Well Drilled Pty Ltd

ABN 82 123 980 343

Financial Statements

For the 6 Month Period Ended 31 December 2010

Well Drilled Pty Ltd

For the 6 Month Period Ended 31 December 2010

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Well Drilled Pty Ltd

Directors' Report

For the 6 Month Period Ended 31 December 2010

Auditor's Independence Declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporation Act 2001 is set out on the following page.

Auditor
Ian Jessup of Jessups is the auditor for the 6 month period ended 31 December 2010 in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Board of Directors:

....
G H Drummond

Director

Dated ....23/2/11.......

Townsville

Well Drilled Pty Ltd

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Well Drilled Pty Ltd

For the 6 Month Period Ended 31 December 2010

I declare that, to the best of my knowledge and belief, during the six month period ended 31 December 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Jessups

Ian Jessup

Partner

Dated this day the 23 February 2011

Level 19 Stanley Street

TOWNSVILLE QLD 4810

Well Drilled Pty Ltd

Statement of Comprehensive Income
For the 6 Month Period Ended 31 December 2010

	Notes	6 Months Ended 31 December 2010 $	12 Months Ended 30 June 2010 $
Revenue from continuing operations	2	1,905,888	2,624,897
Gain on revaluation of inventory	1b	41,111	-
Employee Benefits expense		(392,960)	(649,453)
Depreciation and amortisation expense		(74,594)	(127,558)
Other expenses		(1,147,644)	(1,318,031)
Advertising		(9,257)	(864)
Repairs and maintenance		(113,762)	(269,291)
Rent		(18,882)	(37,614)
Finance costs		(39,489)	(79,768)
Loss on disposal of assets		(4,597)	(34,376)
Profit before income tax		145,814	107,942
Income tax (expense)/ revenue	6a	(43,744)	(32,383)
Profit from continuing operations after tax		102,070	75,559
Profit for the year		102,070	75,559
Other comprehensive income		-	-
Total comprehensive income for the year		102,070	75,559
Profit attributed to:			
Owners of the Company		102,070	75,559
Total comprehensive income attributed to:			
Owners of the Company		102,070	75,559

The statement of comprehensive income should be read in conjunction with the notes to and forming part of the accounts.

Well Drilled Pty Ltd

Balance Sheet
For the 6 Month Period Ended 31 December 2010

	Notes	As at 31 December 2010 $	As at 30 June 2010 $
ASSETS			
Current Assets			
Cash and cash equivalents	3	88,394	95,787
Trade and other receivables	4	48,734	557,525
Inventory	1b	41,111	-
Current tax receivable		-	5,326
Total current assets		**178,239**	**658,638**
Non-current assets			
Property, plant and equipment	5	1,229,590	596,693
Deferred tax asset	6b	-	6,301
Total non-current assets		**1,229,590**	**602,994**
TOTAL ASSETS		**1,407,829**	**1,261,632**
LIABILITIES			
Current liabilities			
Trade and other payables	7	119,795	462,374
Financial Liabilities	8	1,008,803	679,879
Provisions	9	20,582	16,562
Current tax liability	6b	1,494	-
Total current liabilities		**1,150,673**	**1,158,815**
Non Current liabilities			
Deferred tax liability	6b	35,949	-
Financial liabilities	8	75,522	59,203
		111,471	**59,203**
TOTAL LIABILITIES		**1,262,144**	**1,218,018**
NET ASSETS		**145,684**	**43,614**
EQUITY			
Contributed Equity	11	120	120
Reserves	13a	38,250	38,250
Retained Profit	13b	107,314	5,244
TOTAL EQUITY		**145,684**	**43,614**

The balance sheet should be read in conjunction with the notes to and forming part of the accounts.

Well Drilled Pty Ltd

Statement of Changes in Equity
For the 6 Month Period Ended 31 December 2010

	Note	Contributed Equity	Retained Earnings	Reserves	Attributable to Owners	Total
Balance at 1 July 2009		120	(70,315)	38,250	(31,945)	(31,945)
Profit or Loss for the year			75,559		75,559	75,559
Other Comprehensive income for the year						
Total Comprehensive income for the year			75,559		75,559	43,614
Contributions of Equity						
Balance at 1 July 2010	**12 & 13**	120	5,244	38,250	43,614	43,614
Profit or Loss for the year			102,070		102,070	102,070
Other Comprehensive income for the year						
Total Comprehensive income for the year			102,070		102,070	102,070
Contributions of Equity						
Balance at 31 December 2010	**12 & 13**	120	107,314	38,250	145,684	145,684

The statement of changes in equity should be read in conjunction with the notes to and forming part of the accounts.

