UNDERGROUND DIAMOND | SURFACE RC | UNDERGROUND PRODUCTION

2012 ANNUAL REPORT

THE MINERAL DRILLING INDUSTRY INNOVATORS

SWICK

Innovative • Productive • Safe

CORPORATE DIRECTORY

Directors

Andrew Simpson -
Non-Executive Chairman

Kent Swick -
Managing Director

David Nixon -
Non-Executive Director

Phillip Lockyer -
Non-Executive Director

Ian McCubbing -
Non-Executive Director

Company Secretary

Ian Hobson

Registered and Operations Office

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Solicitors

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Lawyers and Consultants
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Share Registry

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Telephone: (08) 9315 2333
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Bankers

National Australia Bank Ltd

ASX Code: SWK (fully paid shares)

Listed on the Australian Securities Exchange

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CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board of Directors of Swick Mining Services Ltd, I am pleased to present to you our 2012 Annual Report.

The 2012 financial year has been a period of significant growth for Swick, not only in terms of rig builds and revenue, but also in regard to the development of technologies and management systems that have increased productivity and efficiency, respectively across the business.

The Company has continued to attract highly experienced personnel into executive positions, which has improved business acumen and accountability, building on FY11's goal of reducing costs while increasing output. In April a Strategic Alignment workshop was carried out by the Executive Leadership Team setting five year goals that would be communicated from senior management right through to entry level positions throughout the business. The company-wide alignment of long term strategic and financial goals has empowered employees at every level of the business with the responsibility of achieving a number of key objectives by 2018.

For this financial year the Company exceeded its revenue guidance by earning $136 million with the EBITDA margin of 21%, trending positively toward the Company's five year target of 25%. The Company also increased its operating cash position by 34%, showing efficient use of working capital during the revenue growth period. Furthermore, the Company paid its maiden dividend in the first half of the year, announcing a fully franked half cent per share payment, symbolising a significant milestone in the Company's history. The Company delivered a net profit after tax of $9.7 million, up 126% on FY11, signifying a solid return to investors.

During the first three quarters of FY12, the market for drilling services remained buoyant in Australia as the Company secured a number of key contracts, extending its presence in the Mt Isa region of Queensland, and expanding in the Kalgoorlie region of Western Australia. New contracts together with organic growth resulted in provisions for additional underground diamond rig builds ahead of schedule, extending the total mobile fleet to 58 rigs.

Overall the Company held 58% of its fleet in the gold sector, where commodity prices remained strong throughout the year, resulting in consistent rig utilisation among gold based clients. Diversification was achieved with a re-entry into the nickel market and with a foray into the diamond sector with a number of rigs drilling at the Argyle Diamond Mine in Western Australia. Shielding the Company from the slowdown in the fourth quarter was the heavy exposure to brownfields operations where drilling activity continued despite economic concerns related to the European debt crisis. Only 5% of the fleet was operating on greenfields exploration projects by the year end.

The recent contract awards, together with exposure to a wide range of commodities with reputable clients in brownfields sectors, will hold the Company in an advantageous position heading into FY13.

In North America rig utilisation was down upon earlier forecasts, predominantly as a result of the unforeseen cessation of the Newmont Hope Bay project, which was placed into care and maintenance, and the hiatus of the Niblack project in Alaska which is on hold pending feasibility studies. While a new contract was procured with Nyrstar in Tennessee, there was a net reduction in rig utilisation.

The Company's engineering focus produced some excellent results during the year, with the prototype Swick built Underground Diamond Rig being assembled for trials. The first automated rod handler for a mobile rig was also commissioned for trials, which will be tested along with the Swick built rig in the first quarter of FY13. Additional research and development projects aiming to expedite core retrieval were also finalised, which will increase productivity in FY13. These milestone achievements are a result of the Company's commitment to innovation, and a credit to the Technical Services Business Unit. The culmination of these projects in FY13 will result in the most advanced, specialised underground diamond drilling rig in the world.

The Company enters FY13 in a strong position with a highly experienced and dedicated executive leadership team. Programs developed by this team, and with a particular emphasis on efficiency and competitive advantage are already evident in this year's financial results, and we believe will become even more evident during the forthcoming and subsequent financial years. The balance sheet is robust with minimal debt and a strong cash position, poised for strategic growth opportunities. The client base and consequential exposure to various commodities is diverse and secure, which will be of significant importance in light of any potential economic uncertainty over the next twelve months.

On behalf of the Board, I would like to thank the Operations teams for their tenacious efforts in maintaining the Company's value proposition of safe, productive, and excellent service provision. I would like to thank the Technical Services team for their efforts in bringing R&D projects into fruition, while maintaining a demanding rig build program over the twelve month period. I would like to thank the Executive Leadership Team for developing systems to increase efficiency, visibility and ownership across every business unit in the Company.

I would also like to thank the clients of Swick who have continued to provide their strong support in recognising Swick's vision and efforts to provide excellence in service provision.

We look forward to continuing our goal to prove ourselves as the most reliable, efficient, progressive and professional mineral drilling services provider in Australia, and extending these qualities across the globe.

Yours faithfully,

Andrew Simpson
Chairman

"...the Company exceeded its revenue guidance by earning $136 million with the EBITDA margin of 21%, trending positively toward the Company's five year target of 25%."

MANAGING DIRECTOR'S REPORT ON OPERATIONS

FY12 Overview

The 2012 financial year was a strong period in many areas for the Company and the financial and operational success we have seen over the year has proven the merits of the restructuring and re-focussing of the business that was undertaken in FY11. After another year of solid operational performance, the Company finds itself with a strong balance sheet, significant operational cash flow and secure future revenue.

From a drilling perspective, the continuing business at Swick drilled in excess of 1.4 million metres which is a significant increase over the prior year of more than 23%. The fact that this has been achieved through organic growth is very satisfying and indicates the quality and market appeal of the service offering that is provided by our Company.

Post the sale of the surface diamond drilling division in FY11, Swick now has three core service offerings being; Underground Diamond Drilling, Underground Production Drilling and Reverse Circulation (RC) Drilling. All three divisions are mainstays of the business and areas in which we feel the Company can meet or exceed the service provision offered by our competitors.

Furthermore, the Executive Leadership Team and the Directors fully understand the risks associated with operating a mineral drilling contracting business within the mining services sector, and Swick has been working towards mitigating these risks wherever possible in the business.

A formal enterprise-wide risk management program has been undertaken and associated strategic plans and relevant detailed business plans, and budgets, have been developed. The addition of high calibre executives into the Company have certainly assisted this process and I feel very confident that all steps have and are being taken to mitigate the risks in the business.

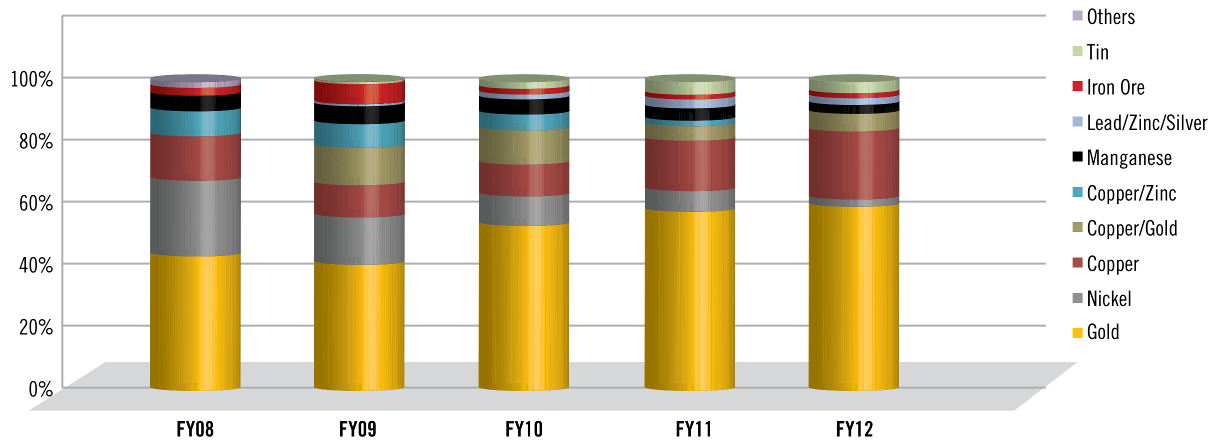
The commodity spread is a very important factor in reducing the downside exposure to a fall in commodity prices, as is the ratio of brownfield (operating mines) to greenfield (exploration project) exposure and the type of service offerings to the market. In times of widespread economic pessimism, certain commodities get affected more than others and the access to capital or debt for non-operating exploration companies becomes very limited.

The management at Swick has worked strategically to place the Company in a resilient position in all of these areas of risk, with a focus on commodity spread, client quality, brownfields revenue and long term underground drilling contracts.

As can be seen by the graph below, Swick has strategically worked to be exposed as much as possible to the resilient commodities of Copper and Gold with total revenue in these commodities representing 87.3% of group revenue in FY12, as opposed to 57.9% in FY08 prior to the GFC event, an increase of 51%.

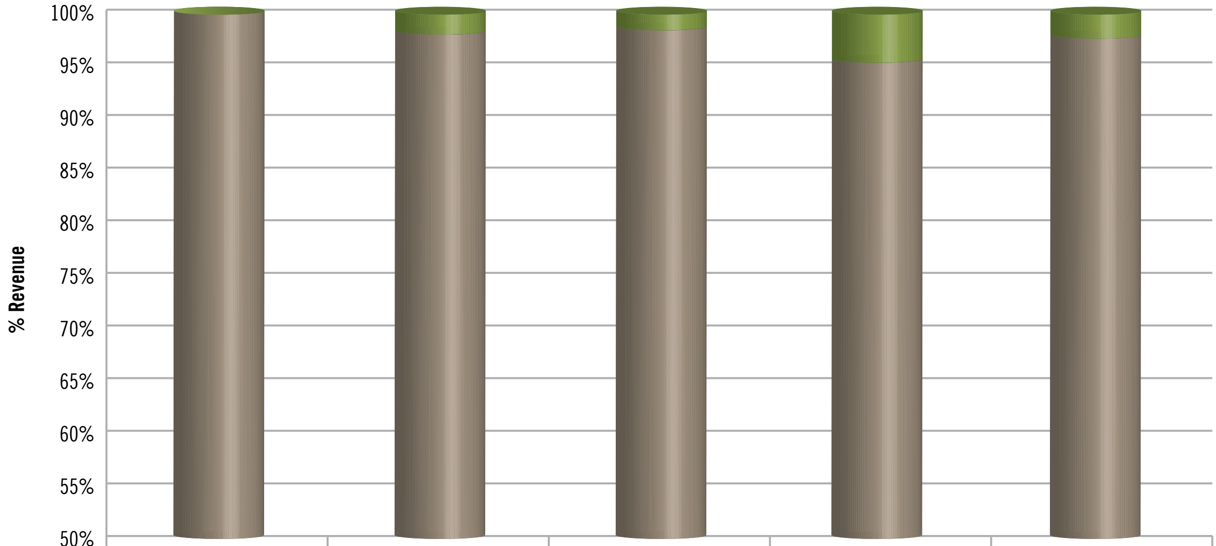
In particular, Swick had high exposure to Nickel in FY08 with that commodity representing 24.5% of the group revenue; this has reduced to 2.4% in FY12 a reduction of 90%.

Revenue by Commodity



Swick has always focussed on brownfields revenue since commencing business as an underground production drilling contractor in 1995, and the graph below shows the relative greenfield vs brownfield revenue exposure of the business;

% Brownfields vs Greenfields Revenue



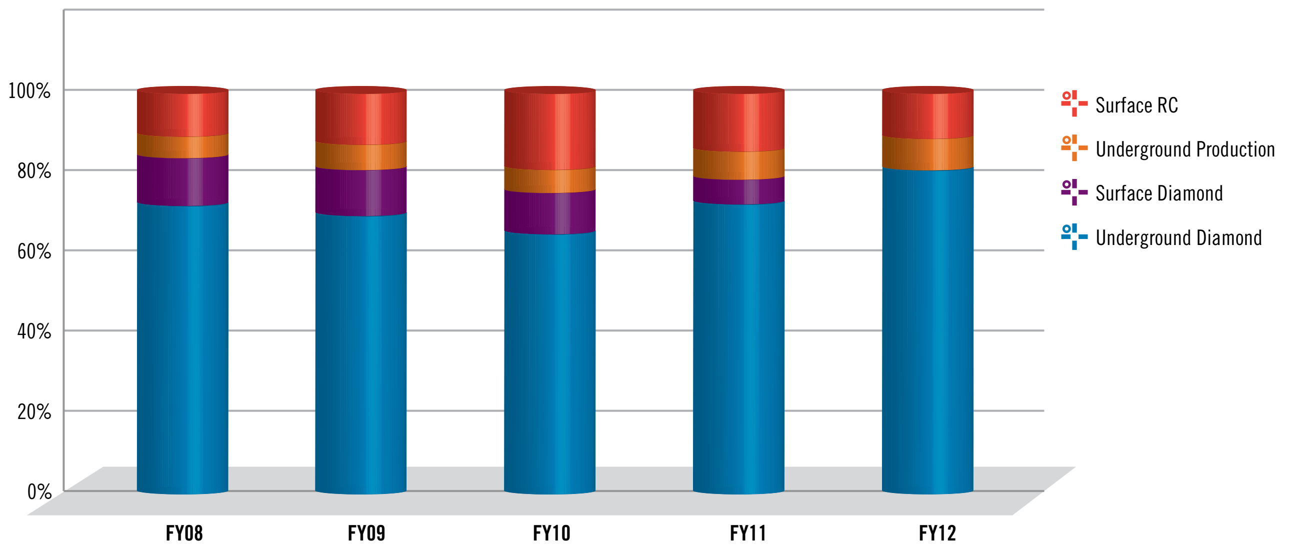
	FY08	FY09	FY10	FY11	FY12
Greenfields	0.0%	1.9%	1.5%	4.6%	2.3%
Brownfields	100.0%	98.1%	98.5%	95.4%	97.7%

In FY11, Swick successfully sold its' surface diamond division and strategically lowered the Company's exposure to the surface drilling market. The surface diamond drilling market, in particular, is fragmented and much more competitive than other areas of the drilling market. As a result, in times of economic downturn, smaller and less sophisticated drilling contractors with lower overheads, operating costs and therefore charge out rates, become more attractive to clients who require drilling in those times. These clients would normally deal with the higher cost, higher quality service providers but due to cash constraints their standards are often lowered. This makes it difficult and counterproductive (long term) for high quality service providers such as Swick to lower the standards of service provision, in order to compete and remain active. Since Swick at that time had not developed any significant competitive advantage in this type of drilling that could attract premium rates, it was decided to dispose of the division which was successfully completed in February 2011.

The RC drilling division at Swick consists of specifically designed high powered, high capacity and highest quality equipment that targets the brownfield mining sector. This type of rig is attractive to open pit mining Companies that require mineral reserve definition drilling and grade control to aid their mine planning and pit designs. Swick has developed what we believe to be a very high quality drilling division that will continue to attract quality brownfield clients despite certain economic cycles. The Company's focus on brownfields, operating mines, as well as the high productivity of the RC rigs allow Swick to make targeted GP margins as a result of productivity and reliability and is more resilient to potential lower quality providers as their productivity cannot compete with the higher quality equipment.

In general, the RC market whilst competitive is split between higher quality service providers such as Swick that can pre-qualify and meet the high standards demanded by the large multi-national mining houses, and other less sophisticated and lower quality providers. The demands and expectations of the larger clients mean that significant capital investment is required by the higher quality contractors and therefore the RC division works in a subset of the general RC market that is traditionally more resilient to economic conditions.

