,756,203
Total Finance Costs	**1,575,661**	**1,756,203**
Other expenses		
Raw materials and consumables used	6,282,898	3,876,997
Employee benefits expenses	29,020,172	21,685,384
Depreciation and amortisation expenses	7,946,044	6,787,060
Accommodation and travel expenses	1,553,018	980,751
Repairs, parts and maintenance	3,841,283	790,894
Equipment Hire and Freight	558,341	545,864
Insurance	1,031,695	723,077
Marketing and Advertising	99,705	159,524
Utilities and communication	169,076	169,533
Rent and Outgoings	290,646	218,731
Administration costs	397,498	451,372
Total Other Expenses	**51,190,374**	**36,389,187**

5. DISCONTINUED OPERATIONS

In November 2010, the Group disposed all plant and equipment of SMS Engineering Pty Ltd to an external party. The proceeds from the disposal of $1,750,000 will be received over the next 36 months, with interest thereon calculated on a daily balance at the rate of 8% per annum.

The Group also agreed to sell its Surface diamond division for $17million to a local drilling operator. The conditions were satisfied in February 2011 and the parties had a successful settlement and handover. The sale comprises four KWL1600 multi-purpose rigs, five LF90D surface diamond rigs, associated supporting vehicles, plants and selected inventory. The proceeds will be used in part to pay down debt with the remainder (in excess of $9 million) boosting cash reserves.

a. ***Profit for the year from Discontinued Operations***

	Discontinued Operations	
	6 months ended 31 Dec 2010 $	**6 months ended 31 Dec 2009 $**
Revenue	7,052,322	6,442,996
Other Income	35,088	-
Expenses	7,099,406	5,888,754
Profit/(loss) Before tax	(11,995)	554,242
Attributable income tax	62,086	(166,272)
Profit for the period from discontinued operations (attributable to owners of the Company)	**50,091**	**387,969**

b. ***Assets Classified as held for Sale***

	31-Dec-10	**30-Jun-10**
Book value of tangible assets	18,563,165	15,262,221
Provision for impairment loss	(3,574,718)	(4,265,538)
Net Assets held for Sale	**14,988,447**	**10,996,683**
Goodwill	-	357,000
Provision for impairment loss	-	(357,000)
Net intangible assets held for sale	**-**	**-**
Current liabilities	3,508,773	2,845,820
Non-current liabilities	2,753,126	3,771,865
Liabilities associated with assets held for sale	**6,261,899**	**6,617,685**

6. CASH AND CASH EQUIVALENTS

For the purposes of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:

	Consolidated	
	31-Dec-10 $	30-Jun-10 $
Cash in hand	2,117	1,032
Bank balance	5,660,328	8,816,766
Cash and cash equivalents	**5,662,445**	**8,817,798**

7. INTEREST BEARING LOANS AND BORROWINGS

During the half year, the Group made $11,100,450 in principal and interest repayments on both long and short term debt. This resulted in a net decrease in the Group's debt by $8,520,888 for the half-year.

	Consolidated	
	31-Dec-10 $	30-Jun-10 $
Current Liabilities		
Bank loans	168,222	1,023,541
Hire Purchase Liabilities	17,018,138	16,302,601
HP Liabilities Associated with Assets Classified as Held for Sale	(3,508,773)	(2,845,820)
	13,677,587	**14,480,322**
Non-Current Liabilities		
Hire Purchase Liabilities	16,403,070	24,784,177
HP Liabilities Associated with Assets Classified as Held for Sale	(2,753,126)	(3,771,865)
	13,649,943	**21,012,312**

8. COMMITMENTS AND CONTINGENCIES

Capital commitments

At 31 December 2010 the Group has commitments of $372,148 (31 December 2009: $295,800) relating to the purchase of 2 underground drilling rigs. These were paid for and delivered in February 2011.

Since the last annual reporting date, there have been no material changes to any contingent liabilities or contingent assets.

9. CONTRIBUTED EQUITY

There was no movement in the contributed equity in this half year. No share options were issued or expired during this half year.

10. EARNINGS PER SHARE

	Consolidated	
	31- Dec-10	**31-Dec-09**
a) Basic earnings per share (cents)		
From continuing operations	0.63	0.62
From discontinued operation	0.02	0.23
Total basic earnings per share	**0.65**	**0.85**
b) Reconciliation of earnings used to calculate earnings per share		
Profit after income tax expense from continuing operations	1,489,929	1,071,812
Profits for the period from discontinued operations	50,091	387,969
c) Weighted average number of shares	**236,724,970**	**171,501,032**
a) Diluted earnings per share (cents)		
From continuing operations	0.63	0.62
From discontinued operation	0.02	0.23
Total diluted earnings per share	**0.65**	**0.85**
b) Reconciliation of earnings used to calculate diluted earnings per share		
Profit after income tax expense from continuing operations	1,489,929	1,071,812
Profits for the year from discontinued operations	50,091	387,969
c) Weighted average number of shares used to calculate diluted earnings per share	**236,724,970**	**171,501,032**

11. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

12. EVENTS AFTER THE BALANCE SHEET DATE

The sale of the Surface Diamond division was completed in February 2011. Refer further details in Note 5.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Swick Mining Services Ltd, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

i. give a true and fair view of the financial position as at the 31 December 2010 and the performance for the half-year ended on that date; and

ii. comply with Australian Accounting Standards (AASB 134 *Interim Financial Reporting)* and the Corporations Regulations 2001.

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Kent Swick
Managing Director

Perth, 28 February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the members of Swick Mining Services Limited

We have reviewed the accompanying half-year financial report of Swick Mining Services Limited, which comprises the condensed statement of financial position as at 31 December 2010, 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 8 to 18.

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 Swick Mining Services Limited's financial position as at 31 December 2010 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 Swick Mining Services 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.

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 Swick Mining Services Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

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 Swick Mining Services Limited 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 31 December 2010 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

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants
Perth, 28 February 2011