



**SWICK MINING SERVICES LIMITED**  
**ABN : 20 112 917 905**

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT – 30 JUNE 2010**

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## RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Year ended
Current Reporting Period	30-Jun-10
Previous Corresponding Period	30-Jun-09

Revenue relating to Continuing Operations	Up	20%	To	85,959,128
Revenue relating to Discontinued Operations	Up	4%	To	13,573,669
<b>Total Revenue from Ordinary Activities</b>	<b>Up</b>	<b>17%</b>	<b>To</b>	<b>99,532,797</b>
Net Profit /(Loss) After Tax from Ordinary Activities	Down	-574%	To	(10,059,313)
Net Profit/(Loss) After Tax Attributable to Members	Down	-574%	To	(10,059,313)

### Dividends

No dividend has been paid or is proposed to be paid in relation to the year ended 30 June 2010.

### Net tangible asset backing per ordinary share

<b>2010</b>	<b>2009</b>
0.39	0.40

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

## OPERATIONAL AND FINANCIAL REVIEW

The commentary on the results is contained in the media release dated 30 August 2010 accompanying this statement.

## COMPLIANCE STATEMENT

This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to the ASX.

This report gives a true and fair view of the matters disclosed.

## AUDIT

The report is based on financial statements that are currently in the process of being audited.



**KENT SWICK**

MANAGING DIRECTOR

Dated: Perth, Western Australia, 30 August 2010

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010**

		Consolidated	
	Note	2010 \$	2009 \$
<b>Continuing Operations</b>			
Revenue		84,214,468	70,649,578
Finance Revenue		104,179	294,746
Other income		1,640,481	903,515
<b>Total revenue and other income</b>	2	<b>85,959,128</b>	<b>71,847,839</b>
Finance Costs		3,301,883	3,549,180
Impairment Loss		9,023,111	
Other Expenses		83,901,312	68,045,296
<b>Expenses</b>	2	<b>96,226,306</b>	<b>71,594,476</b>
<b>Profit/(Loss) before income tax expense</b>		<b>(10,267,178)</b>	<b>253,363</b>
Income tax (expense)/benefit		3,414,419	(495,228)
<b>Profit/(Loss) after income tax expense from continuing operations</b>		<b>(6,852,759)</b>	<b>(241,865)</b>
<b>Discontinued operations</b>			
Profit/(Loss) for the year from discontinued operations	6	<b>(3,206,554)</b>	<b>2,344,314</b>
<b>PROFIT FOR THE YEAR</b>		<b>(10,059,313)</b>	<b>2,102,449</b>
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations		18,540	17,998
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(10,040,773)</b>	<b>2,120,447</b>
<b>Earnings per share (cents per share)</b>			
<i>From continuing and discontinued operations</i>			
- basic; for profit for the year	4	(4.94)	1.39
- diluted; for profit for the year	4	(4.94)	1.39
<i>From continuing operations</i>			
- basic; for profit for the year	4	(3.36)	(0.15)
- diluted; for profit for the year	4	(3.36)	(0.15)

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

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**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated 2010 \$	2009 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		8,817,798	8,548,370
Trade and other receivables		17,963,159	12,131,103
Inventories		16,399,505	18,318,879
Other current assets		1,681,065	1,961,091
Assets Classified as held for sale	6	10,996,683	-
<b>TOTAL CURRENT ASSETS</b>		<b>55,858,210</b>	<b>40,959,443</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		97,078,494	114,223,963
Deferred tax assets		4,899,732	8,480,840
Intangible asset and goodwill		794,618	2,963,070
Other non-current assets		2,000	2,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>102,774,844</b>	<b>125,669,873</b>
<b>TOTAL ASSETS</b>		<b>158,633,054</b>	<b>166,629,316</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		15,568,516	13,575,135
Interest bearing loans and borrowings		14,480,322	17,052,848
Provisions		2,011,482	1,444,381
Liabilities associated with assets classified as held for sale	6	6,617,685	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>38,678,005</b>	<b>32,072,364</b>
<b>NON – CURRENT LIABILITIES</b>			
Deferred tax liabilities		5,663,080	14,093,795
Provisions		137,103	92,233
Interest bearing loans and borrowings		21,012,312	40,739,063
<b>TOTAL NON - CURRENT LIABILITIES</b>		<b>26,812,495</b>	<b>54,925,091</b>
<b>TOTAL LIABILITIES</b>		<b>65,490,500</b>	<b>86,997,455</b>
<b>NET ASSETS</b>		<b>93,142,554</b>	<b>79,631,861</b>
<b>EQUITY</b>			
Contributed equity		82,189,451	58,682,827
Reserves		568,580	505,197
Retained earnings		10,384,523	20,443,837
<b>TOTAL EQUITY</b>		<b>93,142,554</b>	<b>79,631,861</b>