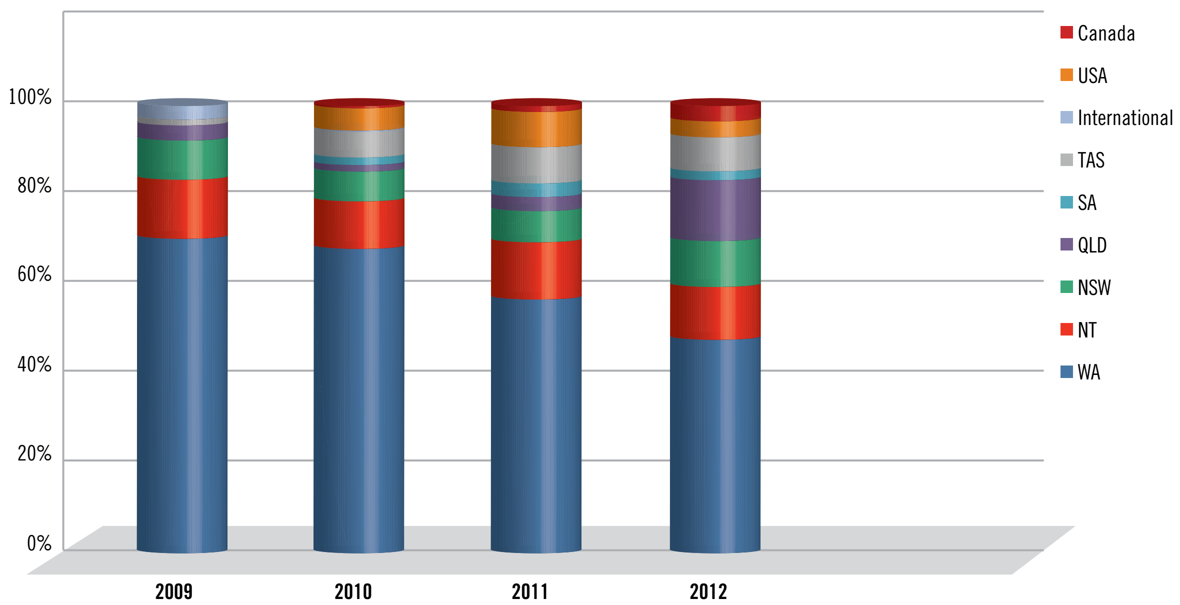
Revenue Split by Drilling Division



The regional spread of Swick's activities is very important in allowing such a successful growth profile as has been achieved by the Company, whereby the initial entry into a region is seen by the Company as a strategic lead contract into what can develop into a significant revenue region for the business.

Initially a Western Australian business to start with, Swick has successfully developed its revenue streams in new regions and the total contribution from Western Australia has diminished from around 70% in 2009 to around 48% in 2012 as a result of increasing our business in new, strategic target regions.

Revenue by Region



The graph above shows the changing profile of revenue streams as the business looks to penetrate new geographical markets in order to expand its client base, and therefore its potential to grow.

MANAGING DIRECTOR'S REPORT ON OPERATIONS

Safety

During the year, the organisation has been working diligently to transform our Health Safety and Environmental (HSE) Management system so that it is both more compatible with the size and nature of the business and impending changes to legislation but also so that there is direct address of workplace hazards and the events that lead to injury and loss.

Central to the development has been the establishment of clear standards and processes for HSE in order to create a consistent approach for HSE in all states and jurisdictions that the organisation operates. The transformation of the HSE Management system has resulted in the development of the following key standards:

- Leadership and Accountability;
- Planning Resources, Objectives and Targets;
- Risk and Change Management;
- Compliance Management;
- Competency and Training;
- Consultation, Communication and Engagement;
- Hazard and Aspect Management;
- Emergency Preparedness and Response;
- Monitoring, Measuring and Reporting;
- Incident Management;
- Audits and Inspections;
- Management Review; and
- Injury Management.

Fundamental to the management of hazards in the workplace has been the development of Risk Registers for each Business Unit. This has been done in consultation with key stakeholders and has resulted in each operating division now being fully cognisant of the critical risks associated with their work activities and an understanding of who is responsible for managing those risks. To assist in managing our critical risks, the R&D and Operating divisions have been working closely to reduce exposure by introducing engineering controls to improve the design of our rigs. The learning has been applied to the "Swick" rig.

One key project for the R&D division has been the development of a Rod Handler for our underground rigs which will be the world's first with significant benefits offered in managing hazards associated with manual handling for our Offsiders. The learning has also allowed the organisation to standardise our rigs across the fleet of underground diamond drills with the benefits ranging from standardising training and thus transfer of knowledge from site to site as well as allowing a better control over the maintenance of the rigs.

SWICK H.S.E

SWICK MEANS SAFETY
SAFETY MEANS SWICK

Underground Diamond Drilling

Our Underground Diamond Drilling division has been at the forefront of the industry in productivity, reliability and safety for many years, and has been the backbone of the Company's revenue stream since 2004. Since inception, this division has propelled itself to be the leading provider of underground diamond drilling services globally. Continuous Improvement (CI) and Research and Development (R&D) projects are continually applied to our equipment and systems of work in this division and we expect a number of key initiatives that will be progressively introduced into this division over FY13 and beyond to keep us at the forefront of the industry, and allow strong future revenue growth. Significant contract awards with Gold Fields - St Ives and Argyle Diamond mine during the year show that Swick is able to demonstrate a value and reliability of service that is better than our peers. During the 2012 financial year we drilled in excess of 850,000 metres of underground diamond core, a YOY increase of 16%.

Underground diamond drilling is a necessary function of underground mining operations and although it is managed by the geology department, it is primarily undertaken to allow the mine planning engineers access to accurate information about the location and grade of the orebodies. This allows the underground mine plans to be developed with the aim of minimising development and mining costs, as well as giving the geologists and metallurgists information about the grade and composition of the ore to be mined and milled. In general, the underground diamond drilling allows short term, near term and long term modelling of the orebody which can then allow the client to maintain or improve its mining efficiency and also understand the life of mine metrics important to its' shareholders. Swick has placed itself strategically into this brownfield operating area to mitigate the risks of fluctuations in the exploration and greenfields sector that is commonly known in the wider drilling market.

MANAGING DIRECTOR'S REPORT ON OPERATIONS

Reverse Circulation (RC) Drilling

One of the pleasing developments in FY12 was the performance of our surface RC division which operates the recently developed Swick designed RC rigs, with unique rod handling and operator ergonomic benefits. This division has improved its service offering by focussing on operations management and streamlining its field commissioning programs to support the new rig design. During FY12 the RC division completed in excess of 240,000 metres of drilling, a YOY improvement of 50% in metres drilled, which contributed 11.3% of the group revenue.

The RC drilling division will be testing new drilling methodologies during FY13 to evaluate potential new service offerings that we believe will be of great value to our clients. We look forward to informing shareholders of this initiative as time progresses.

Underground Production Drilling

The Underground Production drilling division is establishing itself in long term arrangements and developing strong relationships with clients that rely solely on Swick for their longhole drilling provision. This is a new development for the business as we prove our reliability and efficiency to the market. Longhole drilling has been a service provision that Swick has offered since the inception of the business in 1995. A number of initiatives are being looked at in this division to improve its efficiency and service offering including the introduction of new drilling technology.

FY12 Financial Performance

Swick delivered a net profit after tax of $9.7 million for FY12 from revenue of $136.4 million, as compared with a net profit after tax of $3.8 million for FY11 from revenue of $115.7 million.

The table below outlines the current year result compared to FY11:

AUDITED FY2012 FINANCIAL RESULTS	FY2012	FY2011	Change
	$000	$000	
Consolidated Results			
Revenue	**136,418**	**116,305**	**17%**
NPAT	**9,698**	**3,852**	**152%**
EPS - cents per share	**4.14**	1.43	**190%**
Continuing Operations			
Revenue	**136,418**	**107,402**	**27%**
EBITDA	**28,589**	**22,553**	**27%**
EBITDA Margin %	21.0%	21.0%	0%
Depreciation and Amortisation	14,364	15,965	-10%
Interest	1,442	2,207	-35%
EBT	**12,783**	**4,381**	**192%**
NPAT	**9,698**	**4,258**	**128%**
NPAT Margin %	7.1%	4.0%	78%
Cash Flow			
Net Cash from Operating Activities	28,460	21,263	34%
Net Cash from Investing Activities*	-22,998	-10,209	125%
Free Cash Flow	**5,462**	**11,054**	**-51%**
At Balance Date			
Cash	15,806	12,548	26%
Debt	23,180	19,690	18%
Net Debt	**7,373**	**7,142**	**3%**
Net Debt %	7.0%	7.4%	-5%
EPS - cents per share	**4.14**	**1.60**	159%

* Net Cash from Investing activities excludes proceeds from the sale of discontinued operations of 17.67m in FY2011

The FY12 financial highlights are as follows:

- EBITDA and Revenue growth of 27% from continuing operations, in an increasingly competitive market;
- Operating cash growth of 34% evidencing efficient internal use of working capital;
- Net debt maintained a low 7.1% of equity whilst the Company also invested $23m in capital ($13m in specific growth initiatives);
- Increase 190% in consolidated earnings per share to 4.14 cents per share; and
- Payment of maiden 0.5 cent dividend, and declaration of a final 0.5 cent dividend for FY12.

The Company has also maintained its year on year growth in Average Revenue per Operating Rig and Fleet utilisation statistics. Although not reproduced here details of our historical performance, including fleet utilisation and Average Revenue per Operating Rig (ARPOR) are contained in the Directors' Report.

MANAGING DIRECTOR'S REPORT ON OPERATIONS

FY13 Outlook

Swick moves into FY13 having met the requirement of establishing professional business systems that underpin the overall management of the drilling operations. The Company has attracted a highly experienced Executive Leadership Team who have introduced these systems with the aim of increasing efficiency and accountability. I believe the Company has complemented its cutting edge drilling fleet with equally as innovative people and systems, at the back end of the business, improving financial and human resource management.

The Company is also positioned to commercialise a number of research and development projects that will enable it to broaden its competitive advantage over competitors, particularly in the underground diamond drilling division. These developments will be unveiled in the first quarter of FY13 and will extend the Company's position as a specialist provider.

The Underground Diamond Drilling division will grow incrementally in FY13 as the Company maintains its brownfields position, looking for opportunities to penetrate new markets, as well as continuing to drive its North American strategy. Growth in Australia will continue to be a product of established reputation and commitment to providing a high quality alternative to the Australian mining industry.

Exciting prospects for the RC division impend in FY13 as the division achieves its most productive and efficient status in several years. While demand for RC drilling services will certainly fluctuate during the period, Swick's core clients will provide a platform for the division to demonstrate its ability to perform at the highest levels.

The Underground Production division will continue to take advantage of its niche as a boutique provider of equipment and management services, aiming to increase the efficiency of client's operations. As the division maintains this position, it will also look toward new technologies to increase the value of the service offering.

Conclusion

In FY12 the Company was able to consolidate its management systems, backing up the high quality service offering in the field with prudent financial management and a renewed focus on safety, training, and the values of the organisation.

Following this renewed focus on people and systems we were rewarded with a number of high value and high quality contracts, as the market responded to our ongoing commitment to making underground diamond drilling an area of specialisation.

Leading in to FY13, I am encouraged by the energy and the positivity of Swick's employees. We have implemented the relevant controls to de-risk ourselves from many of the market and business risks present in the wider mining industry, and we have positioned ourselves for steady growth with firm management systems. I would like to thank all of Swick's dedicated employees for helping us to achieve some excellent results in FY12, and I look forward to embarking on another exciting period of growth in FY13.

Yours faithfully,

Kent Swick
Managing Director

DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of the Group, being the Company and its controlled entities for the financial year ended 30 June 2012.

Information on Directors

Andrew Simpson	**Non-Executive Chairman**
Qualifications	Grad Dip (Bus), MAICD
Experience	Mr Simpson is a senior marketing executive with extensive global marketing experience in the resource and mining industry, including more than 30 years of international marketing and distribution of minerals and metals. He is currently the Managing Director of Resource & Technology Marketing Services Pty Ltd, a company providing specialist marketing and business assessment advisory services to the mineral resources and technology industries, both in Australia and internationally. Mr Simpson graduated from Curtin University holding a Graduate Diploma in Business and Administration (majoring in Marketing and Finance). He has also completed the Advanced Management Program at the University of Western Australia and is a Member of the Australian Institute of Company Directors. Mr Simpson was appointed as a Director of the Company on 24 October 2006.
Interest in shares and options	605,000 Fully Paid Ordinary Shares
Special responsibilities	Mr Simpson is a member of the Board's Remuneration & Nomination Committee (Committee Chairman).
Directorships held in other listed entities during the three years prior to the current year	Territory Resources Limited Non-Executive Director - 25 September 2007 to present Blackwood Corporation Ltd (formerly Matilda Minerals Ltd) Non-Executive Director - 25 September 2007 to present India Resources Ltd Non-Executive Director - 21 August 2006 to present Vital Metals Ltd Non-Executive Director - 23 February 2005 to present ABM Resources NL Non-Executive Director - 12 May 2007 to 23 November 2009

Kent Swick	**Managing Director**
Qualifications	B.Eng (Mech)
Experience	Mr Swick is a Mechanical Engineer with 20 years experience in civil construction, mining maintenance and surface and underground mineral drilling. He was previously employed by Atlas Copco Australia as a Maintenance Engineer managing underground maintenance, where he developed a strong understanding of underground mining methods and equipment. Mr Swick was the driving technical force behind the design of the Company's innovative underground diamond drill rig and award winning surface reverse circulation drill rig. He graduated from the University of Western Australia holding a Bachelor of Engineering (majoring in Mechanical Engineering). Mr Swick was appointed as a Director of the Company on 24 October 2006.
Interest in shares and options	33,146,881 Fully Paid Ordinary Shares
Special responsibilities	Nil.
Directorships held in other listed entities during the three years prior to the current year	Nil.

