



Swick Mining Services Ltd and its Controlled Entities

Appendix 4D

**Half-Year Financial Report
31 December 2014**

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Period ended
Current Reporting Period	31-Dec-14
Previous Corresponding Period	31-Dec-13

				\$'000
Revenue from Ordinary Activities	Up	12%	to	63,448
Net Profit /(Loss) After Tax from Ordinary Activities	Up	144%	to	186
Net Profit/(Loss) After Tax Attributable to Members	Up	144%	to	186

Dividends

An interim fully franked dividend of 0.2cents per ordinary share has been declared on 27 February 2015 for the period ended 31 December 2014. The dividend record date is 11 March 2015 and the payment date is 8 April 2015.

	31-Dec 2014	31-Dec 2013
Net tangible asset backing per ordinary share (cents)	45.44	44.70

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

DIRECTORS' REPORT

The Directors of Swick Mining Services Limited (Swick) are pleased to submit their report for the half-year ended 31 December 2014.

DIRECTORS

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

Name	Period of Directorship
Andrew Simpson (Chairman) (Non-Executive)	Appointed 24 th October 2006
Kent Swick (Managing Director)	Appointed 24 th October 2006
David Nixon (Non-Executive)	Appointed 1 st January 2007
Phil Lockyer (Non-Executive)	Appointed 11 th February 2008
Ian McCubbing (Non-Executive)	Appointed 1 st August 2010

Company Secretary

Frank Campagna	Appointed 19 th June 2014
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REVIEW AND RESULTS OF OPERATIONS

Operational Performance	1H FY15	1H FY14	% Change
Metres Drilled	624,506	564,083	11%
Rigs in Fleet (Period end)	83	81	2%
Rigs in Use (Period End)	55	44	25%
Revenue per Metre	\$101.30	\$95.68	6%
Employees	627	543	15%
Financial Performance	1H FY15	1H FY14	% Change
Revenue	\$63.4m	\$56.8m	12%
EBITDA	\$8.4m	\$6.8m	24%
EBIT	\$1.2m	\$0.3m	300%
Net Profit/(Loss) After Tax	\$0.2m	(\$0.4)m	150%
Earnings Per Share - cents	0.09	(0.19)	147%
EBITDA %	13.3%	11.9%	12%
EBIT %	1.9%	0.5%	288%
NPAT %	0.3%	-0.7%	143%
Net Assets	\$108.3m	\$106.2m	2%
Cash	\$4.7m	\$13.5m	-65%
Debt	\$21.9m	\$20.4m	7%
Net Debt	\$17.2m	\$6.9m	149%
Operating Cashflow	\$9.8m	\$8.7m	13%
Free Cashflow*	\$1.1m	\$1.0m	10%

- Free cash calculation excludes investment in Orexplore AB which totalled \$541k for the period to 31 Dec 2014.

Revenue for the six months ending December 31, 2014 was \$63.5 million, up 12% from \$56.8 million for the corresponding period a year ago. The Company is operating at 24 mine sites for 20 individual clients, of which 4 sites are international.

EBITDA for the first half was \$8.4m (13.3% margin) for the first half, up 24% from \$6.8m (11.9% margin) in the corresponding period a year ago.

Swick's existing contracts are operating in line with expectations and will lead to improved revenue in the second half. Margin improvement is also expected to follow as a result of a renewed focus on cost efficiencies, top line revenue growth driven by the Company's R&D initiatives as well as additional rigs being put to work at existing sites.

Despite the constrained wider mineral drilling market, Swick has a strong order book and operates at a number of world-class operating mine sites. This provides a solid foundation for a strong rebound in revenue as Swick client's budgets return to normal levels, and drilling that has previously been deferred approaches the critical path.

A total of 55 rigs from a fleet of 83 (including three client owned rigs) were operating in the field as of December 31, 2014 compared to 44 rigs from a fleet of 81 a year ago. Of the total rigs in work, the Underground Diamond Coring division represented 51 rigs operating from a fleet of 69 (74% utilisation), compared to 38 rigs operating from a fleet of 67 (57% utilisation) a year ago.

The second half has seen an increased demand for the Underground Diamond Coring division, with an additional six drilling rigs being deployed at existing Australian and international sites by the date of this report.