Well Drilled Pty Ltd

Statement of Cash Flows
For the 6 Month Period Ended 31 December 2010

	Note	6 Months Ended 31.12.2010 $	12 Months Ended 30.06.10 $
Cash from operating activities:			
Receipts from customers		2,647,600	2,337,182
Payments to suppliers and employees		(2,288,148)	(2,323,638)
Net cash provided by (used in) operating activities	10	359,452	13,545
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		-	5,500
Purchase of property, plant and equipment		(712,088)	(143,422)
Net cash provided by (used in) investing activities		(712,088)	(137,922)
Cash flows from financing activities:			
Proceeds from borrowing		509,880	573,577
Repayment of borrowings		(164,637)	(410,408)
Net cash provided by (used in) Financing activities		345,244	163,169
Net increase (decreases) in cash held		(7,392)	38,792
Cash at beginning of financial year		95,786	56,995
Cash at end of financial year	3	88,394	95,787

The statement of cash flows should be read in conjunction with the notes to and forming part of the accounts.

Well Drilled Pty Ltd

Notes to the Financial Statements

For the Six Month Period Ended 31 December 2010

1 Summary of Significant Accounting Policies

(a) General Information

The financial statements are for Well Drilled Pty Ltd as an individual entity, incorporated and domiciled in Australia. Well Drilled Pty Ltd is a company limited by shares.

Basis of preparation

The financial statements are special purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Change in Accounting Policies – Inventory

For the period ended 31 December the entity has adopted AASB 102, Inventories. Inventories are now measured at the lower of cost and net realisable value in accordance with AASB 102. Prior to this time inventories were not tracked or recognised in the balance sheet by the entity but were expensed at the time of purchase.

Comparative figures for 30/06/10 have not been restated to reflect this policy change as it is not possible to determine what the retrospective fair value of these inventories would have been at the end of the previous period.

In recognising the value of the inventory on the balance sheet as at 31/12/10 a revenue item has been taken up in the Statement of Comprehensive Income of $ 41,111 for the period ended 31/12/10. Without recognition of the inventory the profit before income tax would be $104,703.

(c) Income taxes

Income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction, affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax liability is settled.

(d) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year, except as noted in Note 1 (b) above.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Classes of Fixed Asset	
Plant and Equipment	10% - 66.67%
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

(f) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined on the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

(g) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Where there are bank overdrafts, these are shown within short-term borrowings in current liabilities on the balance sheet.

(i) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increase. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measureable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

Rig Hire Revenue

Rig hire revenue is derived from the depth of drilling and the hours worked on the specific site.

Interest Income

Interest income is recognised on a time proportion basis as it is earned. The Company recognises revenue when the amount of revenue can be reliably measured. Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

k) 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 Tax Office. 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Critical accounting estimates and judgments

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

Key estimates - Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(m) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods and which the company has not adopted early. A discussion of those future requirements and their impact on the company is as follows:

The company does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the company's financial statements.

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.

Standards affecting presentation and disclosure

AASB 101 *Presentation of Financial Statements* (as revised in September 2007), AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*	AASB 101(September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
Amendments to AASB 107 *Statement of Cash Flows* (adopted in advance of effective date of 1 January 2010)	The amendments (part of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
AASB 2009-2 *Amendments to Australian Accounting* *Standards – Improving Disclosures about Financial* *Instruments*	The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

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 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	In addition to the changes affecting amounts reported in the financial statements described above, the amendments have led to a number of changes in the detail of the company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.
AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project.*	In addition to the amendments to AASB 107 described earlier in this section, the amendments have led to a number of changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

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.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2010	30 June 2011
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions	1 January 2010	30 June 2011
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	1 February 2010	30 June 2011
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
AASB 9 Financial Instruments, AASB2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	1 January 2011	30 June 2012
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	30 June 2011