John David Nixon (David)	**Non-Executive Director**
Qualifications	B.Sc. Eng (Mech), MAICD
Experience	Mr Nixon is a Mechanical Engineer with over 40 years experience in the mining and construction industries in Southern Africa, Australia, New Zealand, Canada and Indonesia. He was a founding executive of Signet Engineering in 1990 and a Director until its acquisition by Fluor Australia in 1996, following which he was the Project Director for the Fluor-SKM joint venture at the $1 billion BHP Billiton Iron Ore Asset Development projects. Mr Nixon graduated from the University of Natal (South Africa) holding a Bachelor of Science (Mechanical Engineering) and is a member of the Australian Institute of Company Directors. Mr Nixon was appointed as a Director of the Company on 1 January 2007.
Interest in shares and options	55,000 Fully Paid Ordinary Shares
Special responsibilities	Mr Nixon is a member of the Board's Audit & Corporate Governance Committee and Remuneration & Nomination Committee.
Directorships held in other listed entities during the three years prior to the current year	Moly Mines Ltd Non-Executive Director - 10 June 2008 to present Brockman Resources Ltd Non-Executive Director - 23 March 2009 to 6 September 2011 Atlas Iron Ltd Non-Executive Director - 30 May 2006 to 21 November 2008

Information on Directors

Giuseppe Ariti (Joe)	Non-Executive Director (resigned 1 February 2012)
Qualifications	B.Sc, Dip Min. Sci. (Murdoch), MBA (Edinburgh), MAusIMM, MAICD
Experience	Mr Ariti is a Metallurgist with over 25 years experience in technical, management and executive roles in assessing, developing and managing mining projects and companies in Australia and overseas. He has been involved in the development and management of both open cut and underground mining projects in Australia, Africa, Indonesia and Papua New Guinea. Mr Ariti holds a Bachelor of Science and Diploma in Mineral Science from Murdoch University and a Masters Degree in Business Administration from the Edinburgh Business School (UK), and is a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Company Directors. Mr Ariti was appointed as a Director of the Company on 11 February 2008.
Interest in shares and options	N/A
Special responsibilities	N/A
Directorships held in other listed entities during the three years prior to the current year	N/A

Phillip Lockyer	Non-Executive Director
Qualifications	Dip Met, Assoc Min Eng, M.Min Econs
Experience	Mr Lockyer is a Mining Engineer and Metallurgist who has over 40 years experience in the mineral industry, with a focus on gold and nickel in both underground and open pit operations. He was employed by WMC Resources for 20 years and as General Manager for Western Australia was responsible for WMC's nickel division and gold operations. Mr Lockyer also held the position of Director Operations for Dominion Mining Limited and Resolute Limited. He holds a Diploma of Metallurgy from the Ballarat School of Mines, an Associateship of Mining Engineering from the Western Australian School of Mines and a Masters of Minerals Economics from Curtin University. Mr Lockyer was appointed as a Director of the Company on 11 February 2008.
Interest in shares and options	22,000 Fully Paid Ordinary Shares
Special responsibilities	Mr Lockyer is a member of the Board's Audit & Corporate Governance Committee.
Directorships held in other listed entities during the three years prior to the current year	CGA Mining Limited Non-Executive Director - 9 January 2009 to present Western Desert Resources Ltd Non-Executive Director - 1 June 2010 to present St Barbara Ltd Non-Executive Director - 19 December 2006 to present Focus Minerals Ltd Non-Executive Director - 7 December 2005 to present Perilya Ltd Non-Executive Director - 19 November 2003 to 9 February 2009

Ian McCubbing	Non-Executive Director
Qualifications	B.Com (Hons), CA, MBA (Ex), MAICD
Experience	Mr McCubbing is a Chartered Accountant with more than 25 years experience, principally in the areas of corporate finance and mergers and acquisition. He spent more than 14 years working with ASX200 and other listed companies in senior finance roles, including positions as Finance Director and Chief Financial Officer.
Interest in shares and options	Nil.
Special responsibilities	Mr McCubbing is a member of the Board's Audit & Corporate Governance Committee (Committee Chairman).
Directorships held in other listed entities during the three years prior to the current year	Mirabela Nickel Ltd Non-Executive Director - 1 January 2011 to present Kasbah Resources Ltd Non-Executive Director - 1 March 2011 to present Alcyone Resources Ltd Non-Executive Director - 17 February 2012 to present Eureka Energy Ltd Non-Executive Director - 5 July 2010 to 20 June 2012 Territory Resources Ltd Non-Executive Director - 5 May 2008 to 31 July 2011

Information on Directors	
Company Secretary	
Mr Ian Hobson held the position of company secretary at the end of the financial year:	
Qualifications	B.Bus, FCA, ACIS, MAICD
Experience	Mr Hobson is a sole practitioner chartered accountant who provides company secretarial and accounting services to listed public companies and other organisations. Mr Hobson has had 20 year experience working for international chartered accounting firms before commencing his own practice in 2006. Mr Hobson is an experienced Corporate Advisor who has provided strategic and corporate advice to companies in the mining and mining services industries for many years in Perth, London and Toronto.

Board committees

At the date of this report, the committees and their current membership are as follows:

- **Audit and Corporate Governance Committee** - Ian McCubbing (Non-Executive Director), David Nixon (Non-Executive Director) and Phillip Lockyer (Non-Executive Director).
- **Remuneration & Nomination Committee** - Andrew Simpson (Non-Executive Chairman) and David Nixon (Non-Executive Director).

Meetings of Directors

During the financial year, 13 meetings of Directors (including committees of Directors) were held. No meetings were held by the Remuneration and Nomination Committee as all committee business was dealt with by the full Board.

Attendances by each Director during the year were as follows:

	Directors' meetings		Audit & corporate governance		Remuneration & nomination	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Andrew Simpson	10	9	-	-	-	-
Kent Swick	10	10	-	-	-	-
John David Nixon (David)	10	9	3	3	-	-
Giuseppe Ariti (Joe) (resigned 1 Feb 2012)	6	6	2	1	-	-
Phillip Lockyer	10	9	3	2	-	-
Ian McCubbing	10	10	3	3	-	-

Principal activities and significant changes in nature of activities

The principal activity of the Company during FY12 was the provision of mineral drilling services to the Australian and North American mining industry, primarily in the areas of underground diamond drilling, underground production drilling and surface reverse circulation drilling. There were no other significant changes in the nature of the principal activity during FY12.

Operating results and review of operations for the year

Review of results

AUDITED FY2012 FINANCIAL RESULTS	FY2012	FY2011	Change
	$000	$000	
Consolidated Results			
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EBITDA Margin %	21.0%	21.0%	0%
Depreciation and Amortisation	14,364	15,965	-10%
Interest	1,442	2,207	-35%
EBT	12,783	4,381	192%
NPAT	9,698	4,258	128%
NPAT Margin %	7.1%	4.0%	78%
Cash Flow			
Net Cash from Operating Activities	28,460	21,263	34%
Net Cash from Investing Activities*	-22,998	-10,209	125%
Free Cash Flow	5,462	11,054	-51%
At Balance Date			
Cash	15,806	12,548	26%
Debt	23,180	19,690	18%
Net Debt	7,373	7,142	3%
Net Debt %	7.0%	7.4%	-5%
EPS - cents per share	4.14	1.60	159%

* Net Cash from Investing activities excludes proceeds from the sale of discontinued operations of 17.67m in FY2011

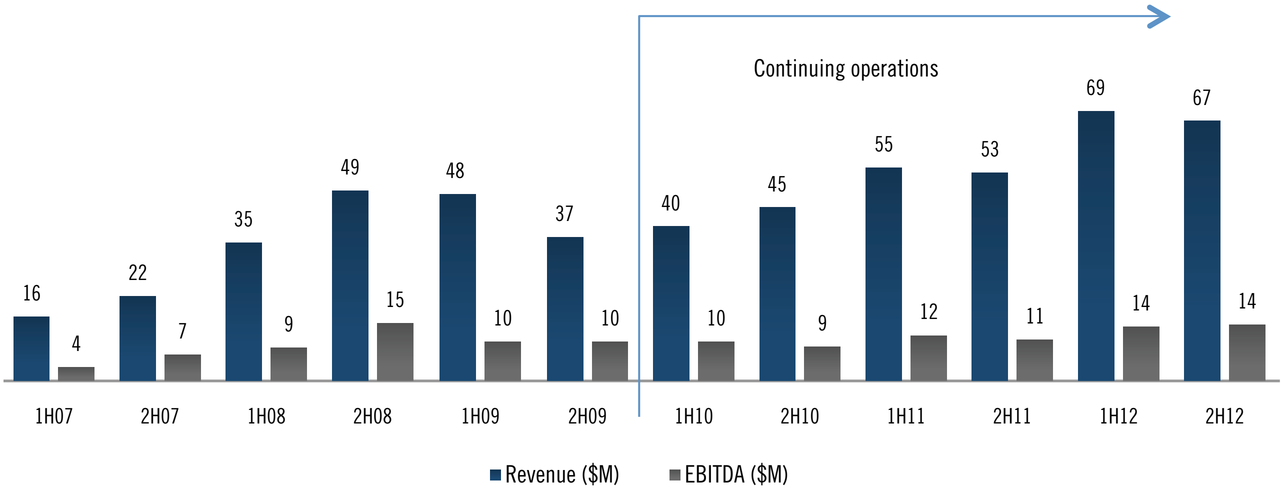
The net assets of the consolidated group have increased by $8.774 million from 30 June 2011 to $105.692 million in 2012. This increase is largely due to the following factors:

- Improved operating performance of the Group; and
- Capital expenditure of $23.765m, including $13m for internal productivity enhancements and operating fleet growth.

The Directors believe the Group is in a strong and stable financial position to expand and grow its current operations.

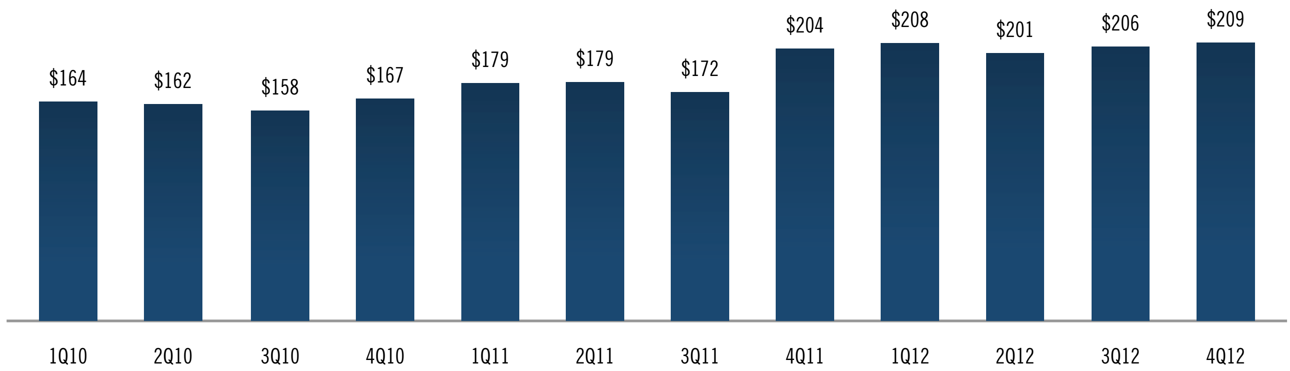
Review of operations

The Year ended 30 June 2012 was another strong revenue growth year for the Company, with a global increase in revenue from continuing operations of 27%. This growth came despite some challenging conditions in North America where three contracts, for a total of six rigs, were suspended during the first half of FY12. Despite this setback current contracts and a healthy tender pipeline suggests that FY13 will also be a strong growth year for Swick. However, given the current uncertain economic conditions globally, Swick remains vigilant to ensure a disciplined approach to capital allocation within its operating units.



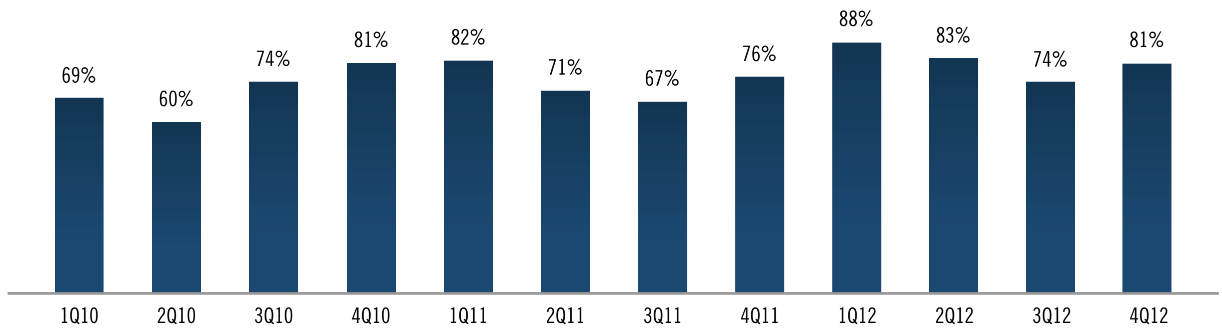
The FY12 financial year commenced with improved commodity markets and general strength in the resource sector, however with uncertainty in the European and US markets the general economic environment deteriorated in the latter half of the financial year. Traditionally the mineral drilling sector, in particular services to greenfields operations, is one of the first to experience softness in market downturns and to some extent this is evident with surface based drilling activities showing signs of reducing in the second half of this financial year. As illustrated in the graphs below Swick has maintained its rig utilisation and monthly Average Revenue per Operating Rig (ARPOR) through FY12.

MONTHLY ARPOR ($'000)



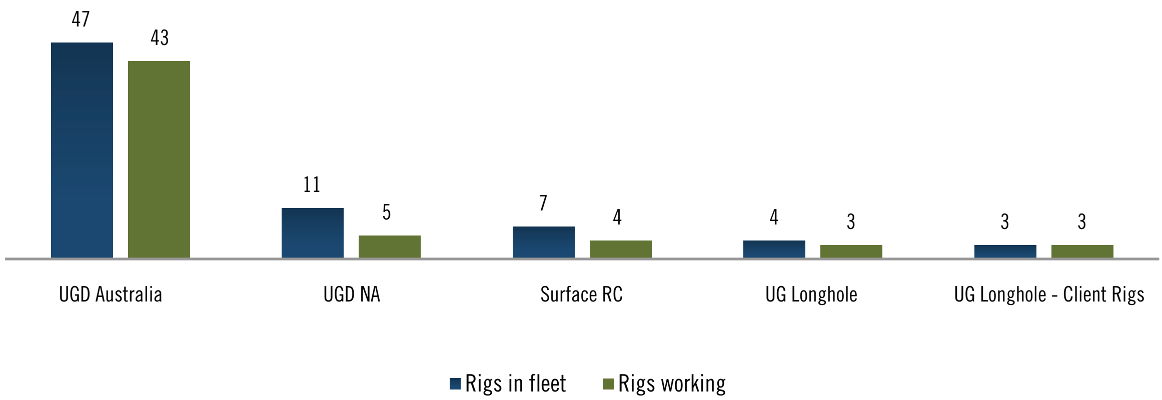
In addition to maintaining its current contract portfolio Swick added contracts with Argyle Diamonds and Gold Fields St Ives in the last quarter of FY12. Minor contract mobilisation delays, together with increased fleet capacity resulted in a slightly lower than expected fleet utilisation of 81% as at 30 June 2012.

Utilisation



The year end utilisation by operating division is shown below:

Fleet Utilisation as at 30 June 2012



As noted above Swick experienced some minor mobilisation delays with new contracts resulting in three Underground Diamond rigs commencing work in July, rather than as expected in June.

The RC Division will be mobilising an additional rig early in the first quarter of FY13 after being awarded a drilling contract with BHP Groote Eylandt.

With Swick's focus on continual improvement in all areas of operations and safety management our goal is to provide the highest quality, best value service available to our clients.

Swick has developed a Company Vision to double the metres per manhour within our underground diamond drilling division over the next five years. This key efficiency target will provide significant market attraction for the Company's services and deliver outstanding financial outcomes for both Swick and its clients.

The key to achieving this goal will be the adequate resourcing of Swick's Research and Development team whilst they focus on productivity projects and automation systems.

Details of the specific initiatives to attain these goals are included under the Future Developments, Prospects and Business Strategies section of this report.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company and /or Group during the financial year.

Dividends paid or recommended

Dividends paid or declared for payment during the financial year are as follows:

Interim ordinary dividend of 0.5 cents per share paid on 31 March 2012	$1,185,123
Final ordinary dividend of 0.5 cents per share recommended by the Directors to be paid on 28 September 2012 out of retained profits at 30 June 2012	$1,185,625

Events after the reporting period

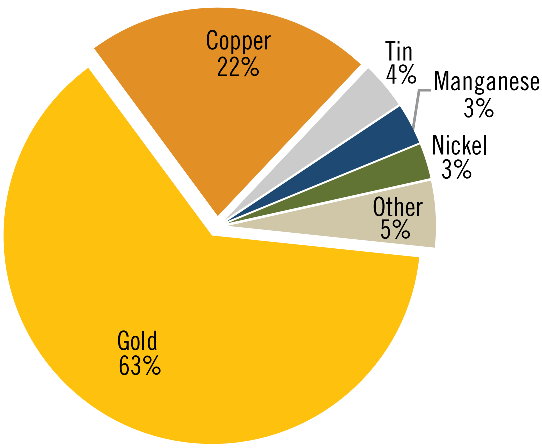
There were no significant events after the reporting period.

Future developments, prospects and business strategies

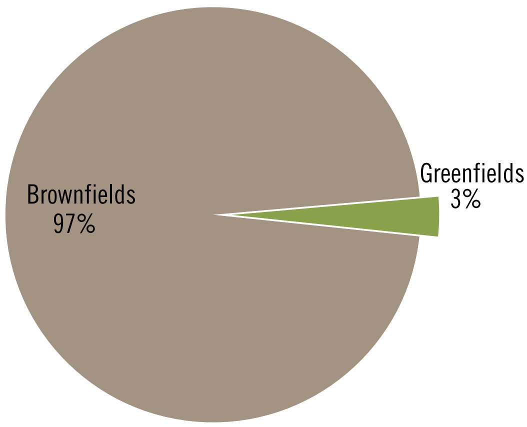
Despite the current global economic uncertainty, Swick has commenced FY13 with a strong balance sheet and a focussed management team. With the inherent volatile nature of drilling services, Swick's business model of focussing on brownfields operations and Underground Diamond drilling services leaves it in a robust position within its sector. Swick closed the financial year with an order book approximating $150m.

