



**Half Year Report of  
Swick Mining Services Ltd  
for the Half Year Ended 31 December 2006**

ABN 20 112 917 905

This Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3

<b>Contents</b>	<b>Section</b>
Appendix 4D	A
Half Year Financial Report	B

## Section A: Appendix 4D

### 1 Reporting Period Information

- 1.1 Current Reporting Period: Half Year Ended 31 December 2006
- 1.2 Previous Corresponding Period: Half Year Ended 31 December 2005

### 2 Results for Announcement to the Market

				\$
2.1	Revenues from ordinary activities	up	81.64%	to 16,381,964
2.2	Profit from ordinary activities after tax attributable to members	up	166.01%	to 2,632,455
2.3	Net profit for the period attributable to members	up	166.01%	to 2,632,455

2.4	Dividends	Amount per security	Franked amount per security
	Final dividend	- ¢	- ¢
	Interim dividend	- ¢	- ¢

2.5 Record date for determining entitlements to the dividend 

Not applicable
----------------

2.6 Explanation of any of the above figures where necessary for figures to be understood 

Not required
--------------

### 3 Net Tangible Asset Backing

- 3.1 Current period 13.98 ¢
- 3.2 Previous corresponding period \$181,453.25

**4 Entities over which Control gained or lost**

4.1	Name of Entity	SMS Operations Pty Ltd
4.2	Date control was gained	1 July 2006
4.3	Percentage interest held	100%
4.4	Contribution to profit	\$2,138,953
4.1	Name of Entity	SMS Assets Holdings Pty Ltd
4.2	Date control was gained	1 July 2006
4.3	Percentage interest held	100%
4.4	Contribution to profit	\$493,502

**5 Details of Dividend Payments**

5.1 Not applicable. No dividend payments made.

**6 Details of Dividend Reinvestment Plan**

6.1 Not applicable. No dividend reinvestment plan in existence.

**7 Details of Associates and Joint Venture Entities**

7.1 Not applicable

**8 Accounting Standards used by Foreign Entities**

8.1 Not applicable

**9 Audit Status**

9.1 Audit signed off no disputes or qualifications



**KENT SWICK**  
MANAGING DIRECTOR

Perth  
26 February 2007

# **Swick Mining Services Limited and its Controlled Entities**

**Half-Year Financial Report  
1 July 2006 to 31 December 2006**

# SWICK MINING SERVICES LIMITED and its controlled entities – HALF YEAR REPORT

## Table of Contents

TABLE OF CONTENTS.....	2
DIRECTORS' REPORT.....	3
AUDITORS' INDEPENDENCE DECLARATION .....	5
CONDENSED INCOME STATEMENT .....	6
CONDENSED BALANCE SHEET.....	7
CONDENSED CASH FLOW STATEMENT .....	8
CONDENSED STATEMENT OF CHANGES IN EQUITY.....	9
1. CORPORATE INFORMATION.....	10
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	10
3. SEGMENT INFORMATION .....	11
4. REVENUE, INCOME AND EXPENSES.....	12
5. CASH AND CASH EQUIVALENTS .....	13
6. INTEREST BEARING LOANS AND BORROWINGS .....	13
7. CONTRIBUTED EQUITY .....	13
8. COMMITMENTS AND CONTINGENCIES .....	13
9. EVENTS AFTER THE BALANCE SHEET DATE .....	14
10. BUSINESS COMBINATION .....	14
DIRECTORS'S DECLARATION.....	15
AUDITORS' INDEPENDENT REVIEW REPORT .....	16

# SWICK MINING SERVICES LIMITED and its controlled entities – HALF YEAR REPORT

## DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2006.

## 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.

<b>Name</b>	<b>Period of directorship</b>
Andrew Simpson (Chairman)(Non-Executive)	Appointed 24 October 2006
Kent Swick (Managing Director)	Appointed 24 October 2006
Michael Fry (Executive Director and Chief Financial Officer)	Appointed 24 October 2006
Randal Swick (Non-Executive)	Appointed 24 October 2006
David Nixon (Non-Executive)	Appointed 1 January 2007
Mark McAuliffe (Non-Executive)	Appointed 1 January 2007
Andrew Fry (Executive)	Resigned 24 October 2006
Graeme Yukich (Executive)	Resigned 24 October 2006
Bradley Gordon (Executive)	Resigned 24 October 2006

## Company Secretary

Jason Giltay	Appointed 1 December 2006
Michael Fry	Resigned 1 December 2006

## REVIEW AND RESULTS OF OPERATIONS

The Group was established on the 1 July 2006 through the acquisition of SMS Operations Pty Ltd and SMS Asset Holdings Pty Ltd by Esplanade Capital Group Ltd.