On the strength of a strong order book and confidence that earnings will rebound in the second half as additional rigs mobilise and R&D initiatives come on stream, the Company is pleased to announce the declaration of a fully franked interim dividend of 0.2 cents per share. The dividend record date will be the close of trade on Wednesday 11 March 2015, with the payment date being Wednesday 8 April 2015

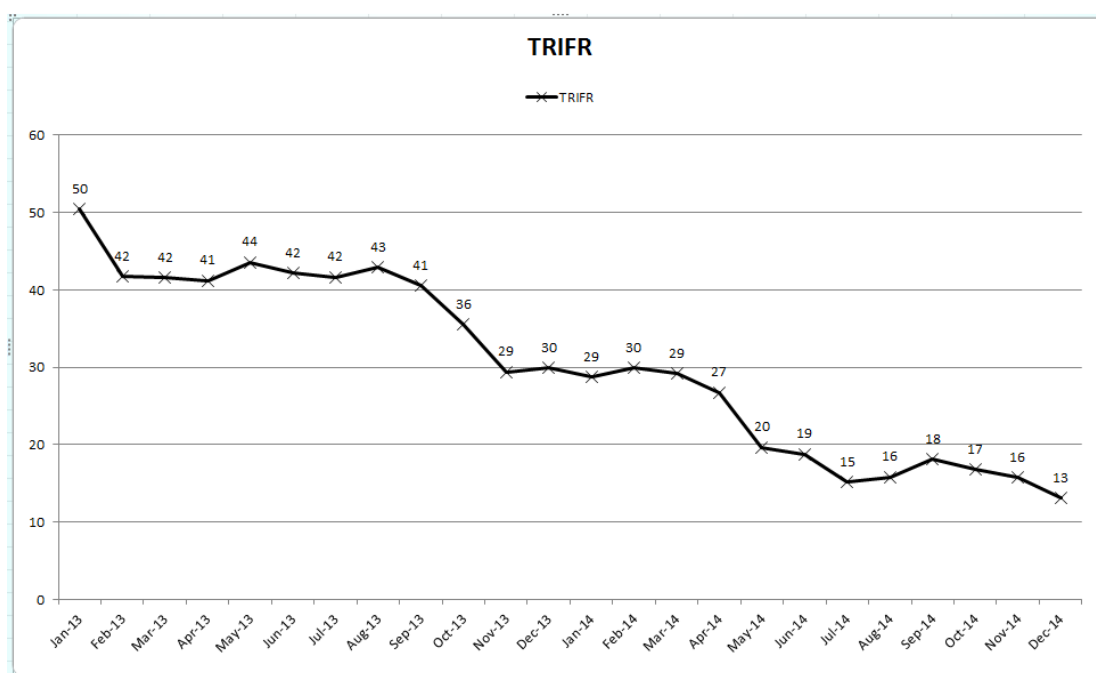
Safety and Training

A consistent focus on the simplification, presentation and subsequent utilisation of the safety and training system at Swick has led to a continued improvement in the safety performance of the group. At the rig, graphical documentation of procedures simplifies the delivery of the process, hazard and control information to crews.

In the near term, video footage and animated procedures will be provided at the rig to allow the crews to further understand and absorb the process and controls required for the critical tasks.

The TRIFR (Total Recordable Injury Frequency Ratio) per million man-hours shows a consistent downward trend, indicating the value of the safety and training review in 2012 and subsequent strategic actions that were undertaken by the Company.

In January 2013, the final roll out of the new streamlined HSE management system was completed. The new system was introduced as the foundation for a renewed focus based on performance rather than just compliance which ultimately will drive our HSE Strategy of Zero Harm.



Since the inception of the new safety and training system, the frequency ratio of total recordable injuries has decreased by 74%. The combined input of the high quality, innovative Safety and Training system, as well as the Research and Development capability will continue to deliver improved safety for its employees. Swick has a track record of introducing machine design and drilling system innovations that significantly reduce the hazards associated with drilling, whilst also delivering improved productivity.