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

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2010**

		Consolidated	
	Note	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		92,962,515	88,244,701
Payments to suppliers and employees		(76,104,938)	(71,013,783)
Interest paid		(4,023,662)	(4,488,891)
Income tax paid			(117,636)
<b>Net cash inflow from operating activities</b>	3	<u>12,833,915</u>	<u>12,624,391</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income		104,241	577,424
Proceeds from sale of property, plant & equipment		1,677,481	675,655
Payments for plant and equipment		(19,103,001)	(52,784,211)
Payment for research and development		(3,068,231)	(2,030,591)
<b>Net cash inflow used in investing activities</b>		<u>(20,389,510)</u>	<u>(53,561,723)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of finance lease obligations		(17,575,347)	(15,889,827)
Proceeds of loans		1,893,746	31,613,352
Proceeds from issued capital		23,506,624	8,428,669
<b>Net cash inflow from financing activities</b>		<u>7,825,023</u>	<u>24,152,194</u>
<b>Net increase (decrease) in cash held</b>		269,428	(16,785,138)
Cash at the beginning of the financial year		<u>8,548,370</u>	<u>25,333,508</u>
<b>Cash at the end of the financial year</b>		<u><b>8,817,798</b></u>	<u><b>8,548,370</b></u>

*The consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

CONSOLIDATED	Ordinary shares	Share Based Payments	Asset revaluation reserve	Retained earnings	Total Parent interests
<b>At 1 July 2008</b>	50,254,158	622,424	-	17,548,188	<b>68,424,770</b>
<b>Total income and expense for the period recognised directly in equity</b>					
Profit for the period	-	-	-	2,102,449	<b>2,102,449</b>
Other comprehensive income	-	-	17,998	-	<b>17,998</b>
Shares issued	8,237,667	-	-	-	<b>8,237,667</b>
Share based payments	-	(135,225)	-	793,200	<b>657,975</b>
Transaction costs on share issue	191,002	-	-	-	<b>191,002</b>
<b>At 30 June 2009</b>	<b>58,682,827</b>	<b>487,199</b>	<b>17,998</b>	<b>20,443,837</b>	<b>79,631,861</b>
<b>At 1 July 2009</b>	58,682,827	487,199	17,998	20,443,837	<b>79,631,861</b>
<b>Total income and expense for the period recognised directly in equity</b>					
Loss for the period	-	-	-	(10,059,314)	<b>(10,059,314)</b>
Other comprehensive income	-	-	18,540	-	<b>18,540</b>
Shares issued	23,815,544	-	-	-	<b>23,815,544</b>
Share based payments	-	44,843	-	-	<b>44,843</b>
Transaction costs on share issue	(308,920)	-	-	-	<b>(308,920)</b>
<b>At 30 June 2010</b>	<b>82,189,451</b>	<b>532,042</b>	<b>36,538</b>	<b>10,384,523</b>	<b>93,142,554</b>

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

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## NOTES TO AND FORMING PART OF THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

### 1. BASIS OF PREPARATION OF THE PRELIMINARY FINANCIAL REPORT

The preliminary final report for the year ended 30 June 2010 has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

As such, the preliminary final report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance and financial position as the full financial report. It is recommended that the preliminary final report be considered together with any public announcements made by the Company in accordance with the continuous disclosure obligations of the Australian Securities Exchange Listing Rules. The accounting policies adopted and methods of computation have been consistently applied in this preliminary final report as compared to all previous years unless stated below.

#### *Useful lives of property, plant and equipment*

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. On the basis of the fleet's condition and in recognition that the rate of wear and tear experienced with respect to the Company's underground mobile drill rigs has been significantly less than initially expected, the directors have determined that the useful life of the underground mobile drill rigs should be extended from 7 to 12 years.

The financial effect of this determination, was to reduce the consolidated depreciation expense in the current financial year by \$759,760. For the next 5 years, assuming all the underground mobile drill rigs are used at their full capacity and are held until the end of their estimated useful lives, the depreciation expense on the existing underground mobile drill rigs will be reduced by the following amounts:

<u>Year Ended</u>	<u>\$'000</u>
30 June 2011	1,168
30 June 2012	1,092
30 June 2013	970
30 June 2014	863
30 June 2015	283