Esplanade Capital Group Ltd changed its name to Swick Mining Services Ltd on the 30 October 2006.

Swick Mining Services Ltd listed on the Australian Stock Exchange (ASX) on the 1 November 2006.

The operating profit after tax of the Group was \$2,632,455.

The result exceeded forecasts, both in sales and profit. The continuing investment in additional drilling equipment has driven this significant growth in revenue and profits, with the Company increasing its senior operations and administration personnel to service this growth in addition to providing excess capacity to support further growth plans.

Included in the result of the Group was the disposal of an asset held for sale, being an under utilised DMH Blast hole rig, for a pre-tax profit of \$902,344. These funds will be re-invested into more productive drilling equipment.

Also included in the result of the Group was the sale of shares invested in a listed junior explorer for a pre-tax profit of \$1,247,870. This is a one off event unlikely to be repeated.

# SWICK MINING SERVICES LIMITED and its controlled entities – HALF YEAR REPORT

## AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor's, PKF Chartered Accountants, which is included on page 4.

Signed in accordance with a resolution of the directors

A handwritten signature in black ink, appearing to read 'K Swick', written in a cursive style.

Kent Swick  
Managing Director  
Dated: 26 February 2007

**AUDITORS' INDEPENDENCE DECLARATION****TO THE DIRECTORS OF SWICK MINING SERVICES LIMITED**

As lead engagement partner for the review of Swick Mining Services Limited for the half year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



**PKF**  
Chartered Accountants



**Ian Olson**  
Partner

Dated at Perth on this 27th day of February 2007

**SWICK MINING SERVICES LIMITED and its controlled entities – HALF YEAR REPORT**

<b>CONDENSED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2006</b>	<b>Notes</b>	<b>Consolidated</b>	
		<b>31 December 2006</b>	<b>31 December 2005</b>
<b>Continuing Operations</b>			
<b>Revenue</b>	4	16,381,965	9,018,958
Other Income	4	2,128,888	-
Raw materials and consumables used		4,511,458	3,413,120
Employee benefits expense		7,088,638	3,176,281
Depreciation and amortisation expense		1,356,966	53,541
Other expenses	4	1,232,754	815,370
Finance costs	4	369,305	28,133
<b>Profit before income tax</b>		<u>3,951,732</u>	<u>1,532,513</u>
Income tax expense		<u>1,319,277</u>	<u>542,903</u>
<b>Net Profit for the period</b>		<u><u>2,632,455</u></u>	<u><u>989,610</u></u>
Earnings per share (\$ per share)			
- basic; for profit for the half-year		\$ 0.0273	\$ 247,403
- diluted; for profit for the half-year		\$ 0.0273	\$ 247,403