Well Drilled Pty Ltd

Notes to the Financial Statements
For the 6 Month Period Ended 31 December 2010

2 Revenue

	31.12.10 $	30.06.10 $
From continuing operations		
Income from Operations	1,894,611	2,598,400
Fuel Tax Credits	11,277	20,347
Insurance Claims	-	6,084
Interest	-	65
	11,277	26,497
	1,905,888	2,624,897

3 Current assets - Cash and cash equivalents

	31.12.10 $	30.06.10 $
Westpac Business One	88,110	89,454
Maxi-I-Direct	144	6
Debit Card	140	1,720
Deposits paid	-	4,607
	88,394	95,787

4 Current assets - Trade and other current assets

	31.12.10 $	30.06.10 $
Trade receivables	31,611	354,977
	31,611	354,977
Work In Progress	-	188,469
Prepayments	17,122	14,079
	17,122	202,548
Total Receivables	48,734	557,525

(a) Ageing of trade receivables

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially up to the end of the reporting period. The Company does not hold any collateral over these balances.

	31.12.10 $	30.06.10 $
The ageing of these receivables is as follows:		
< 1 month	-	137,108
1 to 3 months	26,111	217,869
> 3 months	5,500	-
	31,611	354,977

Well Drilled Pty Ltd
Notes to the Financial Statements
For the 6 Month Period Ended 31 December 2010

5 Non Current Assets

a)	31.12.10 $	30.06.10 $
Plant & Equipment		
At Cost	1,149,291	566,702
Accumulated Depreciation	(219,557)	(174,260)
Closing balance	929,734	392,442
Motor Vehicles		
At Cost	464,242	342,969
Accumulated Depreciation	(171,206)	(146,413)
Closing balance	293,035	196,556
Office Furniture & Equipment		
At Cost	11,235	11,235
Accumulated Depreciation	(7,801)	(7,322)
Closing balance	3,434	3,913
Low Value Pool		
At Cost	7,142	8,463
Accumulated Depreciation	(3,755)	(4,681)
Closing balance	3,387	3,782
Total Assets	1,229,590	596,693

b) - Fixed Assets Movement

	31.12.10 $	30.06.10 $
Plant & Equipment		
Opening WDV	392,443	372,285
Additions	585,488	121,064
Disposals	(2,344)	(24,019)
Depreciation expense	(45,853)	(76,887)
Closing balance	929,734	392,442
Motor Vehicles		
Opening WDV	196,555	239,178
Additions	126,274	21,470
Disposals	(2,370)	(15,357)
Depreciation expense	(27,423)	(48,736)
Closing balance	293,035	196,556
Office Furniture & Equipment		
Opening WDV	3,913	5,848
Additions	-	-
Disposals	-	0
Depreciation expense	(479)	(1,935)
Closing balance	3,434	3,913
Low Value Pool		
Opening WDV	3,978	4,898
Additions	326	888
Disposals	(241)	-
Depreciation expense	(676)	(2,004)
Closing balance	3,387	3,782

5 b) Fixed Assets Movement - continued

Total Assets		
Opening WDV	596,889	622,209
Additions	712,088	143,422
Disposals	(4,955)	(39,376)
Depreciation expense	(74,431)	(129,562)
Closing balance	1,229,590	596,693

6 Income Tax Expense	**31.12.10 $**	**30.06.10 $**

a) Income tax recognised in profit

Tax expense comprises:		
Current Tax / (revenue)	26,229	-
Deferred Tax / (revenue)	17,515	32,383
	43,744	32,383

The expense for the year can be reconciled to the accounting profit as follows:

Profit from continuing operations	145,814	107,942
Income tax expense at 30% recognised in profit	43,744	32,383

The tax rate used for the reconciliation above is the corporate tax rate of 30%.