## 2. REVENUE, INCOME AND EXPENSES FOR CONTINUING OPERATIONS

	2010	2009
<b>Revenue</b>		
Services	84,214,468	70,649,578
<b>Other revenue</b>		
Interest-Financial Institution	104,179	294,746
<b>Total Revenue</b>	<b>84,318,647</b>	<b>70,944,324</b>
<b>Other Income</b>		
Proceeds from sale of property, plant & equipment	1,640,481	903,515
<b>Total Other Income</b>	<b>1,640,481</b>	<b>903,515</b>
<b>Total Revenue and other income</b>	<b>85,959,128</b>	<b>71,847,839</b>
<b>Expenses</b>		
<b>Finance Costs</b>		
Bank loans and overdrafts	33,000	139,326
Finance charges payable under finance leases and hire purchase agreements	3,268,883	3,409,854
<b>Total Finance Costs</b>	<b>3,301,883</b>	<b>3,549,180</b>
<b>Impairment Loss</b>		
Impairment of PPE	472,381	-
Impairment of R&D Projects	4,709,031	-
Impairment of Obsolete Inventory	3,681,876	-
Impairment of Company setup cost	159,823	-
<b>Total Impairment Loss</b>	<b>9,023,111</b>	-
<b>Other Expenses</b>		
Consumables	8,906,151	9,309,889
Accommodation and travel	2,971,390	3,339,293
Repairs, parts and maintenance	1,257,338	2,061,184
Other direct costs	1,893,277	463,711
Employee benefits expenses	48,118,976	37,673,910
Depreciation and amortisation expense	16,839,052	11,826,544
Administration costs	1,495,375	1,088,234
Insurance	1,567,098	1,195,233
Marketing	179,833	227,430
Recruitment and training	131,029	340,049
Rent and Outgoings	541,793	519,817
<b>Total Other Expenses</b>	<b>83,901,312</b>	<b>68,045,296</b>
<b>Total Expenses</b>	<b>96,226,306</b>	<b>71,594,476</b>

### 3. STATEMENT OF CASH FLOWS

#### a) Reconciliation of Cash

For the purposes of the statements of cash flows, cash includes cash on hand, cash at bank and short term deposits at call. Cash as at the end of the financial period as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

	2010	2009
	\$	\$
<b>Cash</b>	<u>8,817,798</u>	<u>8,548,370</u>

#### b) Reconciliation of Profit from Operating Activities after Income Tax to Net Cash provided by Operating Activities

	2010	2009
	\$	\$
Profit after income tax	(10,059,313)	2,102,449
<b>Adjustments</b>		
Depreciation and amortisation	18,437,889	13,476,872
Impairment	9,974,602	
Amortization of employee options & rights	44,843	657,975
(Gain)/loss on disposal of plant and equipment	398,500	64,052
Interest income classified as investing cash flow	(104,241)	(577,424)
Net gain on foreign currency reserve	18,540	17,998
	<u>18,710,820</u>	<u>15,741,922</u>
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in current receivables	(5,621,900)	3,570,013
(Increase)/decrease in inventories	1,919,374	(9,806,427)
(Increase)/decrease in other current assets	796,340	1,931,387
(Increase)/decrease in net deferred tax assets	(4,849,607)	1,813,929
(Increase)/decrease in intangible assets		(169,953)
Increase/(decrease) in payables	1,886,141	1,457,304
Increase/(decrease) in provisions	611,971	4,145
Increase/(decrease) in income tax payable	(619,224)	(1,917,929)
<b>Net cash inflow from operating activities</b>	<u>12,833,915</u>	<u>12,624,391</u>

#### 4. EARNINGS PER SHARE

	2010	2009
a) Basic earnings per share (cents)		
From continuing operations	(3.36)	(0.15)
From discontinued operation	(1.58)	1.54
<b>Total basic earnings per share</b>	<b>(4.94)</b>	<b>1.39</b>
b) Reconciliation of earnings used to calculate earnings per share		
Profit after income tax expense and other comprehensive income from continuing operations	(6,834,219)	(223,866)
Profits for the year from discontinued operations	(3,206,554)	2,344,314
<b>c) Weighted average number of shares</b>	<b>203,410,816</b>	<b>152,612,076</b>
a) Diluted earnings per share (cents)		
From continuing operations	(3.36)	(0.15)
From discontinued operation	(1.58)	1.54
<b>Total diluted earnings per share</b>	<b>(4.94)</b>	<b>1.39</b>
b) Reconciliation of earnings used to calculate diluted earnings per share		
Profit after income tax expense and other comprehensive income from continuing operations	(6,834,219)	(223,866)
Profits for the year from discontinued operations	(3,206,554)	2,344,314
<b>c) Weighted average number of shares used to calculate diluted earnings per share</b>	<b>203,410,816</b>	<b>152,612,076</b>

#### 5. COMMITMENTS AND CONTINGENCIES

##### Capital commitments

At 30 June 2010, the Swick Group had contractual obligations to purchase 4 drill kits for \$651,260 at balance date (2009: 1,178,000). This commitment is expected to be settled within 6 months from balance date. The 2009 Group commitment was settled during 2010.

There are no contingent liabilities or contingent assets as at 30 June 2010.