**SWICK MINING SERVICES LIMITED and its controlled entities – HALF  
YEAR REPORT**

<b>CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2006</b>	<b>Notes</b>	<b>Consolidated</b>	
		<b>31 December 2006</b>	<b>30 June 2006</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	786,969	566
Trade and other receivables		6,094,014	2,892,883
Inventories		1,425,463	884,094
Other current assets		351,829	406,536
<b>Total Current Assets</b>		<b>8,658,275</b>	<b>4,184,079</b>
<b>Non-Current Assets</b>			
Receivables		112,820	2,671,864
Property, plant and equipment		18,726,544	838,491
Investments		8,300	1,719,059
Intangible assets and goodwill		209,023	-
Deferred tax asset		296,969	419,009
<b>Total Non-Current assets</b>		<b>19,353,656</b>	<b>5,648,423</b>
<b>TOTAL ASSETS</b>		<b>28,011,931</b>	<b>9,832,502</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		3,593,864	5,702,743
Interest-bearing loans and borrowings		3,446,141	686,220
Income tax payable		1,333,089	658,215
Provisions		676,526	325,551
<b>Total Current Liabilities</b>		<b>9,049,620</b>	<b>7,372,729</b>
<b>Non-Current Liabilities</b>			
Interest bearing loans and borrowings	6	6,295,543	-
Deferred income tax liabilities		1,387,748	374,361
<b>Total Non-Current Liabilities</b>		<b>7,683,291</b>	<b>374,361</b>
<b>TOTAL LIABILITIES</b>		<b>16,732,911</b>	<b>7,747,090</b>
<b>NET ASSETS</b>		<b>11,279,020</b>	<b>2,085,412</b>
<b>EQUITY</b>			
Contributed equity	7	1,147,278	4
Asset revaluation reserve		2,035,605	873,509
Retained earnings		4,448,095	1,211,899
<b>Net equity attributable to members of the parent</b>		<b>7,630,978</b>	<b>2,085,412</b>
<b>Minority interests</b>		<b>3,648,042</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>11,279,020</b>	<b>2,085,412</b>

**SWICK MINING SERVICES LIMITED and its controlled entities – HALF YEAR REPORT**

<b>CONDENSED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2006</b>	<b>Notes</b>	<b>Consolidated</b>	
		<b>31 December 2006</b>	<b>31 December 2005</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		15,053,235	8,089,735
Payments to suppliers and employees		(13,784,223)	(6,405,440)
Interest paid		(35,464)	(28,133)
Income tax refunded		1,990	-
<b>Net cash flows from/(used in) operating activities</b>		<b>1,235,538</b>	<b>1,656,162</b>
<b>Cash flows from investing activities</b>			
Interest received		17,247	-
Proceeds from sale of property, plant and equipment		81,613	-
Proceeds from sale of investments		1,247,870	-
Purchase of property, plant and equipment		(5,880,046)	(229,256)
Purchase of investments		-	(182,557)
Loans to related parties		(1,848,702)	(1,262,600)
<b>Net cash flows from/(used in) investing activities</b>		<b>(6,382,018)</b>	<b>(1,674,413)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		3,623,150	-
Proceeds from borrowings		3,772,243	250,000
Repayment of borrowings		(2,070,599)	(35,033)
<b>Net cash flows from/(used in) financing activities</b>		<b>5,324,794</b>	<b>214,967</b>
Net increase/(decrease) in cash and cash equivalents		178,314	196,716
Cash and cash equivalents at beginning of period		608,649	(12,895)
<b>Cash and cash equivalents at end of period</b>	<b>5</b>	<b>786,963</b>	<b>183,821</b>

# SWICK MINING SERVICES LIMITED and its controlled entities – HALF YEAR REPORT

## CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

<b>CONSOLIDATED</b>	Ordinary shares	Asset revaluation reserve	Retained earnings	Total Parent interests	Minority interests	Total Equity
<b>At 1 July 2005</b>	4	-	(270,395)	(270,391)	-	(270,391)
<b>Total income and expense for the period recognised directly in equity</b>	-	-	-	-	-	-
Profit for the period	-	-	989,610	989,610	-	989,610
<b>At 31 December 2005</b>	4	-	719,215	719,219	-	719,219
<b>At 1 July 2006</b>	4	873,509	942,132	1,815,645	-	1,815,645
Revaluation of drilling equipment	-	2,908,006	-	2,908,006	-	2,908,006
Income tax on items taken directly to or transferred from equity	-	(872,402)	-	(872,402)	-	(872,402)
<b>Total income and expense for the period recognised directly in equity</b>	-	2,035,604	-	2,035,604	-	2,035,604
Profit for the period	-	(873,509)	3,505,964	2,632,455	-	2,632,455
Shares issued	1,147,274	-	-	1,147,274	4,000,000	5,147,274
Transaction costs on share issue	-	-	-	-	(351,958)	(351,958)
<b>At 31 December 2006</b>	1,147,278	2,035,604	4,448,096	7,630,978	3,648,042	11,279,020

**SWICK MINING SERVICES LIMITED and its controlled entities– HALF  
YEAR REPORT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**1. CORPORATE INFORMATION**

The consolidated financial report of Swick Mining Services Limited (the company) and its controlled entities for the half-year ended 31 December 2006 was authorised for issue in accordance with a resolution of the directors on 26 February 2007. Swick Mining Services Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Company are described in note 3.