The Company's commodity spread (shown below) is significantly more exposed to Gold than prior years and combined with Swick's long standing brownfields focus, where over 95% of income is developed from rigs at operating mines, should provide some resistance to any potential volatility in global economic markets.

FY12 Global commodity exposure



FY12 Brownfields vs Greenfields



The Company has a dedicated Research and Development team that is well resourced and fully funded. The aim is to develop step change innovation in drilling that will lead to safety, productivity and versatility improvements in its systems of work and equipment for the benefit of the Company's employees, clients and ultimately its shareholders.

The Company has identified three key research and development projects that the team is working on currently. The outcomes of these developments will allow Swick to remain at the forefront of innovation and technology in the mineral drilling sector. The Key Research and Development projects currently underway are as follows:

Swick mobile rig

With the majority of components internally manufactured or sourced Swick will no longer depend on Original Equipment Manufacturers for major components. This leads to an overall capital cost saving as well as more control over the rig manufacturing supply chain. In addition to this the new Swick mobile underground diamond drill rig has been configured to work in either pilot hydraulic control or electronic control mode which allows the rig to be compatible with the planned rig automation project. The automation project which will be commercialised in several stages will take a number of years to complete.

High speed core retrieval

Significant progress has been made with the commercialisation of stage one of this project and is now being rolled out across our existing fleet. Fleet modifications are expected to be complete by February 2013, resulting in a significant reduction in non-drilling time and a consequential increase in productivity.

Rod handling

Swick is in the final stages of the development of an underground diamond rod handling system that will provide a world first solution to a long standing safety issue for drilling contractors. This low cost, highly innovative solution will allow extremely versatile, weightless rod handling to the drill helper. From the clients perspective, a key specification for this solution was to ensure the rig footprint did not increase, ensuring that no additional drill site excavation would be required. The system will be permanently mounted on the rig and take no additional time to move and set up the Swick rig, which is already best in practice. Prototype testing is already taking place in Swick's research and development facility and the Company expects to launch this system commercially in the first half of FY13.

Operational outlook – Australia

As at 30 June 2012 Swick had 53 drill rigs in operation throughout Australia. The Company has a solid base load of work with blue-chip clients and will continue to focus on developing opportunities for the expansion of its underground diamond division.

The demand for RC drilling has reduced significantly throughout the year. This is attributed to the reduction in exploration mining from greenfields operators.

Swick Mining Services has a dedicated business development team in the Australian business, focussing on pursuing opportunities to secure long term contracts for the available assets as well as building relationships with prospective clients that will allow the Company to expand its operations in the years ahead.

Operational outlook – North America

In FY12, the North American business suffered the unexpected suspension of three long term rig contracts. Despite this the business remained profitable for the full year and achieved revenue of $9.1m compared to $10.5m for FY11. At present 5 rigs are deployed on a full time basis.

Two skid mounted rigs that were purchased as part of the EDS transaction (June 2011) were transferred to North America to allow for an increased scope of supply in certain mine types where the mobile rig is less suitable.

The tender pipeline for our North American business is strong and the Board is confident of successful growth in FY13.

Environmental issues

In the course of its drilling activities, the Group is required to adhere to environmental regulations imposed on it by various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. From time to time, compliance with these environmental regulations is audited by client personnel, where deemed necessary.

The Group has not received any notification from any regulatory authority or client of any breaches of environmental regulations and to the best of its knowledge has complied with all material environmental requirements up to the date of the this report.

Indemnifying officers or auditor

During the financial year, the Company paid premiums totalling $54,334 to insure each of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Directors of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Options

As at the date of this report, there were no options on issue.

Performance rights

At the date of this report, the unissued ordinary shares of Swick Mining Services Limited under Performance Rights are as follows:

Grant date	Date of vesting	Date of expiry	Number under rights
17 January 2012	31 August 2013	31 August 2015	400,000
17 January 2012	31 August 2014	31 August 2016	400,000
17 January 2012	31 August 2015	31 August 2017	400,000
17 January 2012	31 August 2016	31 August 2018	400,000
22 May 2012	15 June 2013	15 June 2015	100,000
22 May 2012	15 June 2014	15 June 2016	100,000
22 May 2012	15 June 2015	15 June 2017	100,000
22 May 2012	15 June 2016	15 June 2018	100,000
22 May 2012	15 June 2017	15 June 2019	100,000
			2,100,000

Rights holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since the end of the reporting period.

For details of Performance Rights issued to Directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2012, the following ordinary shares of Swick Mining Services Limited were issued on vesting of Performance Rights granted. Since year end an additional 400,000 shares have been issued on vesting of performance rights. No amounts are unpaid on any of the shares.

	Grant date	Exercise price	Number of shares issued
Performance rights plan	17 January 2012	N/A	100,000
			100,000

Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 30 to the financial statements.

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received.

ASIC class order 98/100 rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

Remuneration report (audited)

Remuneration policy

The remuneration policy of the Group is designed to align the interests of Directors and Management with the interests of shareholders and the Company's objectives by providing a fixed remuneration component and, where appropriate, offering specific short-term (cash bonuses) and long-term (equity schemes) incentives linked to performance. The Board believes that the remuneration policy is appropriate and effective in its ability to attract, retain and motivate suitably qualified and experienced Directors and Management to direct and manage the Group's business and corporate activities, as well as to create goal congruence with the Company's shareholders.

Specifically, the remuneration policy has been put in place with the following aims in mind:

a) remuneration practices and systems should support the Company's wider objectives and strategies;
b) remuneration of Directors and Management should be aligned to the long-term interests of shareholders within an appropriate control framework;
c) remuneration of Directors and Management should reflect their duties and responsibilities;
d) remuneration of Directors and Management should be comparative and competitive, thereby allowing the Company to attract, retain and motivate suitably qualified and experienced people; and
e) there should be a clear relationship between performance and remuneration.

Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPI's, and the second being the issue of performance rights to Key Management Personnel to encourage the alignment of personal and shareholder interests, as well as a longer term retention strategy. The Company believes this policy will be effective in increasing shareholder wealth over time.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share prices at the end of the respective financial years. Analysis of the actual figures shows an increase in profits for each of the last two years including the payment of a maiden dividend this year. The improvement in the Company's performance over the last two years is yet to be reflected in the Company's share price. The Board believe the decline in the share price is a reflection of the overall market sentiment and is of the opinion that the improved financial results can be attributed, in part, to the previously described remuneration policy and is satisfied with this trend.

	2012	2011	2010	2009	2008
	$'000	$'000	$'000	$'000	$'000
Revenue	136,347	115,746	99,533	84,911	84,169
Net profit/(loss) before tax	12,783	3,822	(13,422)	2,648	14,869
Net profit/(loss) after tax	9,698	3,852	(10,060)	2,102	10,315
Share price at start of year	$0.40	$0.36	$0.42	$1.30	$1.15
Share price at end of year	$0.27	$0.40	$0.36	$0.42	$1.30
Basic earnings/(loss) per share	4.14cps	1.43cps	(4.94)cps	1.39cps	7.17cps
Diluted earnings/(loss) per share	4.14cps	1.43cps	(4.94)cps	1.39cps	7.14cps
Dividends paid	0.5 cps	-	-	-	-

Remuneration committee

The Board has established a Remuneration Committee to assist the Board in fulfilling its responsibilities in relation to developing and assessing the Group's remuneration policies to ensure that remuneration is sufficient and reasonable and that its relationship to performance is clear. The primary objectives of the Remuneration Committee is to develop remuneration policies for the Group that are appropriate to the organisation with respect to its size, peers and market conditions, and to recommend remuneration packages and incentive schemes for Directors and Management, and remuneration packages for Non-Executive Directors, that motivate and reward performance, attract and retain quality people, and align interests with those of shareholders.

Remuneration structure - Non-Executive Directors

Objective

The Board seeks to set remuneration for Non-Executive Directors at a level which provides the Company with the ability to attract and retain suitably qualified and experienced Directors, whilst incurring a cost which is acceptable to shareholders. Non-Executive Directors should be adequately remunerated for their time and effort and the risks inherently involved with holding such a position.

Structure

Remuneration levels for Non-Executive Directors are reviewed at least annually by the Remuneration Committee. The Remuneration Committee provides recommendations for the remuneration of Non-Executive Directors, including the Chairman, and the Board is then responsible for ratifying the recommendations, if appropriate. As at the date of this report, remuneration for Non-Executive Directors was set at $65,000 per annum plus superannuation, with remuneration for the Non-Executive Chairman set at $95,000 per annum plus superannuation.

Remuneration structure - Executive Directors & Management

Objective

The remuneration for Executive Directors and Management is designed to promote superior performance and long-term commitment to the Company. The Board aims to reward Executive Directors and Management with a level and mix of remuneration commensurate with their position and responsibilities within the Group.

The Company's remuneration policy for Executive Directors and Management reflects its commitment to align remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group.

The principles of the policy are:

1) to provide rewards that reflect the competitive market in which the Company operates;
2) individual reward should be linked to performance criteria; and
3) executives should be rewarded for both financial and non-financial performance.

Structure

Remuneration for Executive Directors and Management may comprise fixed and variable remuneration components. Remuneration is reviewed at least annually by the Remuneration Committee. The Remuneration Committee provides recommendations for the remuneration of Executive Directors and Management and the Board is then responsible for ratifying the recommendations, if appropriate. Remuneration packages for Executive Directors and Management currently comprise a base salary and superannuation (fixed components), and may also include cash bonuses and securities (variable, performance based components).

In determining individual remuneration packages, the Remuneration Committee reviews the individual's annual performance review, specific roles and responsibilities, and remuneration relative to their position within the Group and with positions in comparable companies through the use of market data and surveys. Where appropriate, a package may be adjusted to reflect the role, responsibilities and importance of that position and to keep pace with market trends and ensure continued remuneration competitiveness. In conducting a comparative analysis, the Group's expected performance for the year is considered in the context of the Group's capacity to fund remuneration budgets. From time to time, a review of the total remuneration package by an independent remuneration consultant may be undertaken to provide an independent reference point.

Fixed remuneration

The components of the fixed remuneration of Executive Directors and Management are determined individually and may include:

a) cash remuneration;
b) superannuation;
c) accommodation and travel benefits;
d) motor vehicle; and
e) other benefits.

Variable remuneration

The components of the variable remuneration of Executive Directors and Management are determined individually and may include:

a) short term incentives - Executive Directors and Management are eligible to participate in a cash bonus if so determined by the Remuneration Committee and the Board; and
b) long term incentives - Executive Directors and Management are eligible to receive shares, performance rights and options if so determined by the Remuneration Committee and the Board.

Director & Senior Management details

The following table provides employment details of persons who were Directors or Key Management Personnel (KMP) of the consolidated Group during the financial year.

Directors		
Andrew Simpson	Non-Executive Chairman	
Kent Swick	Managing Director	
John David Nixon (David)	Non-Executive Director	
Giuseppe Ariti (Joe)	Non-Executive Director	resigned 1 February 2012
Phillip Lockyer	Non-Executive Director	
Ian McCubbing	Non-Executive Director	
Executives		
Vahid Haydari	Chief Executive Officer - APAC	commenced 1 September 2011
Will Gove	General Manager North America	
Peter Casement	General Manager Operations APAC	commenced 22 May 2012
Nigel Cocliff	General Manager Technical Services	
Bryan Wesley	Chief Financial Officer	
Michael Fry	General Manager Corporate	resigned 2 July 2011
Khusrau Kalim	General Manager Corporate Services	resigned 15 June 2012

Employment contracts

As at the date of this report, the Group had entered into employment contracts with the following Executive Directors and Management as summarised below:

Kent Swick

a) The service arrangement commenced on 1 July 2006 and continues until terminated.
b) If the service agreement is terminated without cause by the Company, Mr Swick must be paid one month's remuneration for each full year, or pro rata for each part year, of service to the Group from 1 July 2006.
c) If the service agreement is terminated as a result of a change in control, Mr Swick must be paid twelve month's remuneration (provided that any such additional amount shall, at all times, be limited to the maximum extent permitted by the ASX Listing Rules).

There are no other contracts to which a Director is a party or under which a Director is entitled to a benefit other than as disclosed in the Directors' Report or the Financial Statements.

Senior management

Senior Management personnel are employed under employment agreements that continue until terminated. If an employment agreement is terminated without cause by the Company, the agreements provide a minimum of six month's remuneration must be paid. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least 1 month's notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

If the service agreement is terminated as a result of a change in control, twelve month's remuneration must be paid (provided that any such additional amount shall, at all times, be limited to the maximum extent permitted by the ASX Listing Rules).

Employee share option plan

The Company has adopted an Employee Share Option Plan (ESOP). The objective of the ESOP is to provide the Company with a remuneration mechanism through the issue of options in the capital of the Company to motivate and reward the performance of employees, and to align the performance of employees with that of the Company. There have been no options granted for several years and although the ESOP is still in operation the Board introduced the Performance Rights Plan outlined below as the preferred method of rewarding employees.

Performance rights plan

The Company has adopted a Performance Rights Plan (PRP). The objective of the PRP is to provide the Company with a remuneration mechanism through the granting of rights for securities in the capital of the Company to motivate and retain employees.

Performance based remuneration

The table below outlines the theoretical split between fixed and performance based remuneration for the Directors and Key Management Personnel. The estimated percentage splits are based on 100% compliance with any relevant performance criteria:

	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
	Non-salary cash based incentives %	Shares/ units %	Options/ rights %	Fixed salary/fees %	Total %
Non-Executive Directors					
Andrew Simpson	0%	0%	0%	100%	100%
John David Nixon (David)	0%	0%	0%	100%	100%
Giuseppe Ariti (Joe)	0%	0%	0%	100%	100%
Phillip Lockyer	0%	0%	0%	100%	100%
Ian McCubbing	0%	0%	0%	100%	100%
Other Executives					
Kent Swick	40%	0%	0%	60%	100%
Vahid Haydari	36%	0%	10%	54%	100%
Will Gove	36%	0%	10%	54%	100%
Peter Casement	36%	0%	10%	54%	100%
Nigel Cocliff	36%	0%	10%	54%	100%
Bryan Wesley	36%	0%	10%	54%	100%
Michael Fry	0%	0%	0%	100%	100%
Khusrau Kalim	36%	0%	10%	54%	100%

Changes in directors and executives subsequent to year-end

There has been no changes in directors or executives since 30 June 2012.