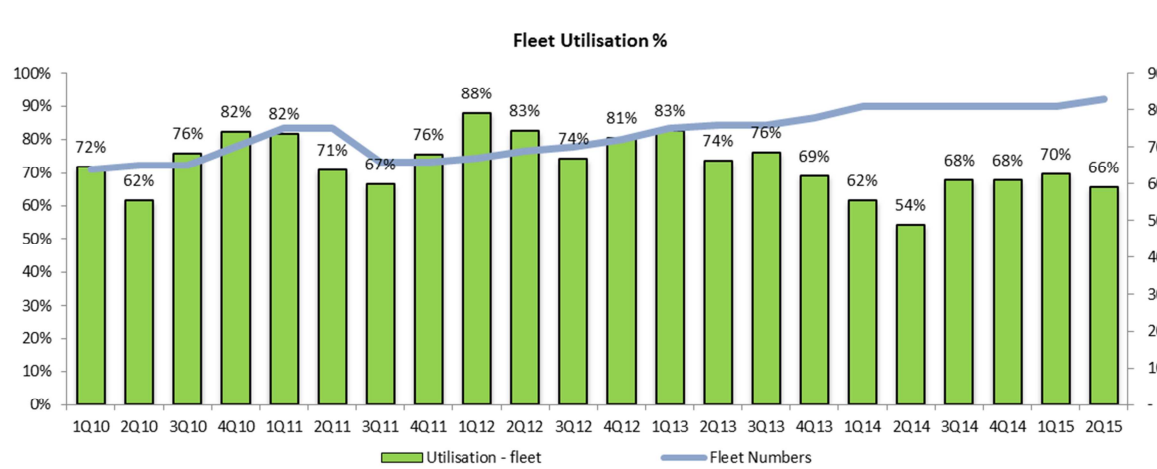
Capital Expenditure

In November 2013, Swick invested an initial sum of \$1.66 million into a mineral analysis business based in Sweden for an initial shareholding of 23% in the Company. Since that date, Swick has provided additional funding to Orexplore AB in the amount of \$1.24 million. Swick's financial commitment to Orexplore AB is in the order of A\$500,000 per half year, which in turn funds the research and development of world first mineral analysis techniques in return for equity. As at 31 December 2014 the Group's ownership interest was 46.7%. Swick has further commitments for up to \$3.6 million (SEK23.2m) over the next 42 months.

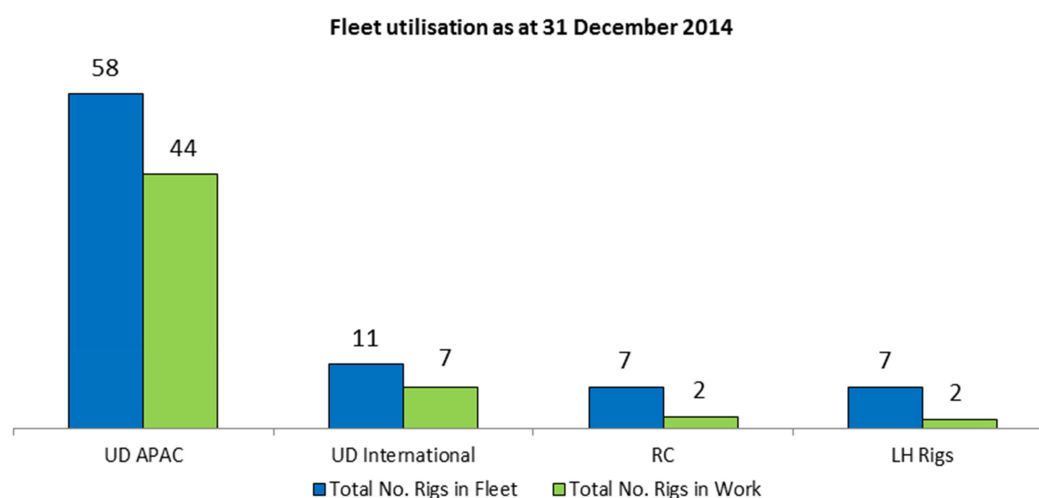
Normal business capital expenditure in the first half was \$8.9 million, of which \$3.3 million relates to specific growth capital and productivity enhancement projects including R&D projects and rig upgrades. The Company has decided to focus the next phase of capital expenditure on the commercial rollout of many R&D initiatives that will significantly improve the productivity and lower the cost base of the Underground Diamond Drilling Division. The benefit of these upgrades is primarily efficiency improvements and the subsequent profitability improvements, however as a result of the improved productivity; capital expenditure for growth is greatly reduced as the business delivers more production from the existing asset base. The second half capital expenditure is budgeted to be approximately \$6.8 million.