**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.

It is also recommended that the half-year financial report be considered together with any public announcements made by Swick Mining Services Limited and its controlled entities during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

**(a) Basis of Preparation**

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

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

**(b) Significant accounting policies**

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2005, as described in Note 2(d).

**(c) Basis of consolidation**

The half-year consolidated financial statements comprise the financial statements of Swick Mining Services Limited and its controlled subsidiaries ('the Group').

The acquisition of SMS Operations Pty Ltd and SMS Asset Holdings Pty Ltd on 1 July 2006 has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair values of the assets acquired and the liabilities or contingent liabilities assumed at the date of acquisition.

During the period the legal subsidiary, SMS Operations, identified as the acquirer pursuant to Accounting Standard AASB3, was responsible for the reverse acquisition of the Company (the "acquiree" and "legal parent") and as required by the standard, the business combinations have all been accounted for by applying the purchase method. The consolidated financial statements reflect the "continuing financial statements" of the legal subsidiary.

**SWICK MINING SERVICES LIMITED and its controlled entities– HALF YEAR REPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**(d) Changes in accounting policies**

Australian Accounting Standards and UIG Interpretations that have recently been amended and are effective from 1 January 2006 are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on Group accounting policies	Application date
AASB 2005-4	Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]	Amendments relate to the restriction on designating financial instruments at fair value through profit and loss.	For annual reporting periods beginning on or after 1 January 2006	No change in accounting policy required as the items that are designated at fair value through profit or loss are classified as held for trading and as such is not impacted by the restriction.	1 January 2006
AASB 2005-6	Amendments to Australian Accounting Standard [AASB 3]	The definition of 'contribution of owners' is removed and the AASB 3 scope exclusion for business combinations involving entities or businesses under common control is adopted.	For annual reporting periods beginning on or after 1 January 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 January 2006

**3. SEGMENT INFORMATION**

The Group operates in one business segment; being drilling services solely in Australia.

**SWICK MINING SERVICES LIMITED and its controlled entities– HALF  
YEAR REPORT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**4. REVENUE, INCOME AND EXPENSES**

**(a) Revenue, Income and Expenses from Continuing Operations**

<i>Revenue</i>		
Rendering of services	16,364,715	9,018,958
Finance revenue	17,250	-
Total revenue	<u>16,381,965</u>	<u>9,018,958</u>
 <i>Breakdown of finance revenue</i>		
Bank interest receivable	17,250	-
Income from investments	-	-
	<u>17,250</u>	<u>-</u>
 <i>Other income</i>		
Net gains in disposal of available-for-sale investments	902,344	-
Net loss on disposal of property, plant and equipment	(21,326)	-
Net gain on disposal of investments	1,247,870	-
Total other income	<u>2,128,888</u>	<u>-</u>
 <i>Finance costs</i>		
Bank loans and overdrafts	33,687	28,133
Finance charges payable under finance leases and hire purchase contracts	335,618	-
Total finance costs	<u>369,305</u>	<u>28,133</u>
 <i>Other expenses</i>		
Administration costs	711,710	323,189
Insurance	285,713	292,753
Marketing and Advertising	103,355	51,708
Recruitment and training costs	51,839	5,293
Rent and Outgoings	80,137	65,378
Total Other Expense	<u>1,232,754</u>	<u>738,321</u>

**(b) Seasonality of Operations**

Due to the consistent requirements for drilling services throughout the year there are no seasonality impacts to the revenue and profits for the financial year.

**(c) Revisions of Accounting Estimates**

During the half-year, there have been no revisions of Accounting Estimates.

**(d) Comparatives**

SMS Operations Pty Ltd is considered the parent entity due to the reverse acquisition of the business consolidation. The comparatives are SMS Operations Pty Ltd six month results from 1 July 2005 to 31 December 2005.