## 6. DISCONTINUED OPERATIONS

The Group is seeking to dispose of assets which are not currently utilised or considered likely to be under-utilised over the course of the next 12 months so as to allow management to focus on the Company's core business. The combined results of the operations to be discontinued are set out below.

### Profit for the year from discontinued Operation

	<b>Year ended 30/06/2010</b>	<b>Year ended 30/06/2009</b>
Revenue	13,573,607	13,063,566
Other Income	62	-
<b>Total Revenue from Discontinued Operations</b>	<b>13,573,669</b>	<b>13,063,560</b>
Expenses	12,104,803	10,668,374
<b>Profit/(Loss) before Tax</b>	<b>1,468,866</b>	<b>2,395,192</b>
Attributable income tax expense	52,182	50,878
Gain/(loss) on re-measurement to fair value (impairment)	(4,623,238)	-
<b>Profit/(Loss) for the year from discontinued operations (attributable to owners of the Company)</b>	<b>(3,206,554)</b>	<b>2,344,314</b>

### Assets Classified as held for Sale

Assets held for Sale	15,619,921	-
Provision of impairment loss	(4,623,238)	-
<b>Net Assets held for Sale</b>	<b>10,996,683</b>	-
Liabilities associated with assets held for sale	6,617,685	-
Amounts recognised directly in equity associated with assets held for sale	-	-

## 7. SEGMENT INFORMATION

### Business Segments

The Group operates in one business segment only: being the provision of mineral drilling services; which is split based on geography between Asia Pacific and North America.

In prior years, segment information reported externally was based on the types of services provided by the Group's operating divisions. Since the decision to dispose of the machining business was made as part of the rationalisation of under-utilised assets, the Group's resource allocation and assessment of segment performance is more specifically focussed on the geographical areas only.

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

#### Segment Revenue, Expense and Results for Continuing Operations

	Drilling Services - Asia Pacific		Drilling Services - North America		Total	
	2010	2009	2010	2009	2010	2009
Sales to external customers	79,805,740	71,553,093	6,049,209	-	85,854,949	71,553,093
Interest income	104,179	294,746	-	-	104,179	294,746
<b>Total Revenue</b>	<b>79,909,919</b>	<b>71,847,839</b>	<b>6,049,209</b>	<b>-</b>	<b>85,959,128</b>	<b>71,847,839</b>
Cost of Sales	58,864,562	52,847,987	4,282,571	-	63,147,133	52,847,987
Depreciation	16,640,449	11,825,733	198,603	811	16,839,052	11,826,544
Overhead	2,758,087	2,364,772	1,157,040	1,005,992	3,915,127	3,370,765
Interest Expenses	3,301,883	3,549,108	-	73	3,301,883	3,549,180
Impairment Loss	8,863,288	-	159,823	-	9,023,111	-
<b>Total Expense</b>	<b>90,428,269</b>	<b>70,587,600</b>	<b>5,798,037</b>	<b>1,006,876</b>	<b>96,226,306</b>	<b>71,594,476</b>
<b>Segment Profit/(Loss) before Tax</b>	<b>(10,518,350)</b>	<b>1,260,239</b>	<b>251,172</b>	<b>(1,006,876)</b>	<b>(10,267,178)</b>	<b>253,363</b>

#### Segment Assets and Liability for Continuing Operations

	Drilling Services - Asia Pacific		Drilling Services - North America		Total	
	2010	2009	2010	2009	2010	2009
Total Segment Assets	265,048,998	240,526,665	11,521,833	4,927,132	276,570,831	245,453,797
Assets relating to discontinued operations	10,996,683	-	-	-	10,996,683	-
Segment Liabilities	(184,592,965)	(163,009,797)	(12,251,305)	(5,933,905)	(196,844,270)	(168,943,702)
Liabilities associated with assets held for sale	(6,617,685)	-	-	-	(6,617,685)	-
Eliminations	-	-	-	-	9,036,995	3,121,766
<b>Total Net Assets</b>	<b>84,835,031</b>	<b>77,516,868</b>	<b>(729,472)</b>	<b>(1,006,773)</b>	<b>93,142,554</b>	<b>79,631,861</b>

8. ISSUED AND QUOTED SECURITIES AT THE END OF THE REPORTING PERIOD

Details	Number of shares
30 June 2009 Balance	175,431,791
31 July 2009 Placement	17,543,179
11 March 2010 Placement Tranche 1	28,946,245
14 April 10 2010 Placement Tranche 2	14,803,755
30 June 2010 Balance	<u><u>236,724,970</u></u>

As at 30 June 2010, there exist on issue 275,000 options detailed below.

Issue date	Expire	Exercise Price	Original Number Issued
07-Mar-08	30-Jun-10	\$ 1.25	75,000
03-Jul-08	31-Jul-11	\$ 1.50	200,000

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