Fleet Utilisation and ARPOR

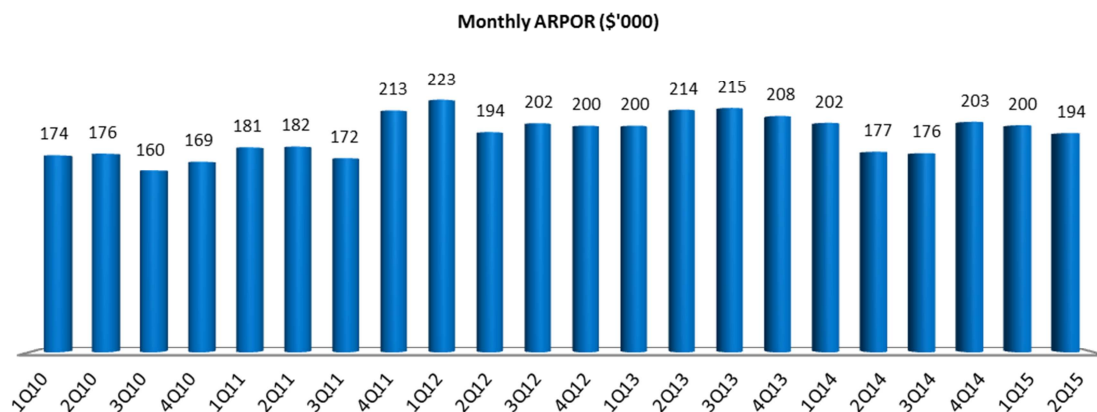
The Company's rig utilisation against total fleet number as at 31 December 2014 is shown below:



Rigs by Division as at 31 December 2014, is detailed in the graph below. As noted in the Operations update above an additional International rig was mobilised in January, with a further International rig mobilised in February 2015.



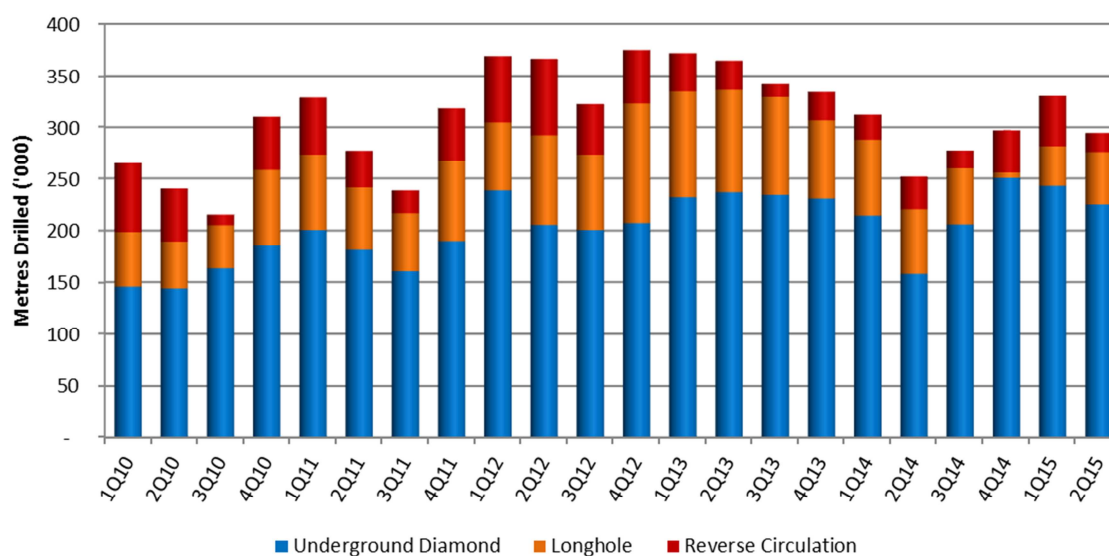
The Company's *Average Monthly Revenue per Operating Rig (ARPOR)* metric shown below has improved from 1H14. This is in part as a result of the move to base the ARPOR calculation on FTE (Full Time Equivalent) rigs, rather than simple "numerical" rigs in work. With upcoming mobilisations in the 3Q15 and signs of demand for services increasing, the ARPOR is expected to recover to levels experienced in 1Q15.