Remuneration details for the year ended 30 June 2012

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of KMP of the consolidated Group:

Table of benefits and payments for the year ended 30 June 2012

	Short-term benefits			Post employment benefits		Equity-settled share-based payments		Total	
2012	Salary, fees and leave $	Profit share and bonuses $	Non-monetary $	Pension and super-annuation $	Termination benefits $	Shares/ units $	Options/ rights $	$	Performance based %
Non Executive Directors									
Andrew Simpson	96,721			8,705				105,426	0%
John David Nixon (David)	70,284			-				70,284	0%
Giuseppe Ariti (Joe) [1]	39,481			3,553				43,034	0%
Phillip Lockyer	64,481			5,803				70,284	0%
Ian McCubbing	64,481			5,803				70,284	0%
Total non-executive directors	335,448	-	-	23,864	-	-	-	359,312	0%
Executive Officers									
Kent Swick	466,655			31,614			-	498,269	0%
Michael Fry [2]	13,761			1,238	178,645		-	193,644	0%
Vahid Haydari [3]	271,942		803	23,042			14,751	310,538	5%
Will Gove	269,453		27,753	21,129		34,500	14,751	367,586	13%
Peter Casement [4]	20,096		144	1,677			3,176	25,093	13%
Nigel Cocliff	241,238	25,000	22,785	23,322		34,500	14,751	361,596	21%
Bryan Wesley	249,134	25,000	1,135	21,711		34,500	14,751	346,231	21%
Khusrau Kalim [5]	211,807		873	17,764	51,923	27,738	-	310,105	9%
Total other executives	1,744,086	50,000	53,493	141,497	230,568	131,238	62,180	2,413,062	10%

Notes:

1) resigned 1 Feb 2012 2) resigned 2 July 2011 3) commenced 1 Sept 2011 4) commenced 22 May 2012 5) resigned 15 June 2012

	Short-term benefits			Post Employment Benefits		Equity-settled share-based payments		Total	
2011	Salary, fees and leave $	Profit share and bonuses $	Non-monetary $	Pension and super-annuation $	Termination benefits $	Shares/ units $	Options/ rights $	$	Performance based %
Non Executive Directors									
Andrew Simpson	75,000			6,750				81,750	0%
John David Nixon (David)	54,500			-				54,500	0%
Giuseppe Ariti (Joe)	50,000			4,500				54,500	0%
Phillip Lockyer	50,000			4,500				54,500	0%
Ian McCubbing [1]	44,230			3,980				48,210	0%
Total Non-Executive Directors	273,730	-	-	19,730	-	-	-	293,460	0%
Executive officers									
Kent Swick	419,807			25,000				444,807	0%
Michael Fry	275,229		4,113	24,771				304,113	0%
Will Gove	259,578		14,896	21,875			13,391	309,740	4%
Troy Wilson [2]	125,000		14,966	11,588	16,043			167,597	0%
Nigel Cocliff	219,365		20,816	19,742				259,923	0%
Bryan Wesley	225,000		1,613	18,900				245,513	0%
Khusrau Kalim [3]	10,981			921				11,902	0%
Total Other Executives	1,534,960	-	56,404	122,797	16,043	-	13,391	1,743,595	1%

Notes:

1) commenced 1 Aug 2010 2) resigned 17 Dec 2010 3) commenced 31 May 2011

Securities received that are not performance related

No members of KMP are entitled to receive securities which are not performance-based as part of their remuneration package.

Cash bonuses, performance-related bonuses and share-based payments

Bonuses

During the year a cash bonus of $25,000 each was paid to Nigel Cocliff and Bryan Wesley in accordance with their employment contracts.

Performance Rights

During the year the following share-based payment arrangements were in existence.

Rights Series	Grant date	Expiry Date	Grant Date Fair value	Vesting date
(1) Issued 17 January 2012	17 January 2012	Note 1(b)	$0.28	Note 1(b)
(2) Issued 22 May 2012	22 May 2012	Note 1(b)	$0.26	Note 1(b)

The terms and conditions relating to Performance Rights granted as remuneration during the year to KMP are as follows:

2012	Grant date	Reason for grant (Note 1)	Vested/paid during year % (Note 2)	Forfeited during year %	Remaining as unvested %	Vesting date
Group key management personnel						
Will Gove	17 January 2012	Note 1(a)	0%	0%	100%	Note 1(a)
Nigel Cocliff	17 January 2012	Note 1(a)	0%	0%	100%	Note 1(a)
Bryan Wesley	17 January 2012	Note 1(a)	0%	0%	100%	Note 1(a)
Khusrau Kalim	17 January 2012	Note 1(a)	17%	83%	0%	N/A
Vahid Haydari	17 January 2012	Note 1(a)	0%	0%	100%	Note 1(a)
Peter Casement	22 May 2012	Note 1(b)	0%	0%	100%	Note 1(b)

Note 1(a) The rights with Swick Mining Services Limited vest in equal amounts annually subject to completion of each year of service. The rights vest evenly on 31 August of each year.

Note 1(b) The rights with Swick Mining Services Limited vest in equal amounts annually subject to completion of each year of service. The rights vest evenly on 15 June of each year.

Note 2 The dollar value of the percentage vested/paid during the period has been reflected in the Table of Benefits and Payments.

All rights were issued by Swick Mining Services Limited and entitle the holder to 1 ordinary share in Swick Mining Services Limited.

During the year 100,000 shares were issued to Will Gove, Nigel Cocliff and Bryan Wesley in accordance with their respective employment contracts.

The following grants of share based payment compensation to key management personnel relate to the current financial year:

	Grant details			For the financial year ended 30 June 2012					
	Rights Series	No.	Value $ (Note 1)	Lapsed No.	Lapsed $ (Note 1)	Vested No.	Vested %	Unvested %	Lapsed %
Group key management personnel									
Vahid Haydari	17 January 2012	500,000	138,688	-	-	-	0%	100%	0%
Will Gove	17 January 2012	500,000	138,688	-	-	-	0%	100%	0%
Nigel Cocliff	17 January 2012	500,000	138,688	-	-	-	0%	100%	0%
Bryan Wesley	17 January 2012	500,000	138,688	-	-	-	0%	100%	0%
Khusrau Kalim	17 January 2012	500,000	138,688	400,000	110,950	100,000	20%	0%	80%
Peter Casement	22 May 2012	500,000	131,436	-	-	-	0%	100%	0%
		3,000,000	824,876	400,000	110,950	100,000	3%	83%	13%

Note 1 The value of the Performance Rights granted is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards. The value is based on the closing share price at the Grant date discounted at the rate of 3.5% over the life of the Rights.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Kent Swick
Managing Director

Dated this 24th day of August 2012

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Perth WA 6837 Australia

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www.deloitte.com.au

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

24 August 2012

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 audit of the financial statements of Swick Mining Services Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner

CORPORATE GOVERNANCE STATEMENT

Board composition

The skills, experience and expertise relevant to the position of each director, and Board committee member, who is in office at the date of the annual report and their term of office, are detailed in the Director's report.

The independent directors of the Company are Andrew Simpson, David Nixon, Phil Lockyer and Ian McCubbing.

When determining the independent status of a Director the Board used the Guidelines detailed in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

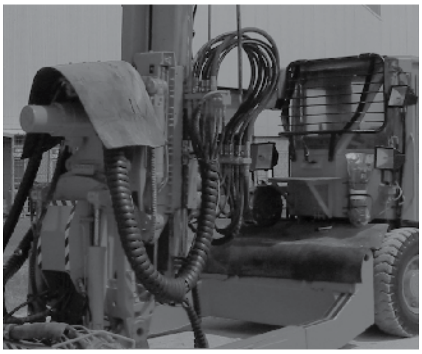
Recommendation		Swick Mining Services Limited Current Practice
1.1	Companies should establish the functions reserved for the Board and those delegated to senior executives and disclose those functions.	Satisfied. The functions reserved for the Board and delegated to senior executives have been established. The Board Charter is available at **www.swickmining.com** in the Corporate Governance policy.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Formal evaluation process has been adopted. The Performance Evaluation Policy is available at **www.swickmining.com** in the Corporate Governance policy.
1.3	Companies should provide the information indicated in the Guide for reporting on Principle 1	Satisfied. The Board Charter is available at **www.swickmining.com** in the Corporate Governance policy. Formal appraisals of management were conducted.
2.1	A majority of the Board should be independent directors.	Satisfied. Andrew Simpson, David Nixon, Phil Lockyer and Ian McCubbing are Non Executive independent directors as defined in ASX guidelines.
2.2	The chair should be an independent director.	Satisfied. Mr Andrew Simpson is an independent director.
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Satisfied.
2.4	The Board should establish a nomination committee.	Satisfied.
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at **www.swickmining.com** in the Corporate Governance policy.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2	Satisfied. Formal Board and committee appraisals were completed during the year by an external facilitator.

Recommendation		Swick Mining Services Limited Current Practice
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: + The practices necessary to maintain confidence in the Company's integrity + The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders + The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied. The Code of Conduct is available at **www.swickmining.com** in the Corporate Governance policy.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	Satisfied. The Diversity Policy is available at **www.swickmining.com** in the Corporate Governance policy.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity and progress towards achieving them.	Not Satisfied. The measurable objectives have yet to be established.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Proportion of women employees in the whole organisation is 7%. There are no women in senior executive positions and the Board.
3.5	Companies should provide the information indicated in the guide to reporting on Principle 3	Satisfied.
4.1	The Board should establish an audit committee.	Satisfied.
4.2	The audit committee should be structured so that it: + Consists only of non-executive directors + Consists of a majority of independent directors + Is chaired by an independent chair, who is not chair of the Board + Has at least three members	Satisfied.
4.3	The audit committee should have a formal charter.	Satisfied.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	Satisfied. The audit committee charter is available at **www.swickmining.com** in the Corporate Governance policy.
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available at **www.swickmining.com** in the Corporate Governance policy.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	Satisfied.
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. Shareholders communication strategy is available at **www.swickmining.com** in the Corporate Governance policy.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	Satisfied.

Recommendation		Swick Mining Services Limited Current Practice
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. The Company has established policies for the oversight and management of material business risks. Risk management program is available at **www.swickmining.com** in the Corporate Governance policy.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Satisfied. Management consist of the managing director, who has designed and implemented a risk management and internal control system to manage material business risks. Management have reported to the Board that those risks are being managed effectively.
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The Board has received a section 295A declaration pursuant to the 2012 financial period.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	Satisfied. The Board has received the reports and assurances in 7.2 and 7.3. The policies are available on the Company's website.
8.1	The Board should establish a remuneration committee.	Satisfied.
8.2	The remuneration committee should be structured so that it: + Consists of a majority of independent directors + Is chaired by an independent chair + Has at least three members	Satisfied for the majority of the year, however since the resignation of Joe Ariti, the committee comprises only 2 members.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of Directors' remuneration is disclosed in the remuneration report of the annual report.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	The remuneration committee charter is available at **www.swickmining.com** in the Corporate Governance policy.

Further information about the Company's corporate governance practices is set out on the Company's website at **www.swickmining.com.**

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

		CONSOLIDATED GROUP	
Continuous operations	**Note**	**2012 $000**	**2011 $000**
Revenue	4	136,347	107,317
Other income	4	71	85
Raw materials and consumables used		(18,006)	(11,707)
Employee benefits expense		(65,299)	(55,838)
Depreciation and amortisation expense		(14,364)	(15,965)
Finance costs		(1,442)	(2,207)
Other expenses	5	(24,524)	(17,304)
Profit before income tax		12,783	4,381
Income tax expense	6	(3,085)	(123)
Net Profit from continuing operations		9,698	4,258
Profit/(loss) for the year from discontinued operations after tax	7	-	(406)
Net Profit for the year		9,698	3,852
Other comprehensive income:			
Exchange differences on translating foreign controlled entities		114	(482)
Other comprehensive income for the year, net of tax		114	(482)
Total comprehensive income for the year		9,812	3,370
Total comprehensive income attributable to:			
Members of the parent entity		9,812	3,370
		9,812	3,370
Earnings per share			
From continuing and discontinued operations			
Basic earnings per share (cents)	23	4.14	1.43
Diluted earnings per share (cents)	23	4.14	1.43
From continuing operations:			
Basic earnings per share (cents)	23	4.14	1.60
Diluted earnings per share (cents)	23	4.14	1.60

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

		Consolidated Group	
Assets	**Note**	**2012 $000**	**2011 $000**
Current assets			
Cash and cash equivalents	10	15,806	12,548
Trade and other receivables	11	23,082	16,464
Inventories	12	17,548	16,611
Other financial assets	13	567	568
Other assets	16	1,810	1,432
Assets classified as held for sale	7	-	160
Total current assets		58,813	47,783
Non-current assets			
Other financial assets	13	387	880
Property, plant and equipment	14	86,043	81,704
Intangible assets	15	6,068	1,596
Other non-current assets	16	2	2
Total non-current assets		92,500	84,182
Total assets		151,313	131,965
Liabilities			
Current liabilities			
Trade and other payables	17	13,509	12,049
Borrowings	18	8,162	12,414
Provisions	19	5,568	2,722
Liabilities associated with assets classified as held for sale	18	-	237
Total current liabilities		27,239	27,422
Non-current liabilities			
Borrowings	18	15,018	7,039
Deferred tax liabilities	6	3,154	381
Other provisions	19	210	206
Total non-current liabilities		18,382	7,626
Total liabilities		45,621	35,048
Net assets		105,692	96,917
Equity			
Issued capital	20	82,580	82,580
Reserves	21	362	100
Retained earnings	22	22,750	14,237
Total equity		105,692	96,917

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

		SHARE CAPITAL		RESERVES		
		Ordinary	Retained earnings	Foreign currency translation reserve	Share based payments	Total
Consolidated group	**Note**	$000	$000	$000	$000	$000
Balance at 1 July 2010		**82,190**	**10,385**	**37**	**532**	**93,144**
Comprehensive income						
Profit for the year			3,852			3,852
Other comprehensive income for the year				(482)		(482)
Total comprehensive income for the year		**-**	**3,852**	**(482)**	**-**	**3,370**
Transactions with owners, in their capacity as owners, and other transfers						
Share based payments					13	13
Other		390				390
Total transactions with owners and other transfers		**390**	**-**	**-**	**13**	**403**
Balance at 30 June 2011		**82,580**	**14,237**	**(445)**	**545**	**96,917**
Balance at 1 July 2011		**82,580**	**14,237**	**(445)**	**545**	**96,917**
Comprehensive income						
Profit for the year			9,698			9,698
Other comprehensive income for the year				114		114
Total comprehensive income for the year		**-**	**9,698**	**114**	**-**	**9,812**
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the year					114	114
Share based payments					34	34
Dividends recognised for the year	9		(1,185)			(1,185)
Total transactions with owners and other transfers		**-**	**(1,185)**	**-**	**148**	**(1,037)**
Balance at 30 June 2012		**82,580**	**22,750**	**(331)**	**693**	**105,692**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	CONSOLIDATED GROUP 2012 $000	2011 $000
Cash flows from operating activities			
Receipts from customers		134,279	116,872
Payments to suppliers and employees		(105,819)	(95,609)
Net cash inflow from operating activities	26a	28,460	21,263
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		242	17,670
Interest received		525	247
Purchase of property, plant and equipment		(19,307)	(9,654)
Payments for development		(4,458)	(802)
Net cash inflow/(outflow) from investing activities		(22,998)	7,461
Cash flows from financing activities			
Proceeds from borrowings		13,910	3,331
Repayment of borrowings		(13,488)	(25,751)
Interest paid		(1,441)	(2,574)
Dividends paid by parent entity		(1,185)	-
Net cash inflow/(outflow) from financing activities		(2,204)	(24,994)
Net increase in cash held		**3,258**	**3,730**
Cash and cash equivalents at beginning of financial year	10	12,548	8,818
Cash and cash equivalents at end of financial year	**10**	**15,806**	**12,548**

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

Swick Mining Services Ltd (the "Parent" or the "Company") (ASX:SWK) is a public company listed on the Australian Securities Exchange Limited ("ASX") and is incorporated in Australia. Swick Mining Services Ltd and its subsidiaries (collectively referred to as "Swick Mining Services Group" or "the Group") operate extensively throughout Australia and North America.

The address for its registered office and principal place of business is as follows:

64 Great Eastern Highway
South Guildford Western Australia 6055
Australia
Tel: +61 (8) 9277 8800

The financial report of the company and its controlled entities for the year ended 30 June 2012 was authorised for issue on 24 August 2012 by the directors of the company.

Note 1 Application of new and revised standards

(a) Standards and interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

Amendments to AASB 7 'Financial Instruments: Disclosure'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'[1]) clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'[1]) clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project'	AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are in addition to IFRSs in areas such as compliance with Australian Accounting Standards, the nature of financial statements (general purpose or special purpose), audit fees, imputation (franking) credits and the reconciliation of net operating cash flow to profit (loss). AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The Standard deletes various Australian-specific guidance and disclosures from other Standards (Australian-specific disclosures retained are now contained in AASB 1054), and aligns the wording used to that adopted in IFRSs. The application of AASB 1054 and AASB 2011-1 in the current year has resulted in the simplification of disclosures in regards to audit fees, franking credits and capital and other expenditure commitments as well as an additional disclosure on whether the Group is a for-profit or not-for-profit entity.