**SWICK MINING SERVICES LIMITED and its controlled entities– HALF  
YEAR REPORT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**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:

Cash at bank and in hand	<u>786,963</u>	<u>566</u>
	<u>786,963</u>	<u>566</u>

**6. INTEREST BEARING LOANS AND BORROWINGS**

The Groups policy is to finance the construction of drilling rigs by hire purchase of the two main components of the underground diamond drill rigs supplied by third parties, during the period from 1 July 2006 the Group financed the acquisition of five new drill rigs and fifteen support vehicles which increased the Group's debt by \$4,592,888 for the half-year period.

**7. CONTRIBUTED EQUITY**

Ordinary shares (i)	<u>1,147,278</u>	<u>4</u>
	<u>1,147,278</u>	<u>4</u>

*(i) Ordinary shares*

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

*Movement in ordinary shares on issue*

At 30 June	4	4
Issued on 1 July 2006 in exchange for issued share capital of SMS Operations Pty Ltd and SMS Asset Holdings Pty Ltd (note 10)	1,147,274	-
At 31 December	<u>1,147,278</u>	<u>4</u>

**8. COMMITMENTS AND CONTINGENCIES**

**Capital commitments**

At 31 December the Group has a non refundable deposit of \$100,000 for two surface diamond drill rigs with approximately \$1,400,000 to be paid on delivery of the rigs in March 2007.

At 31 December there is an outstanding order of the two main components of the rigs supplied by third parties for ten underground diamond drill rigs worth approximately \$500,000 per rig to be paid on delivery of each rig. This delivery is expected to be two Rigs per month from April 2007.

As with previous drill rig acquisitions the Groups policy is to finance 100% of the purchase price of these two main components.

There are no contingent liabilities or contingent assets as at 31 December 2006.

**SWICK MINING SERVICES LIMITED and its controlled entities– HALF  
YEAR REPORT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**9. EVENTS AFTER THE BALANCE SHEET DATE**

No matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations or the state of affairs of the consolidated entity in the future financial years.

**10. BUSINESS COMBINATION**

**Acquisition of SMS Operations Pty Ltd and SMS Asset Holdings Pty Ltd**

On 1 July 2006, Swick Mining Services Ltd acquired 100% of the voting shares of SMS Operations Pty Ltd and SMS Asset Holdings Pty Ltd, unlisted related private companies based in Australia specialising in drilling services.

Pursuant to Australian Standard AASB 3 “Business Combinations” the acquirer in this business combination was identified as SMS Operations Pty Ltd, being responsible for the reverse acquisition of Swick Mining Services Ltd.

From the date of acquisition Swick Mining Services Ltd has contributed a net profit of \$9,773.

	<i>CONSOLIDATED</i>	
	<i>Recognised on acquisition</i>	<i>Carrying value</i>
Cash and cash equivalents	962,096	959,160
Trade receivables	1,990	1,990
Total Assets	<u>964,086</u>	<u>961,150</u>
Trade payables	25,835	25,835
Total Liabilities	<u>25,835</u>	<u>25,838</u>
Fair value of net assets acquired	938,251	935,315
Cost of the combination:		
Shares issued, at fair value	1,147,274	
Costs associated with the acquisition	-	
Goodwill arising on acquisition	<u>209,023</u>	

Goodwill has been tested for impairment at 31 December 2006 and determined not to be impaired.

# SWICK MINING SERVICES LIMITED and its controlled entities – HALF YEAR REPORT

## DIRECTORS'S DECLARATION

In accordance with a resolution of the directors of Swick Mining Services Limited, 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 2006 and the performance for the half-year ended on that date of the consolidated entity; and
  - ii. comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) the directors have been given the declarations by the Managing Director and Chief Financial Officer required by Section 295A; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Kent Swick  
Managing Director

64 Great Eastern Highway  
South Guildford, WA 6055  
26 February 2007

## **AUDITORS' INDEPENDENT REVIEW REPORT**

### **To the members of Swick Mining Services Limited**

#### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Swick Mining Services Limited, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

#### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **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 an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the Corporations Act 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.

#### **Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the 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 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



**PKF**  
Chartered Accountants



**Ian Olson**  
Partner

Dated at Perth this 27th day of February 2007