* Note: As of 1Q15 the rig numbers used as the basis of the ARPOR calculation are the Full Time Equivalent (FTE) Rigs, rather than straight “numerical” rigs at the end of the quarter. The Company believes this is a more accurate reflection of the average revenue per rig, as well as indicating the trend in market conditions and operating performance. As a comparison, 1Q15 ARPOR number using the previous methodology would have been \$188k (a 3% variance).

Metres Drilled

Total metres drilled for 1H15 increased 11% to 624,506 metres from 564,083 metres in the corresponding period last year, the quarterly metres drilled by division is shown in the graph below with Underground Diamond up 26% , Longhole Production down 35% and RC up 21%, compared to the corresponding half last year.



AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Deloitte Touche Tohmatsu, which is included on page 10.

Signed in accordance with a resolution of the directors



Kent Swick
Managing Director
Dated: 27 February 2015

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

27 February 2015

Dear Board Members

Swick Mining Services Limited

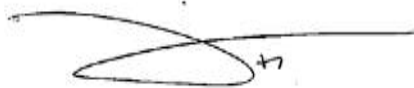
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Swick Mining Services Limited.

As lead audit partner for the review of the financial statements of Swick Mining Services Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review;
and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Darren Hall
Partner
Chartered Accountants

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	Consolidated 31-Dec-2014 \$'000	31-Dec-2013 \$'000
Revenue		63,296	56,500
Finance Revenue		101	210
Other Income		51	57
Total revenue and other income	4	63,448	56,767
Expenses			
Finance Costs		848	819
Other Expenses	4	62,214	56,515
Total expenses		63,062	57,334
Profit/(Loss) before income tax expense		386	(567)
Income Tax (Expense)/Benefit		(200)	144
Profit/(Loss) for the period		186	(423)
Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations		590	(123)
Total comprehensive income/(loss) for the period		776	(546)
Earnings/(Loss) per share (cents per share)			
- basic; Earnings/(Loss) for the year	10	0.09	(0.19)
- diluted; Earnings/(Loss) for the year	10	0.09	(0.19)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Consolidated	
	Note	31-Dec-14	30-Jun-14
		\$'000	\$'000
Current assets			
Cash and cash equivalents	5	4,692	4,194
Trade and other receivables		17,036	18,379
Inventories		19,753	19,546
Other assets		995	1,581
Total current assets		42,476	43,700
Non-current assets			
Property, plant and equipment		97,963	95,655
Intangible assets		9,414	9,160
Other financial assets	14	1,000	1,000
Other assets		2	2
Investment in associate	6	2,108	1,913
Total non-current assets		110,487	107,730
Total assets		152,963	151,430
Current liabilities			
Trade and other payables		14,382	13,766
Borrowings	7	281	1,374
Provisions		5,243	5,330
Current tax liabilities		669	634
Total current liabilities		20,575	21,104
Non-current liabilities			
Borrowings	7	21,660	19,470
Deferred tax liabilities		1,337	2,057
Provisions		1,043	792
Other financial liabilities	14	33	36
Total non-current liabilities		24,073	22,355
Total liabilities		44,648	43,459
Net assets		108,315	107,971
Equity			
Issued capital	8	75,841	75,841
Reserves		1,446	856
Retained earnings		31,028	31,274
Total equity		108,315	107,971

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED	Ordinary shares \$'000	Share Based Payments Reserve \$'000	Foreign Currency reserve \$'000	Retained earnings \$'000	Total Equity \$'000
At 1 July 2014	75,841	1,001	(145)	31,274	107,971
Profit for the period	-	-	-	186	186
Other comprehensive income	-	-	590	-	590
Total comprehensive income for the period	-	-	590	186	776
Share buy-back	-	-	-	-	-
Dividends recognised for the period	-	-	-	(432)	(432)
At 31 December 2014	75,841	1,001	445	31,028	108,315
At 1 July 2013	77,644	760	(37)	31,471	109,838
Loss for the period	-	-	-	(423)	(423)
Other comprehensive expense	-	-	(123)	-	(123)
Total comprehensive loss for the period	-	-	(123)	(423)	(546)
Share buy-back	(1,760)	-	-	-	(1,760)
Transaction costs on share buy-back	(4)	-	-	-	(4)
Dividends recognised for the period	-	-	-	(1,300)	(1,300)
At 31 December 2013	75,880	760	(160)	29,748	106,228