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

Note 1 Application of new and revised standards (continued)

(b) Standards and interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	Interpretation 114 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of AASB 119; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments to Interpretation 114 has not had material effect on the Group's consolidated financial statements.
AASB 2009-12 'Amendments to Australian Accounting Standards'	The application of AASB 2009-12 makes amendments to AASB 8 'Operating Segments' as a result of the issuance of AASB 124 'Related Party Disclosures' (2009). The amendment to AASB 8 requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2009-12 has not had any material effect on amounts reported in the Group's consolidated financial statements.
AASB 2010-5 'Amendments to Australian Accounting Standards'	The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2010-5 has not had any material effect on amounts reported in the Group's consolidated financial statements.
AASB 2010-6 'Amendments to Australian Accounting Standards - Disclosures on Transfers Financial Assets'	The application of AASB 2010-6 makes amendments to AASB 7 'Financial Instruments – Disclosures' to introduce additional disclosure requirements for transactions involving transfer of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred and derecognised but the transferor retains some level of continuing exposure in the asset. To date, the Group has not entered into any transfer arrangements of financial assets that are derecognised but with some level of continuing exposure in the asset. Therefore, the application of the amendments has not had any material effect on the disclosures made in the consolidated financial statements.

Note 1 Application of new and revised standards (continued)

(c) Standards and interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective and therefore management have not yet assessed their impact.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1-Jan-13	30-Jun-14
AASB 10 'Consolidated Financial Statements'	1-Jan-13	30-Jun-14
AASB 11 'Joint Arrangements'	1-Jan-13	30-Jun-14
AASB 12 'Disclosure of Interests in Other Entities'	1-Jan-13	30-Jun-14
AASB 13 'Fair Value Measurement'	1-Jan-13	30-Jun-14
AASB 119 'Employee Benefits' (2011)	1-Jan-13	30-Jun-14
AASB 127 'Separate Financial Statements' (2011)	1-Jan-13	30-Jun-14
AASB 128 'Interest in associates and JV's' (2011)	1-Jan-13	30-Jun-14
AASB 2010-8 'Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets'	1-Jan-12	30-Jun-13
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1-Jul-13	30-Jun-14
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1-Jan-13	30-Jun-14
AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'	1-Jul-12	30-Jun-13

Note 2 Summary of significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Swick Mining Services Limited at the end of the reporting period. A controlled entity is any entity over which Swick Mining Services Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:
(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Note 2 Summary of significant accounting policies (continued)

(a) Principles of consolidation (continued)

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Goodwill and other intangible assets

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. As at the acquisition date, goodwill acquired is allocated to each of the cash-generating business units expected to benefit from the combination's synergies.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised immediately in the income statement. Impairment testing is performed annually.

Note 2 Summary of significant accounting policies (continued)

(b) Taxation

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2009 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Swick Mining Services Limited. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Note 2 Summary of significant accounting policies (continued)

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits repayable on demand with a financial institution. Cash balances and overdrafts in the balance sheet are stated at gross amounts within current assets and current liabilities, unless there is legal right of offset at the bank.

The cash and cash equivalents balance primarily consists of cash, on call in bank deposits, bank term deposit with three month maturity and money market investments readily convertible into cash within 2 working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount.

(d) Trade and other receivables

Trade receivables which generally have 30-60 days terms are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. The Group reviews the collectability of trade receivables on an ongoing basis and makes an objective judgement concerning amounts considered not collectible. The amount of the loss is recognised in the income statement within operating expenses and classified as doubtful debts. Any subsequent recovery of amounts previously written off, are recorded as other income in the income statement.

(e) Inventories

The Group maintains an inventory of drilling consumables for use in the rendering of drilling services. Inventory is measured at the lower of cost and net realisable value. An on-going review is conducted in order to ascertain whether items are obsolete or damaged, and if so determined, the carrying amount of the item is written down to its net realisable value.

(f) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes acquisition, being the fair value of the consideration provided, plus incidental costs directly attributable to the acquisition.

Subsequent costs directly related to an item of property are recognised in the carrying amount of that item of property, plant and equipment only when it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are recognised in the statement of comprehensive income as an expense.

Depreciation is recognised in the statement of comprehensive income on a straight-line or diminishing value basis over the estimated useful life of each part of an item of property plant and equipment. Those items of property, plant and equipment undertaking construction are not depreciated.

The following useful lives are used in the calculation of depreciation for each class of property, plant and equipment:

Class of fixed asset	Useful life
Leasehold improvements	10 – 15 years
Plant and machinery	5 – 10 years
Drilling rigs	10 – 15 years
Other drilling equipment	2 – 20 years
Motor vehicles	3 – 10 years
Office equipment	5 – 10 years
Computer equipment:	
Hardware	3 – 5 years
Software	1 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 2 Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(g) Recoverable amount of non-current assets

Non-current assets valued on the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds the recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

(h) Impairment of non financial assets other than goodwill

At each reporting date the Company conducts an internal review of asset values of its non financial assets to determine whether there is any evidence that the assets are impaired. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

(i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see m below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Note 2 Summary of significant accounting policies (continued)

(i) Leases (continued)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Trade and other payables

Trade and other payables are carried at amortised cost. They represent unsecured liabilities for goods and services procured by the Group prior to the financial period end that remain unpaid and occur when the Group becomes obligated to make future payments. The amounts are unsecured and are usually paid within 30-60 days of recognition.

(k) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(l) Employee benefits

Liabilities for employee related benefits comprising wages, salaries, annual leave and long service leave are categorised as present obligations resulting from employees services provided up to and including the reporting date. The liabilities are calculated at discounted amounts based on remuneration wage and salary rates the Group expects to pay as at reporting date including related on-costs, such as payroll tax and workers compensation insurance, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to report date.

Employee superannuation entitlements are charged as an expense when they are incurred and recognised as other creditors until the contribution is paid.

(m) Loans and borrowing

Loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost utilising the effective interest rate method. Differences occurring between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

All borrowing costs are recognised as an expense in the Statement of Comprehensive Income in the period in which they are incurred.

Note 2 Summary of significant accounting policies (continued)

(n) Financial instruments

Debt and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(i) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the Company financial statements.

(ii) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Non-current loans and receivables are measured at amortised cost using the effective interest rate method less impairment. Interest is recognised by applying the effective interest rate. Current trade receivables are recorded at the invoiced amount and do not bear interest.

(iii) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(o) Revenue recognition

Revenue from the provision of services and sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and sales taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfers of risks and rewards vary depending on the individual terms of the contract of sale and with local statute, but are generally when title and insurance risk has passed to the customer and the goods have been delivered to a contractually agreed location. Interest revenue is recognised as it accrues using the effective interest rate method.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Note 2 Summary of significant accounting policies (continued)

(q) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as an expense; and
- other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(r) Share based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects

(i) the extent to which the vesting period has expired and;

(ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(s) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Note 2 Summary of significant accounting policies (continued)

(t) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks, and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

(u) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment losses on goodwill are not reversed.

Note 2 Summary of significant accounting policies (continued)

(v) Research and development

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assets other than goodwill is as follows:

Development costs
Useful lives
Finite

Amortisation method used
Amortised over the period of expected future benefit from the related project on a straight-line basis

Internally generated or acquired
Internally generated

Impairment testing
Annually as at 30 June for assets available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end.

As at 30 June 2012, the research and development projects are still in the development phase. Accordingly, no amortisation expense has been booked.

(w) Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Note 2 Summary of significant accounting policies (continued)

(x) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(y) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Recoverability of internally generated intangible asset

During the year, the directors reconsidered the recoverability of the Group's internally generated Research and Development arising from its business development, which is included in the consolidated statement of financial position at 30 June 2012 at $5.9m (30 June 2011: $1.4m)

The project continues to progress in a very satisfactory manner. Research and development is conducted for the purpose of improved efficiency in the business' operations. Detailed sensitivity analysis has been carried out and directors are confident the carrying amount of the assets will be recovered in full.

(ii) Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. No changes to useful life have been made for the financial year ending 30 June 2012.

(iii) Impairment - Carbon Price

There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes. The consolidated entity has not incorporated the effect of any carbon price implementation in its impairment testing at 30 June 2012.

Note 3 Operating segments

General information

Identification of reportable segments

Operating 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 segments and assess their performance.

The Group's chief operating decision maker for the purpose of resource allocation and assessment of performance of segments is specifically focussed on Drilling Services in Asia Pacific and Drilling Services in North America.

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

The Group's revenue from continuing operations and information about its assets and liabilities by reportable segments are detailed below.

Segment revenue, expense and results for continuing operations

	Drilling Services-Asia Pacific		Drilling Services-North America		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Sales to external customers	126,829	96,752	9,066	10,460	135,895	107,212
Interest Income	521	190	2	-	523	190
Total revenue	**127,350**	**96,942**	**9,068**	**10,460**	**136,418**	**107,402**
Cost of sales	90,982	73,627	6,856	5,495	97,838	79,122
Depreciation	13,835	15,555	529	409	14,364	15,964
Overhead	8,798	4,192	1,193	1,536	9,991	5,728
Interest expenses	1,390	1,273	52	934	1,442	2,207
Total expense	**115,005**	**94,647**	**8,630**	**8,374**	**123,635**	**103,021**
Segment profit/(loss) before tax (continuing operations)	**12,345**	**2,295**	**438**	**2,086**	**12,783**	**4,381**

Note 3 Operating segments (continued)

Segment assets and liabilities for continuing operations

	Drilling Services-Asia Pacific		Drilling Services-North America		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Total segment assets	271,371	255,338	13,269	12,004	284,640	267,342
Assets relating to discontinued operations	-	160	-	-	-	160
Segment liabilities	175,724	167,563	11,646	11,225	187,370	178,788
Liabilities associated with assets held for sale	-	237	-	-	-	237
Eliminations	-	-	-	-	8,421	8,440
Total net assets	**95,647**	**87,698**	**1,623**	**779**	**105,691**	**96,917**
Other segment information						
Depreciation and amortisation	13,835	15,556	529	409	14,364	15,965
Non-current assets	**83,568**	**75,211**	**8,932**	**8,091**	**92,500**	**84,182**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Included in the revenues arising from direct sales of mining contract services of $136.3 million (2011: $107.3 million) are revenues of approximately $29.4 million (2011: $25.2 million) which arose from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenue for both 2012 and 2011.

Note 4 Revenue other income

		Note	CONSOLIDATED GROUP 2012 $000	CONSOLIDATED GROUP 2011 $000
(a)	**Revenue from continuing operations**			
	Sales revenue			
	— Provision of services		135,695	106,930
			135,695	**106,930**
	Other revenue			
	— Interest received		523	190
	— Government subsidies received		130	197
			652	387
	Total revenue		**136,347**	**107,317**
	Other income			
	— Gain on disposal of property, plant and equipment		71	85
	Total other income		**71**	**85**
	Interest revenue		523	190
	Total interest revenue		**523**	**190**
(b)	**Total revenue and other income from continuing operations**			
	Attributable to members of the parent entity		136,418	107,402
			136,418	**107,402**
(c)	**Revenue and other income from discontinued operations**			
	Surface diamond division			
	Attributable to members of the parent entity		-	8,344
		7	-	**8,344**
(d)	**Income from continuing operations and discontinued operations**			
	Attributable to members of the parent entity		136,418	115,746
			136,418	**115,746**

Note 5 Profit for the year

Profit before income tax from continuing operations includes the following specific expenses:

		Note	CONSOLIDATED GROUP 2012 $000	CONSOLIDATED GROUP 2011 $000
(a)	Expenses			
	Cost of sales		**97,669**	**83,510**
	Finance charges payable		1,443	2,207
	Total finance cost		**1,443**	**2,207**
	Other expenses			
	Accomodation and travel		7,239	3,954
	Repairs and maintenance		7,039	7,287
	Administration costs		5,259	2,055
	Insurance		2,603	2,261
	Marketing		273	262
	Recruitment and training		915	373
	Other direct costs		319	401
	Rental expense on operating leases			
	— minimum lease payments		877	711
	Total other expenses		**24,524**	**17,304**
(b)	Significant revenue and expenses			
	The following significant revenue and expense items are relevant in explaining the financial performance:			
	Consideration on discontinuation of Surface Diamond division	7	-	16,085
	Carrying amount of net assets sold		-	(16,085)
	Net gain on the discontinuation of Surface Diamond division	**7**	-	-

Note 6 Income tax expense

		CONSOLIDATED GROUP	
		2012 $000	2011 $000
(a)	**Income tax recognised in profit and loss:**		
	Current income		
	Current income tax charge	(312)	(313)
	Adjustments in respect of previous current income tax	-	335
		(312)	**22**
	Deferred tax		
	Relating to origination and reversal of temporary differences	(3,641)	8
	Adjustments in respect of previously deferred income tax	868	-
		(2,773)	**8**
	Net income tax benefit/(expense) reported in income statement	**(3,085)**	**30**
(b)	**The expense for the year can be reconciled as follows:**		
	Accounting profit before tax from continuing operations	12,777	4,381
	(Loss) before tax from discontinued operations	-	(559)
	Accounting profit before income tax	**12,777**	**3,822**
	Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011:30%)	(3,833)	(1,147)
	— Other non-allowable items	(19)	(18)
	— Under provision for income tax in prior year	-	32
	— Effect of foreign tax rate	40	(63)
	— DTA temporary difference not recognised	(141)	(390)
		(3,953)	(1,586)
	Less:		
	Tax effect of:		
	— Investment allowance	-	205
	— Impact of entering into consolidations	-	1,091
	— Adjustments in respect of previously deferred income tax	46	-
	Recoupment of prior year tax losses not previously brought to account	822	320
	Income tax benefit/(expense) attributable to entity	**(3,085)**	**30**

The tax rate used for the 2012 and 2011 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Income tax (expense)/benefit reported in income statement	(3,085)	(123)
Income tax benefit/(expense) attributable to discontinued operations	-	153
	(3,085)	**30**
The applicable weighted average effective tax rates are as follows:	24.1%	2.8%

The increase in the weighted average effective consolidated tax rate for 2012 is a result of a one off benefit recognised in 2011 relating to the groups Australian entities forming an income tax consolidated group in Australia.

Note 6 Income tax expense (continued)

(c) Tax effects relating to each component of other comprehensive income:

	CONSOLIDATED GROUP	
Deferred tax assets and liabilities are attributable to the following:	**2012 $000**	**2011 $000**
Recognised deferred tax assets		
Provisions and accrued expenses	1,542	1,125
Borrowing costs	45	34
Tax deductibility for capital raising costs	485	468
Tax losses	565	2,554
Tax (assets)/liabilities	2,637	4,181
Set off of tax	(2,637)	(4,181)
Net tax (assets)/liabilities	-	-
Recognised deferred tax liabilities		
Consumables	(2,892)	(1,958)
Property, plant and equipment	(2,312)	(2,012)
Accrued income	(322)	(204)
Prepayments	(265)	(388)
Tax liabilities	(5,791)	(4,562)
Set off of tax	2,637	4,181
Net tax (liabilities)	**(3,154)**	**(381)**
Movements		
Opening balance 1 July	(381)	(763)
Credit to the income statement	(2,773)	382
Closing balance at 30 June	**(3,154)**	**(381)**
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items		
Temporary differences	531	390
	531	**390**

Note 7 Discontinued operations

In February 2011, the Group completed the sale of the Surface Diamond Drilling division to Sanderson Drilling and Connors Drilling for $17m in February 2011. The proceeds equated to the net written down value of the assets sold and therefore realised no profit or loss on sale. The sale comprised four KWL 1600 multi-purpose rigs, five LF90D surface diamond rigs, associated compressor trucks, support trucks, light vehicles, miscellaneous small plant and selected inventory. The proceeds were used in part to pay down debt with the remainder boosting cash reserves and providing working capital in both the Australian and North American operations.