No comparatives have been provided as the year ended 30 June 2009 was not subject to audit, we have expressed a qualified opinion on the comparatives in the Statement of Comprehensive Income.

b) Current tax assets and liabilities	**2010 $**	**2009 $**
Current tax assets		
Deferred Tax Asset / (Liability)	(35,949)	6,301
Currnet Tax Asset / (Liability)	(1,494)	-

Arising on income & expenses recognised in comprehensive income

Temporary differences	**Opening Balance 1/7/09**	**Recognised in profit/(loss)**	**30%**	**Closing Balance 30/6/10**
Deferred revenue & expenses	(3,803)	113,333	34,000	30,197
Prepayments	2,106	14,079	4,224	6,330
Annual leave provision	(2,842)	(7,088)	(2,126)	(4,968)
Super provision	(3,938)	(13,499)	(4,050)	(7,988)
Finance Leases	(4,489)	(2,159)	(648)	(5,137)
	(12,966)	104,666	31,400	18,434
Unused tax losses				
Losses carried forward	(25,718)	3,276	983	(24,735)
	(25,718)	3,276	983	(24,735)
	(38,684)	107,942	32,383	(6,301)

Well Drilled Pty Ltd

Notes to the Financial Statements
For the 6 Month Period Ended 31 December 2010

b) Current tax assets and liabilities - continued

Temporary differences	Opening Balance 1/7/09	Recognised in profit/(loss)	30%	Closing Balance 31/12/10
Deferred revenue & expenses	30,197	23,049	6,915	37,112
Prepayments	6,330	11,846	3,554	9,884
Annual leave provision	(4,968)	(4,020)	(1,206)	(6,174)
Super provision	(7,988)	26,625	7,988	(0)
Finance Leases	(5,137)	885	266	(4,871)
	18,434	58,385	17,516	35,949
Unused tax losses				
Losses carried forward	(24,735)	82,450	24,735	(0)
	(24,735)	82,450	24,735	(0)
	(6,301)	140,835	42,251	35,949

7 Current Liabilities - Trade and Other Payables	31.12.10 $	30.06.10 $
Trade payables	35,536	293,438
Superannuation Payable	49,197	26,625
PAYG Withholding payable	-	20,594
Liability for GST	(3,941)	16,486
Other creditors and accruals	39,003	105,230
	119,795	462,374

7 a) Ageing of Trade Payables

< 1 month	22,847	162,835
1 to 3 months	12,037	11,513
> 3 months	652	119,090
	35,536	293,438

8 Financial Liabilities

	31.12.10 $	30.06.10 $
Shareholder Loans		
Jumani Pty Ltd	822,933	490,818
Pharmamark Australia Pty Ltd	148,982	99,782
	971,915	590,600
Other Loans		
Loans - Col Koosney	-	68,026
	-	68,026
Finance Lease Liabilities	126,501	92,829
Unexpired Charges	(14,091)	(12,373)
	112,410	80,457
Total Financial Liabilities	1,084,325	739,082
Total Current Financial Liabilities	1,008,803	679,879
Total Non Current Financial Liabilities	75,522	59,203
Total Financial Liabilities	1,084,325	739,082

8 Financial Liabilities - continued
a) Interest Rate Risk Exposures

The following table sets out the company's exposure to interest rate risk. The risk has been mitigated in that interest rates have been fixed for the duration of the loan period.

2010	Fixed Interest Rate				Total $
	1 Year or less $	Over 1 to 2 Years $	Over 2 to 3 Years $	Over 3 to 5 Years $	
Finance Leases	36,888	76,583	13,030	-	126,501
Loans	971,915	-	-	-	971,915

b) Finance Lease Liabilities

Minimum Future Lease Payments

	31.12.10 $	30.06.10 $
No later than 1 year	36,888	21,254
Later than one year and not later than 5 years	89,612	71,576
Later than 5 years	-	-
Minimum future lease payments	126,501	92,829
Less future finance charges	(14,091)	(12,373)
Present value of minimum lease payments	112,410	80,457

Present Value of Future Lease Payments

	31.12.10 $	30.06.10 $
No later than 1 year	36,888	21,254
Later than one year and not later than 5 years	75,522	59,203
Later than 5 years	-	-
Minimum future lease payments	112,410	80,457
Included in the financial statements as:		
Current borrowings	36,888	21,254
Non-current borrowings	75,522	59,203
	112,410	80,457

Leasing Arrangements
Finance leases relate to motor vehicles with lease terms of 5 or 3 years. The company has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements. The company's obligations under finance leases are secured by the lessors' title to the leased assets.