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Consolidated	
	31-Dec-2014	31-Dec-2013
Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	67,322	59,676
Payments to suppliers and employees	(57,533)	(50,961)
Net cash inflow from operating activities	9,789	8,715
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	7	183
Proceeds from sale of property, plant & equipment	238	326
Payments for plant and equipment	(7,375)	(5,990)
Payment for Intangible assets	(1,594)	(2,200)
Payments for businesses	(541)	(1,656)
Payments for trust investment	-	(1,000)
Net cash used in investing activities	(9,265)	(10,337)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for share buyback (including transaction costs)	-	(1,764)
Proceeds from Borrowings	1,993	-
Repayment of Borrowings	(740)	(1,873)
Interest paid	(847)	(818)
Dividends paid by parent entity	(432)	(1,300)
Net cash used in financing activities	(26)	(5,755)
Net increase/(decrease) in cash and cash equivalents held	498	(7,377)
Cash and cash equivalents at the beginning of the period	4,194	20,873
Cash and cash equivalent at the end of the period	4,692	13,496

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

1. CORPORATE INFORMATION

The financial report of Swick Mining Services Ltd (the Company) for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 27 February 2014.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The half-year financial report should be read in conjunction with the annual Financial Report of Swick Mining Services Ltd as at 30 June 2014.

It is also recommended that the half-year financial report be considered together with any public announcements made by Swick Mining Services Ltd and its controlled entities ('the Group') during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of Preparation

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

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

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

(b) Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - o Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
 - o Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
 - o Part C: 'Materiality'
- Interpretation 21 'Levies'

(c) Basis of consolidation

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

3. SEGMENT INFORMATION**Geographical Segments**

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

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

Segment Revenue, Expense and Results for Continuing Operations

HY14/15	Drilling Services – Asia Pacific		Drilling Services – International		Total	
	Half-year ended	Half-year ended	Half-year ended	Half-year ended	Half-year ended	Half-year ended
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	56,392	52,163	6,903	4,337	63,296	56,500
Other income	57	267	-	-	152	267
Total Revenue	56,545	52,430	6,903	4,337	63,448	56,767
Other expenses	54,020	50,184	8,194	6,331	62,214	56,515
Finance costs	823	813	25	6	848	819
Total Expense	54,843	50,997	8,219	6,337	63,062	57,334
Segment Profit/(Loss) before Tax	1,702	1,433	(1,315)	(2,000)	386	(567)
Other segment information						
Depreciation and amortisation	6,092	5,977	1,084	547	7,176	6,524

Segment Assets and Liabilities

	Drilling Services – Asia Pacific		Drilling Services – International		Total	
	Half-year ended	Year ended	Half-year ended	Year ended	Half-year ended	Year ended
	31 Dec 2014	30 June 2014	31 Dec 2014	30 June 2014	31 Dec 2014	30 June 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Segment Assets	147,070	261,869	2,733	20,719	149,803	282,588
Total Segment Liabilities	(45,999)	(161,295)	(5,427)	(22,428)	(51,426)	(183,723)
Eliminations					9,938	9,106
Total net assets	101,071	100,574	(2,694)	(1,709)	108,315	107,971
Other segment information						
Non-current assets	102,695	19,628	7,792	1,368	110,487	20,996

4. REVENUE, INCOME AND EXPENSES FOR CONTINUING OPERATIONS

	Note	31-Dec-14 \$'000	31-Dec-13 \$'000
<i>Revenue</i>			
Rendering of Services		63,296	56,500
Total Revenue		63,296	56,500
<i>Finance Revenue</i>			
Interest Revenue		5	210
Distribution from unit trust		96	-
Total Finance Revenue		101	210
<i>Other income</i>			
Net Gain on disposal of property, plant and equipment		51	57
Total Other Income		51	57
Total Revenue and Other Income		63,448	56,767
<i>Other expenses</i>			
Raw materials and consumables used		9,855	8,671
Employee benefits expenses		34,054	30,359
Depreciation and amortisation expenses		7,176	6,524
Accommodation and travel expenses		2,243	3,406
Repairs, parts and maintenance		3,616	3,308
Equipment Hire and Freight		1,693	893
Insurance		1,374	1,318
Marketing and Advertising		113	124
Utilities and communication		388	487
Rent and Outgoings		582	358
Share in loss of associate	6	131	71
Administration costs		989	996
Total Other Expenses		62,214	56,515