The last surface diamond drilling rig was sold on during this financial year at book value.

In December 2010, the Group disposed of plant and equipment relating to the company's machine shop for $1.75m and the consideration will be paid over the next 3 years.

	CONSOLIDATED GROUP	
Profit for the year from discontinued operations	**2012 $000**	**2011 $000**
Revenue	-	8,344
Expenses	-	(8,903)
Profit before income tax	-	(559)
Income tax benefit		153
Total profit after tax attributable to the discontinued operation	**-**	**(406)**
The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows:		
Net cash inflow/(outflow) from operating activities	-	1,216
Net cash inflow/(outflow) from investing activities	-	16,085
Net cash inflow/(outflow) from financing activities	-	(8,405)
Net cash increase in cash generated by the discontinued division	**-**	**8,896**
Gain on disposal of the division included in gain from discontinued operations per the statement of comprehensive income.	-	-
Assets classified as held for sale		
Book value of tangible assets	-	160
Total assets held for sale	**-**	**160**
Current Liabilities	-	237
Liabilities associated with assets held for sale	**-**	**237**

Note 8 Key management personnel compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2012.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2012 $000	2011 $000
Short-term employee benefits	2,183,027	1,865,094
Post-employment benefits	165,361	142,527
Termination benefits	230,568	16,043
Share-based payments	193,418	13,391
Total KMP compensation	**2,772,374**	**2,037,055**

KMP options and rights holdings

The number of options over ordinary shares held during the financial year by each KMP of the Group is as follows:

30 June 2012	Balance at beginning of year	Granted during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exercisable	Vested and unexercisable
Will Gove	200,000	-	-	(200,000)	-	-	-	-
	200,000	-	-	**(200,000)**	-	-	-	-

30 June 2011	Balance at beginning of year	Granted during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exercisable	Vested and unexercisable
Will Gove	200,000	-	-	-	200,000	-	200,000	-
	200,000	-	-	-	**200,000**	-	**200,000**	-

Note 8 Key management personnel compensation (continued)

During the year the board approved a Performance Rights Plan for executive management. The number of rights over ordinary shares held during the financial year by each KMP of the Group is as follows:

30 June 2012	Balance at beginning of year	Granted during the year	Vested during the year	Other changes during year	Balance at end of year
Non executive directors					
Andrew Simpson	-	-	-	-	-
John David Nixon (David)	-	-	-	-	-
Giuseppe Ariti (Joe)	-	-	-	-	-
Phillip Lockyer	-	-	-	-	-
Ian McCubbing	-	-	-	-	-
Other executives					
Kent Swick	-	-	-	-	-
Vahid Haydari	-	500,000	-	-	500,000
Will Gove	-	500,000	-	-	500,000
Peter Casement	-	500,000	-	-	500,000
Nigel Cocliff	-	500,000	-	-	500,000
Bryan Wesley	-	500,000	-	-	500,000
Michael Fry	-	-	-	-	-
Khusrau Kalim	-	500,000	(100,000)	(400,000)	-
	-	**3,000,000**	**(100,000)**	**(400,000)**	**2,500,000**

30 June 2011	Balance at beginning of year	Granted during the year	Vested during the year	Other changes during year	Balance at end of year
Non executive directors					
Andrew Simpson	-	-	-	-	-
John David Nixon (David)	-	-	-	-	-
Giuseppe Ariti (Joe)	-	-	-	-	-
Phillip Lockyer	-	-	-	-	-
Ian McCubbing	-	-	-	-	-
Other executives					
Kent Swick	-	-	-	-	-
Vahid Haydari	-	-	-	-	-
Will Gove	-	-	-	-	-
Peter Casement	-	-	-	-	-
Nigel Cocliff	-	-	-	-	-
Bryan Wesley	-	-	-	-	-
Michael Fry	-	-	-	-	-
Khusrau Kalim	-	-	-	-	-
	-	-	-	-	-

Note 8 Key management personnel compensation (continued)

KMP shareholdings

The number of ordinary shares in Swick Mining Services Limited held by each KMP of the Group during the financial year is as follows:

30 June 2012	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Non executive directors					
Andrew Simpson	605,000	-	-	-	605,000
John David Nixon (David)	55,000	-	-	-	55,000
Giuseppe Ariti (Joe) [1]	27,500	-	-	-	27,500
Phillip Lockyer	22,000	-	-	-	22,000
Ian McCubbing	-	-	-	-	-
Other executives					
Kent Swick	31,901,302	-	-	1,245,579	33,146,881
Vahid Haydari [2]	-	-	-	-	-
Will Gove	500,000	100,000			600,000
Peter Casement [3]	-	-	-	-	-
Nigel Cocliff	100,000	100,000	-	-	200,000
Bryan Wesley	25,000	100,000	-	55,475	180,475
	34,554,500	**300,000**	**-**	**55,475**	**34,909,975**

30 June 2011	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Non executive directors					
Andrew Simpson	605,000	-	-	-	605,000
John David Nixon (David)	55,000	-	-	-	55,000
Giuseppe Ariti (Joe)	27,500	-	-	-	27,500
Phillip Lockyer	22,000	-	-	-	22,000
Ian McCubbing	-				-
Other executives					
Kent Swick	31,901,302	-	-	-	31,901,302
Will Gove	500,000	-	-	-	500,000
Nigel Cocliff	-	-	-	100,000	100,000
Bryan Wesley	-	-	-	25,000	25,000
Michael Fry [4]	2,128,235	-	-	-	2,128,235
Khusrau Kalim [5]	-	-	-	-	-
	35,239,037	**-**	**-**	**125,000**	**35,364,037**

Notes:

1) resigned 1 Feb 2012 2) commenced 1 Sept 2011 3) commenced 22 May 2012 4) resigned 6 July 2011 5) resigned 15 June 2012

Other KMP transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

Note 9 Dividends

		CONSOLIDATED GROUP	
		2012 $000	2011 $000
	Distributions paid		
	Interim fully franked ordinary dividend of 0.5 (2011: 0.0) cents per share franked to 100% at a 30% income tax rate (2011: N/A)	1,185	-
		1,185	**-**
	Total dividends per share		
(a)	Proposed final 2012 fully franked ordinary dividend of 0.5 cents (2011: 0.0 cents per share franked to 100% at a 30% income tax rate (2011: 0%)	1,186	-
(b)	Franking account balance:		
	Closing balance	1,408	1,916
	Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (a) as follows:	(508)	-
	Adjusted franking account balance	**900**	**1,916**

Note 10 Cash and cash equivalents

		CONSOLIDATED GROUP	
	Note	2012 $000	2011 $000
Cash at bank and on hand		15,804	11,423
Cash in hand		2	2
Cash transferred to solicitor's trust account		-	1,123
	33	**15,806**	**12,548**

Cash in hand is non interest bearing. Bank balances attract an average interest rate of approximately 4% (2011 2.5%). The Group and parent entity's exposure to interest rate risk is discussed in note 33. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

Note 11 Trade and other receivables

Trade debtors are non-interest bearing and generally on 30 - 60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade debtor is impaired.

Due to the short term nature of these receivables their carrying value is assumed to approximate their fair value.

	CONSOLIDATED GROUP	
	2012 $000	2011 $000
Current		
Trade receivables	21,498	15,477
	21,498	15,477
— Accrued income	1,191	637
— Rebates and other receivables	393	350
Total current trade and other receivables	**23,082**	**16,464**

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 11. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

On a geographic basis, the Group has significant credit risk exposures in Australia and the North America given the substantial operations in those regions. The Group's exposure to credit risk for receivables at the end of the reporting period in those regions is as follows:

	CONSOLIDATED GROUP	
AUD	2012 $000	2011 $000
Australia	21,217	14,521
North America	1,864	1,943
	23,082	**16,464**

The following table details the Group's aged trade and other receivables exposed to credit risk. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The aging of trade receivables is detailed below:

CONSOLIDATED GROUP	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
2012	$000	$000	$000	$000	$000	$000	$000
Trade and term receivables	21,498	-	8,862	185	733	118	11,600

CONSOLIDATED GROUP	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
2011	$000	$000	$000	$000	$000	$000	$000
Trade and term receivables	15,477	-	5,123	62	6	234	10,052

None of the receivables past due are considered impaired as these amounts had either been collected or payment arrangements agreed prior to the date of this report.

Note 12 Inventories

	CONSOLIDATED GROUP	
	2012 $000	2011 $000
Current		
At cost:		
Consumables and stores	18,098	17,530
Provision for obsolescence	(550)	(919)
	17,548	**16,611**

Note 13 Other financial assets

	CONSOLIDATED GROUP	
	2012 $000	2011 $000
Current		
Finance lease receivable	567	568
Total current assets	**567**	**568**
Non-current		
Finance lease receivable	387	880
Total non-current assets	**387**	**880**

Leasing arrangements

A Group company SMS Engineering Pty Ltd leased workshop machinery to Newland Engineering Pty Ltd for the amount of $1.75m plus interest thereon at 8% effective 1 November 2010. The term of the lease is 36 months.

Amounts receivable under the finance lease	Minimum lease payments		Present value of minimum lease payments	
	2012 $000	2011 $000	2012 $000	2011 $000
Not later than one year	583	583	567	568
Later than one year and not later than 3 years	419	1,004	387	880
	1,002	1,587	954	1,448
Less unearned finance income	(48)	(139)		-
Present value of minimum lease payments collectable	**954**	**1,448**	**954**	**1,448**

Note 14 Property, plant and equipment

	CONSOLIDATED GROUP 2012 $000	2011 $000
Plant and equipment		
At cost	139,595	74,796
Accumulated depreciation	(60,936)	(6,787)
Assets held for sale	-	(160)
Total plant and equipment	**78,659**	**67,849**
Leasehold improvements		
At cost	2,884	2,270
Accumulated amortisation	(1,000)	(240)
Total leasehold improvements	**1,884**	**2,030**
Office furniture and equipment		
At cost	492	1,870
Accumulated depreciation	(249)	(715)
Total office furniture and equipment	**243**	**1,155**
Motor vehicles		
At cost	14,233	11,429
Accumulated depreciation	(8,976)	(759)
Total motor vehicles	**5,258**	**10,670**
Total property, plant and equipment	**86,043**	**81,704**

(a) Movements in carrying amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and equipment $000	Leasehold improvements $000	Office furniture and equipment $000	Motor vehicles $000	Total $000
Consolidated group:					
Balance at 1 July 2010	**75,576**	**2,227**	**1,693**	**17,582**	**97,078**
Additions	7,100	84	178	2,292	9,654
Disposals	(2,657)	-	-	(6,406)	(9,063)
Depreciation expense	(12,170)	(281)	(716)	(2,798)	(15,965)
Balance at 30 June 2011	**67,849**	**2,030**	**1,155**	**10,670**	**81,704**
Additions	15,665	111	661	2,474	18,911
Disposals	(400)	-	-	(329)	(729)
Depreciation expense	(11,573)	(250)	(505)	(1,514)	(13,843)
Balance at 30 June 2012	**71,541**	**1,890**	**1,311**	**11,301**	**86,043**

Note 15 Intangible assets

	Consolidated Group	
	2012 $000	2011 $000
Goodwill		
Cost	209	209
Net carrying amount	**209**	**209**
Development, tooling & CAD database		
Cost	5,859	1,387
Net carrying amount	**5,859**	**1,387**
Total intangibles	**6,068**	**1,596**

Consolidated group:	Goodwill	Tooling and CAD database
	$000	$000
Year ended 30 June 2011		
Balance at the beginning of year 2011	**209**	**586**
Additions	-	801
Closing value at 30 June 2011	**209**	**1,387**
Year ended 30 June 2012		
Balance at the beginning of year 2012	**209**	**1,387**
Internal development	-	4,472
Closing value at 30 June 2012	**209**	**5,859**

Goodwill and non-current assets have been allocated for impairment purposes to the Asia Pacific Drilling Operations cash generating unit.

Asia Pacific

The recoverable amount of each cash-generating unit is determined based on a value in use calculation which uses 5 year cash flow projections based on current year financial budgets approved by the directors, and a discount rate of 13% per annum (2011: 13% per annum). Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows have been extrapolated using an average of 3% per annum growth rate. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

North America

The assumptions used for North America were the same as the above however cashflow forecasts have been extrapolated to 7 years using a of 0% per annum growth rate after year 5.

As the carrying amount of the net assets of the company were greater than the market capitalisation of the company during the period and at year end both the cash generating units has been tested for impairment.

Based on the testing performed no impairment losses were required to be recognised for either the Asia Pacific or North American cash generating units.

Note 16 Other assets

	CONSOLIDATED GROUP	
Current	**2012 $000**	**2011 $000**
Prepayments	1,683	1,349
Other	127	83
	1,810	**1,432**
Non-current		
Other non-current assets	2	2
	2	**2**

Note 17 Trade and other payables

	CONSOLIDATED GROUP	
Current	**2012 $000**	**2011 $000**
Unsecured liabilities		
Trade payables	10,694	6,566
Sundry payables and accrued expenses	2,274	4,601
Current tax liability	541	882
	13,509	**12,049**

Fair value - Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Note 18 Borrowings

		CONSOLIDATED GROUP	
	Note	**2012 $000**	**2011 $000**
Current			
Secured liabilities			
Bank loans		1,771	1,262
Hire purchase (HP) liabilities		6,391	10,915
HP liabilities associated with assets classified as held for sale		-	237
		8,162	12,414
Total current borrowings		**8,162**	**12,414**
Non-current			
Secured liabilities			
Bank loans		13,000	-
Debentures		-	-
Hire purchase liabilities		2,018	7,039
		15,018	7,039
Total non-current borrowings		**15,018**	**7,039**
Total borrowings	33	**23,180**	**19,453**

Note 18 Borrowings (continued)

(a) Terms and conditions relating to the above financial instruments:

(i) Hire purchase liabilities generally have a term of 5 years with the financier having an interest in the asset until the final payment is made. The average interest rate is 7.82%. Financiers secure their interest by registering a charge over the financed assets.

(ii) Interest rate risk exposure: Details of the Group exposure to interest rate changes on interest bearing liabilities are set out in note 33.

(iii) Fair value disclosures: Details of the fair value of interest bearing liabilities for the Group are set out in note 33.

(b) Assets pledged as security

The bank loans and overdraft are secured by fixed and floating charges over the group Australian based assets. Hire purchase liabilities are secured by the asset for which the agreement relates.

Unrestricted access was available at the balance date to the following lines of credit:

	CONSOLIDATED GROUP	
Bank loan facilities	2012 $000	2011 $000
Total facilities	26,350	20,560
Used at balance date	22,827	19,690
Unused at balance date	**3,523**	**870**

(c) Bills payable

Pursuant to a bank loan facility Bills payable have been drawn as a source of long-term finance. They mature on various dates and bear interest at on fixed and floating rates payable monthly in advance.	13,000	-

Note 19 Provisions

	CONSOLIDATED GROUP	
	2012 $000	2011 $000
Current		
Short-term employee benefits	5,568	2,722
Total current	**5,568**	**2,722**
Non-current		
Long-term employee benefits	210	206
Total non-current	**210**	**206**
Analysis of total provisions		
Current	5,568	2,722
Non-current	210	206
	5,778	**2,928**

Note 20 Contributed equity

	CONSOLIDATED GROUP	
	2012 $000	2011 $000
(a) Share capital		
Fully paid ordinary shares	82,580	82,580
	82,580	**82,580**

Fully paid ordinary shares carry one vote per share and carry the right to dividends

(b) Movement in Ordinary Shares on Issue	CONSOLIDATED GROUP	
	2012 No.	2011 No.
At the beginning of the reporting period	**184,802,974**	**184,802,974**
Shares issued during the year	400,000	-
Shares bought back during year	-	-
At the end of the reporting period	**185,202,974**	**184,802,974**

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Note 21 Reserves

	CONSOLIDATED GROUP	
	2012 $000	2011 $000
Foreign exchange reserve	(331)	(445)
Share based payments	693	545
Movement in financial assets reserve	**362**	**100**

a. **Foreign currency translation reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

b. **Share based payments**

The option reserve records items recognised as expenses on valuation of employee share options or issue of performance rights.

c. The Share based payments reserve relates to share options granted to employees under the employee share option plan. No options were issued in 2012 (2011:0).

	CONSOLIDATED GROUP	
	2012 $000	2011 No.
Balance at the beginning of the year	**200,000**	**200,000**
Lapsed during the year	(200,000)	-
Exercisable at the end of the year	**-**	**200,000**

Note 22 Retained earnings

	CONSOLIDATED GROUP	
	2012 $000	2011 $000
Balance at the beginning of the year	**14,237**	**10,385**
Net profit/(loss) attributable to members	8,513	3,852
	22,750	**14,237**

Note 23 Earnings per share

		CONSOLIDATED GROUP	
		2012 $000	2011 $000
(a)	**Reconciliation of earnings used to calculate earnings per share**		
	Profit after income tax expense and other comprehensive income from continuing operations	9,812	3,776
	Profits for the year from discontinued operations	-	(406)
		9,812	**3,370**
		No.	**No.**
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	236,904,970	236,724,970
	Weighted average number of dilutive options outstanding	-	-
	Weighted average number of dilutive converting preference shares on issue	-	-
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**236,904,970**	**236,724,970**
(c)	**Basic earnings per share (cents)**		
	From continuing operations	4.14	1.60
	From discontinued operation	-	(0.17)
	Total basic earnings per share	**4.14**	**1.43**
(d)	**Diluted earnings per share (cents)**		
	From continuing operations	4.14	1.60
	From discontinued operation	-	(0.17)
	Total diluted earnings per share	**4.14**	**1.43**

Note 24 Capital and leasing commitments

		Note	Consolidated Group 2012 $000	Consolidated Group 2011 $000
(a)	**Finance lease / HP commitments**			
	Payable — minimum lease payments			
	— not later than 12 months		6,402	13,416
	— between 12 months and 5 years		2,184	7,354
	— later than 5 years		-	-
	Minimum lease payments		8,586	20,770
	Less future finance charges		(177)	(1,317)
	Present value of minimum lease payments		**8,409**	**19,453**
	Comprising:			
	Current liability		6,391	12,414
	Non-current liability	18	2,018	7,039
	Total financial liability		**8,409**	**19,453**

		Consolidated Group 2012 $000	Consolidated Group 2011 $000
(b)	**Operating lease commitments**		
	Payments recognised as an expense	533	291
	Non-cancellable operating leases contracted for but not recognised in the financial statements		
	Payable — minimum lease payments		
	— not later than 12 months	495	254
	— between 12 months and 5 years	674	1,015
	— later than 5 years	-	762
		1,169	**2,031**

Operating Leases relate to leases of office premises with terms of between 1 to 10 years. All operating lease contracts contain clauses for yearly rental review in line with the CPI index. The Group does not have an option to purchase the leased premises at the expiry of the lease periods.

Note 25 Contingent liabilities and contingent assets

There are no contingent liabilities or assets as at 30 June 2012.

Note 26 Cash flow information

	CONSOLIDATED GROUP	
	2012 $000	2011 $000
Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	9,698	3,852
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Depreciation	14,364	17,152
Net (gain)/loss on foreign exchange reserve	113	(482)
Net (gain)/loss on disposal of property, plant and equipment	(9)	(85)
Net (gain)/loss on disposal of sale of fixed assets	62	(268)
Share options/performance rights expensed	105	13
Other	1,042	391
Interest paid classified as financing cash flow	(1,442)	(276)
Interest income classified as investing cash flow	525	2,574
	24,457	**22,871**
Changes in assets and liabilities:		
(Increase)/decrease in trade and term receivables	5,381	3,436
(Increase)/decrease in inventories	937	(212)
(Increase)/decrease in other current assets	(10,702)	(2,575)
Increase/(decrease) in trade payables and accruals	(4,128)	(1,400)
Increase/(decrease) in income taxes payable	(1,145)	516
Increase/(decrease) in deferred taxes payable	3,152	(761)
Increase/(decrease) in provisions	809	(612)
Net cash inflow from operating activities	**28,460**	**21,263**

Note 27 Parent information

	2012 $000	2011 $000
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
Statement of financial position		
Assets		
Current assets	36	20
Non-current assets	72,987	73,652
Total assets	**73,023**	**73,672**
Liabilities		
Current liabilities	4	1
Non-current liabilities	-	-
Total liabilities	**4**	**1**
Equity		
Issued capital	99,004	96,095
Retained earnings/(accumulated losses)	(26,635)	(22,968)
Share based payments	650	545
Total Equity	**73,019**	**73,672**
Statement of comprehensive income		
Total profit	394	549
Total comprehensive income	**394**	**549**

There are no commitments or contingent liabilities in the Parent Entity at 30 June 2012

Note 28 Controlled entities

(a) Controlled entities consolidated

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)	
		2012	2011
Subsidiaries of Swick Mining Services Limited:			
SMS Operations Pty Ltd	Australia	100%	100%
SMS Asset Holdings Pty Ltd	Australia	100%	100%
SMS Engineering Pty Ltd	Australia	100%	100%
SMS Mining Services (Canada) Inc	Canada	100%	100%
Swick Mining Services (USA) Inc	USA	100%	100%

Note 29 Share-based payments

(i) Shares granted to key management personnel as share based payments are as follows:

Grant date	Number	Share price at grant date
12/12/2011	300,000	0.34

These shares were issued as compensation to key management personnel of the Group. Further details are provided in the directors' report.

(ii) The company has established the Swick Mining Services Limited Performance Rights Plan. The rights were granted at no cost to the executives and will convert into ordinary shares on completion of specified periods of service.

A summary of the movements of all company performance rights issued is as follows:

	CONSOLIDATED GROUP	
	2012 $000	2011 $000
Balance at the beginning of the year	-	-
Granted	3,000,000	-
Vested	(100,000)	-
Expired	(400,000)	-
Balance at year end	**2,500,000**	**-**

Note 30 Auditors' remuneration

	CONSOLIDATED GROUP	
	2012 $000	2011 $000
Remuneration of the auditor for:		
— Deloitte audit and review the financial report	102,175	103,130
— Deloitte audit and review of the North American operations	-	11,029
— Other services Deloitte	-	9,339
	102,175	**123,498**

Note 31 Events after the reporting period

The directors are not aware of any significant events since the end of the reporting period.

Note 32 Related party transactions

Ultimate parent

The ultimate parent entity that exercises control over the Group is Swick Mining Services Limited, which is incorporated in Australia.

There were no related party transaction other than those related to Key Management Personnel.

For details of disclosures relating to key management personnel, refer to Note 8: Interests of key management personnel compensation.

Note 33 Financial risk management

Financial risk management objectives

The Group's corporate finance function provides services to the business, co-ordinates access to domestic and financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks, where deemed appropriate.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 18 , cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves, other equity and retained earnings (accumulated losses) as disclosed in Note 20, 22 and 23.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains below 30%. The gearing ratios for the year ended 30 June 2012 and 30 June 2011 are as follows:

		CONSOLIDATED GROUP	
	Note	2012 $000	2011 $000
Total borrowings	18	23,180	19,453
Less cash and cash equivalents	10	(15,806)	(12,548)
Net debt		7,373	6,905
Total equity		105,692	96,917
Total capital		**113,065**	**103,822**
Gross gearing ratio (excluding cash)		22%	20%
Net gearing ratio		7%	7%

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		CONSOLIDATED GROUP	
	Note	2012 $000	2011 $000
Financial assets			
Cash and cash equivalents	10	15,806	12,548
Loans and receivables	11	23,082	16,464
Financial lease receivable	13	954	1,448
Total financial assets		**39,842**	**30,460**
Financial liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	17	13,509	12,049
— Borrowings	18	23,180	19,453
Total financial liabilities		**36,689**	**31,502**

Note 33 Financial risk management (continued)

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

b. Liquidity risk

Ultimate responsibility for liquidity risk management rests with management and the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 18 is a listing of undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

c. Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group has entered into fixed rate funding agreements with a variety of financial institutions to manage its exposure to interest rate risk. The Group is not exposed materially to financial risks of changes in foreign currency exchange rates.

d. Interest rate risk

The Parent and the Group are exposed to interest rate risk as entities within the Group borrow funds at fixed and variable interest rates. The interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2012 approximately 78% of group debt is fixed.

Note 33 Financial risk management (continued)

The following table sets out the carrying amount, by maturity, of the financial assets and liabilities:

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
Consolidated group	2012 $000	2011 $000	2012 $000	2011 $000	2012 $000	2011 $000	2012 $000	2011 $000
Financial assets and liabilities:								
Cash and cash equivalents	15,806	12,548					15,806	12,548
Finance lease receivable	567	568	387	880			954	1,448
Bank overdrafts and loans	(1,771)	(1,262)	(13,000)				(14,771)	(1,262)
Hire purchase liabilities	(6,391)	(11,152)	(2,018)	(7,039)			(8,409)	(18,191)
Net (outflow) / inflow on financial instruments	8,211	702	(14,631)	(6,159)	-	-	(6,420)	(5,457)

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 18(c) for further details.

At the end of the reporting period, the details of borrowings and the respective fixed interest rates are as follows:

	CONSOLIDATED GROUP			
	Effective Average Fixed Interest Rate Payable		Notional Principal	
Maturity of notional amounts	2012 %	2011 %	2012 $000	2011 $000
Less than 1 year	7.82%	7.82%	8,162	12,414
1 to 2 years	7.82%	7.82%	2,018	6,124
2 to 5 years	5.24%	7.82%	13,000	915
			23,180	19,453

The net effective variable interest rate borrowings (i.e. unhedged debt) expose the group to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

		CONSOLIDATED GROUP	
Floating rate instruments	**Note**	**2012 $000**	**2011 $000**
Bank overdrafts	18	-	-
Bank loans	18	13,000	-

The Group cash balance at 30 June 2011 was $12.5 million. These funds attract interest up to 5% per annum. A 1% increase or decrease in the interest rate will not result in a material variation in earnings.

Note 33 Financial risk management (continued)

e. Foreign exchange risk

The Group is exposed to the currency fluctuations through its subsidiary operations carried on in USA and Canada.

At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

The following table details the Group's sensitivity to a 10% increase (stronger Australian dollar) and a 10% decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Australian dollar weakening 10% against the relevant currency. For a 10% strengthening of the Australian dollar against the local relevant currency, there would be a comparable negative impact on the profit or equity, and the balances below would be negative.

2012		FOREIGN EXCHANGE RATE RISK	
		-10%	+10%
North American entities	Carrying amount $000	Equity $000	Equity $000
Financial assets			
Cash and cash equivalents	1,023	102	(102)
Accounts receivable	2,060	206	(206)
Financial liabilities			
Accounts payable	(351)	(35)	35
Borrowings	(11,118)	(1,112)	1,112
Total increase/(decrease)	**(8,386)**	**(839)**	**839**

2011		FOREIGN EXCHANGE RATE RISK	
		-10%	+10%
North American entities	Carrying amount $000	Equity $000	Equity $000
Financial assets			
Cash and cash equivalents	609	61	(61)
Accounts receivable	2,056	206	(206)
Financial liabilities			
Accounts payable	(1,594)	(159)	159
Borrowings	(10,487)	(1,049)	1,049
Total increase/(decrease)	**(9,416)**	**(941)**	**941**

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Swick Mining Services Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 33 to 78, are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the consolidated group;
2. the financial report also complies with International Financial Reporting Standards as disclosed in note 3;
3. the remuneration disclosures that are contained in the Remuneration Report in the Directors Report comply with Australian Accounting Standard AASB124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001; and
4. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
5. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer.

Kent Swick
Managing Director

Dated this 24th day of August 2012

Deloitte.

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Independent Auditor's Report to the Members of Swick Mining Services Limited

We have audited the accompanying financial report of Swick Mining Services, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 33 to 78

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion, the financial report of Swick Mining Services Limited is in accordance with the *Corporations Act 2001*, including:

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

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 28 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Swick Mining Services Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants
Perth, 24 August 2012

ASX ADDITIONAL INFORMATION

The following additional information, current as at 24 September 2012, is required by the ASX Listing Rules and is not disclosed elsewhere in this Annual Report unless otherwise specified.

1. ASX Corporate Governance Council best practice recommendations

The Company strives to adhere to, where practical and relevant, the "Principles of Good Corporate Governance and Best Practice Recommendations" released by the ASX Corporate Governance Council. See *Corporate Governance Statement* for details of the Company's departure from the recommendations.

2. Substantial holders

Substantial Holders	Shares Held
Kent & Tanya Swick	31,970,000
BNP PARIBAS Nominees Pty Ltd	26,306,079
National Nominees Ltd	24,748,532
HSBC Custody Nominees (Australia) Limited	23,281,002
Rosanne Thelma Swick	20,029,524
J P Morgan Nominees Australia Limited	17,388,161

3. Distribution schedule of equity security holders

	Fully Paid Ordinary Shares
1 - 1,000	400
1,001 - 5,000	860
5,001 - 10,000	491
10,001 - 100,000	1,011
100,001 and over	107
Total Number of Holders	**2,869**
Total Number of Securities	**237,824,970**

4. Voting rights

The voting rights attaching to the Company's **fully paid ordinary shares**, as set out in Rule 12.11 of the Company's Constitution, are as follows:

"Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

(a) each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

(b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and

(c) on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited)".

5. Holders of an unmarketable parcel

There are 642 shareholders holding less than a marketable parcel of fully paid ordinary shares (using a price of $0.26 per fully paid ordinary share).

6. Register of securities

The Register of Securities is kept at the office of the Company's share registry, Security Transfer Registrars Pty Ltd, being 770 Canning Highway, Applecross, Western Australia (telephone (08) 9315 2333).

7. Stock exchange listing

The Company's securities are quoted only on the Australian Securities Exchange.

8. Restricted securities

There are 300,000 ordinary shares in the Company subject to voluntary escrow until 16 August 2013.

9. On market buy-back

There is currently an on-market buy-back being undertaken by the Company.

10. Item 7 of Section 611 of the Corporations Act 2001

No issues of securities approved under Item 7 of section 611 of the Corporations Act 2001 are yet to be completed.

11. Top 20 shareholders

Ranking	Holder name	Securities	% of issued
1	BNP PARIBAS NOMS PL	26,306,079	11.06%
2	NATIONAL NOM LTD	24,748,532	10.41%
3	HSBC CUSTODY NOM AUST LTD	23,281,002	9.79%
4	SWICK ROSANNE THELMA	20,029,524	8.42%
5	J P MORGAN NOM AUST LTD	17,388,161	7.31%
6	SWICK KENT JASON	14,500,651	6.10%
7	SWICK TANYA MICHELLE	14,500,651	6.10%
8	ZERO NOM PL	10,860,000	4.57%
9	RANDALL WILLIAM JAMES	9,840,000	4.14%
10	INVIA CUST PL	2,668,247	1.12%
11	GWYNVILL TRADING PL	2,459,250	1.03%
12	RBC INVESTOR SVCS AUST NO	2,264,603	0.95%
13	LUGTON ROBERT JOHN + G	1,668,000	0.70%
14	K & T SWICK PL	1,540,000	0.65%
15	SANDHURST TTEES LTD	1,510,505	0.64%
16	SWICK KENT JASON + T M	1,428,698	0.60%
17	PORTMAN TRADING PL	1,081,150	0.45%
18	LAMBERT ANDREW P + LEE C	858,672	0.36%
19	CITICORP NOM PL	760,600	0.32%
20	VENDEX PL	629,255	0.26%
	Total	**178,323,580**	**74.98%**

12. Unquoted securities

There are 4 holders of 2,000,000 performance rights. Holders of more than 20% are:

Holder names:	Quantity Held
Bryan Wesley	500,000
Nigel Cocliff	500,000
Will Gove	500,000
Vahid Haydari	500,000
Total	**2,000,000**

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