5. CASH AND CASH EQUIVALENTS

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

	Consolidated	
	31-Dec-14 \$'000	30-Jun-14 \$'000
Cash in hand	2	2
Bank balance	4,691	4,192
Cash and cash equivalents	4,692	4,194

6. INVESTMENTS IN ASSOCIATES

On 6 November 2013, the Group acquired a 23% interest in Orexplora AB, a company incorporated in Sweden and engaged in mineral analysis and measurement technology. The initial investment was \$1.66 million (23%) with further equity investment of \$2.7 million over 2.5 years in five equal tranches which will increase Swick's equity ownership in Orexplora to 52%. As at 31 December 2014 the Group's ownership interest was 46.0%. The acquisition is treated as an Investment in Associate at 31 December 2014 as Swick has significant influence as per AASB 128: Investments in Associates and Joint Ventures.

	31-Dec-14 \$'000	30-Jun-14 \$'000
Opening Balance	1,913	-
Cash	542	2,356
Less: Share in loss of associate	(131)	(119)
Add: Foreign exchange revaluation of investment	(216)	(324)
	2,108	1,913

7. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated	
	31-Dec-14 \$'000	30-Jun-14 \$'000
Current Liabilities		
Bank loans	101	603
Hire Purchase Liabilities	180	771
	281	1,374
Non-Current Liabilities		
Bank loans	21,000	19,000
Hire Purchase Liabilities	660	470
	21,660	19,470

Hire Purchase Liabilities are fixed interest borrowings provided over a three to five year term.

Bank loans consist of a mixture of fixed and variable bank bills with maturity dates that run through to December 2016.

8. CONTRIBUTED EQUITY

	31-Dec-14 \$'000	30-Jun-14 \$'000
a) Share capital		
Ordinary shares, fully paid	75,841	75,841

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

b) Movement in Ordinary Shares on Issue

Consolidated Entity

2014 Details	Number of shares	Issue price \$	\$ Value \$'000
30 June 2014 balance	164,024,776		75,841
Performance rights converted to shares	1,520,377	-	-
31 December 2014 balance	165,545,153		75,841
2013 Details	Number of shares	Issue price	\$ Value \$'000
30 June 2013 balance	170,070,477		77,644
Performance rights converted to shares	606,124	-	-
Shares bought back and cancelled	(6,511,825)	-	(1,764)
31 December 2013 balance	164,164,776		75,880

Consolidated Ordinary Shares on Issue differ from the number of securities listed on the Australian Securities Exchange due to a reverse acquisition adjustment required on the original listing of Swick Mining Services Ltd in 2007. The actual number of shares on issue in the parent entity at 31 December 2014 was 217,643,703 (30 June 2014 216,123,326), including all shares bought back during the period.

9. COMMITMENTS AND CONTINGENCIES

Commitments

Swick Mining Services Ltd has an ongoing research and development commitment for both investment of equity and provision of a convertible loan totalling approximately \$3.6 million (23.2 million Swedish Krona) over 4 years with Orexplore AB, subject to agreed research and development milestones.

Contingent Liabilities

Contingent liabilities have a value of nil (30 June 2014: nil)

10. EARNINGS PER SHARE

	Consolidated	
	31- Dec-14	31-Dec-13
a) Basic earnings/(loss) per share (cents)		
From continuing operations	0.09	(0.19)
Total basic earnings/(loss) per share	0.09	(0.19)
b) Reconciliation of earnings/(loss) used to calculate earnings per share (\$'000)		
Profit/(Loss) after income tax expense from continuing operation	186	(423)
c) Weighted average number of shares ('000)	216,525	218,163
d) Diluted earnings/(loss) per share (cents)		
From continuing operations	0.09	(0.19)
Total diluted earnings/(loss) per share	0.09	(0.19)
e) Reconciliation of earnings/(loss) used to calculate diluted earnings per share (\$'000)		
Profit/(Loss) after income tax expense from continuing operations	186	(423)
f) Weighted average number of shares used to calculate diluted earnings per share ('000)	217,573	219,346

11. CASH GENERATING UNITS

In assessing the potential impairment management have used three separate functional divisions, being the cash generating units within the group:

- Underground Diamond Drilling
- Surface Reverse Circulation Drilling; and
- Underground Production Drilling.

Goodwill and intangibles have been allocated for impairment purposes to Underground Diamond Drilling.

Based on the testing performed, no impairment losses were required to be recognised.

Underground Diamond Drilling

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on the forecast financial results for the current year, extrapolated for a further four years with a terminal value. Revenue growth is assumed to be 8% for years two and three, then 2.5% for the remaining years and terminal value. EBITDA margin is assumed to increase as underperforming contracts are renewed on more favourable terms and R&D initiatives are implemented and the business overhead becomes a lower percentage of overall activity. Capital expenditure is assumed to continue at current levels, plus an allowance for a project roll out in year two. The directors estimate that a combination of factors resulting in an EBITDA decrease by 8% to 10% would result in the aggregate carrying amount of the cash generating unit exceeding the recoverable amount of the cash generating unit by approximately \$4.6 million to \$8.2 million. Alternatively, capital expenditure would need to increase by 10.4% for the aggregate carrying amount of the cash generating unit to be the same as the recoverable amount of the cash generating unit.

Surface Reverse Circulation Drilling

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on the forecast financial results for the current year, extrapolated for a further four years with a terminal value. Revenue growth is assumed to be 4% for years two and three, then 2.5% for the remaining years and terminal value. EBITDA margin is assumed to be the average of years 2012 to 2015 for years two and beyond. The directors estimate that a combination of factors resulting in an EBITDA decrease by 8% to 10% would result in the aggregate carrying amount of the cash generating unit exceeding the recoverable amount of the cash generating unit by approximately \$1.6 million to \$2.0 million. Alternatively, capital expenditure would need to increase by 2.3% for the aggregate carrying amount of the cash generating unit to be the same as the recoverable amount of the cash generating unit.

Underground Production Drilling

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on the forecast financial results for the current year, extrapolated for a further four years with a terminal value. Revenue growth is assumed to be 2.5% for all remaining years and terminal value. EBITDA margin is assumed to be the average of years 2012 to 2015 for years two and beyond. Capital expenditure is assumed to continue at current levels. The directors estimate that a combination of factors would have to result in an EBITDA decrease of at least 16.3% before the aggregate carrying amount of the cash generating unit is the same as the recoverable amount of the cash generating. Alternatively, capital expenditure would need to increase by 42.0% for the aggregate carrying amount of the cash generating unit to be the same as the recoverable amount of the cash generating unit.

12. KEY MANAGEMENT PERSONNEL

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

13. EVENTS AFTER THE BALANCE SHEET DATE

On 27 February 2015 the board declared a fully franked dividend of 0.2 cents per ordinary share for the period ended 31 December 2014. The dividend record date is 11 March 2015 and the payment date is 8 April 2015.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Other financial assets consists of

	31-Dec-14 \$'000	30-Jun-14 \$'000
b) Units in unlisted property trust	1,000	1,000
	1,000	1,000

Other financial liabilities consists of

	31-Dec-14 \$'000	30-Jun-14 \$'000
a) Foreign currency forward contracts	33	36
	33	36

a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs of fair value
	31/12/14	30/06/14				
Foreign currency forward contracts	33,035	36,015	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

b) Reconciliation of Level 3 fair value measurements

31 December 2014

	Available-for-sale - units in unlisted property trust
	\$'000
Opening balance	1,000
Purchases	-
Closing balance	1,000

On 4 November 2013 the Group acquired a 20% interest in an unlisted property trust that purchased its leased premises located at 64 Great Eastern Highway South Guildford, Western Australia. The directors consider the carrying amount of the financial asset approximates the fair value when considering the valuation done during the half year and the ongoing long term lease for the property.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - i. give a true and fair view of the financial position as at the 31 December 2014 and the performance for the half-year ended on that date; and
 - ii. comply with Australian Accounting Standards (AASB 134 *Interim Financial Reporting*) and the Corporations Regulations 2001.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read "K Swick", is written over a horizontal line.

Kent Swick
Managing Director
Perth, 27 February 2015

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

We have reviewed the accompanying half-year financial report of Swick Mining Services Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 11 to 23.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Swick Mining Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Darren Hall

Partner

Chartered Accountants

Perth, 27 February 2015