Fair Value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

Well Drilled Pty Ltd

Notes to the Financial Statements
For the 6 Month Period Ended 31 December 2010

9 Provisions	31.12.10 $	30.06.10 $
Annual Leave provision		
Opening Balance	16,562	9,474
Movement	4,020	7,088
Closing balance	20,582	16,562

10 Reconciliation of profit after income tax to net cash inflow from operating activities

	31.12.10 $	30.06.10 $
Profit for the year	102,070	114,118
Depreciation and amortisation	74,594	127,558
Net loss on sale of assets	4,597	34,376
Change in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	320,322	(354,977)
Decrease/(Increase) in work in progress	188,469	(173,177)
Decrease/(Increase) in Inventory	(41,111)	-
Decrease/(Increase) in other operating assets	-	(6,597)
Decrease/(Increase) tax asset	11,627	(6,176)
Increase/(decrease) in tax liabilities	37,443	
Increase/(decrease) in trade payables	(342,579)	152,822
Increase/(decrease) in other payables	-	118,511
Increase/(decrease) in leave provisions	4,020	7,088
Net cash inflow from operating activities	359,452	13,545

11 Contributed equity	31.12.10 $	30.06.10 $
(a) Share capital		
Ordinary shares	120	120
Total contributed equity	120	120

12 Reserves and retained profits

	31.12.10 $	30.06.10 $
General Reserve (Note 13 a)	38,250	38,250
Accumulated (Loss)/Gain (Note 13 b)	107,314	5,244
Closing Balance	145,564	43,494

13 a) Reserves		
Opening Balance	38,250	38,250
Movement	-	-
Closing Balance	38,250	38,250

13 b) Retained Profits		
Opening Balance	5,244	(70,315)
Profit / (Loss) for the year	102,070	75,559
Closing Balance	107,314	5,244

15 Financial Risk Management

The Board of directors are responsible for monitoring and managing the financial risks. They monitor these risks through regular meetings of the Finance Committee where monthly financial and operational reports are presented for examination and analysis and then and referred with recommendations to the full Board. The entity does not enter into derivative financial instruments and does not speculate in any type of financial instrument.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financial activities
- obtaining funding from a variety of sources
- maintaining a reputable credit risk profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

15 Financial Risk Management

Financial liability and financial asset maturity analysis

	Within 1 Year		Total Contractual Cash Flow	
	31.12.2010	30.06.2010	31.12.2010	30.06.2010
	$	$	$	$
Financial liabilities due for payment				
Trade and other payables (excluding estimated annual leave)	**203,053**	462,374	**203,053**	462,374
Financial Liabilities	**1,008,803**	679,879	**1,084,325**	739,082
Total contractual outflows	**1,211,856**	1,142,253	**1,287,378**	1,201,456
Total expected outflows	**1,211,856**	1,142,253	**1,287,378**	1,201,456
Financial assets - cash flows realisable				
Cash and cash equivalents	**88,394**	95,786	**88,394**	95,786
Trade, term and loans receivables	**48,734**	562,851	**48,734**	562,851
Total anticipated inflows	**137,128**	658,637	**137,128**	658,637
Net (outflow)/inflow on financial instruments	**(1,074,728)**	(483,616)	**(1,150,250)**	(542,819)

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet.

The company has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 4.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 4.

Net Fair Values

Fair value estimation

The carrying values of financial assets and financial liabilities as detailed in the Statement of Financial Position approximate their fair values at reporting date.

16 Related party transactions

All services provided as disclosed in the table below were provided under standard contractual terms and conditions.

Transactions with directors and director related entities.

Loans & Trade Payables at period end	**31.12.2010 $**	**30.06.2010 $**
Pharmamark Australia Pty Ltd - Loan	148,982	99,782
Jumani Pty Ltd - Loan	789,113	490,817
Colin Douglas Koosney - Loan	-	68,025
Jumani Pty Ltd – Trade payables	-	107,643

17 Interests of Key Management Personnel

The key management personnel of the company is:

Guy Hamish Drummond

Those persons having authority for planning, directing and controlling the company's activities are the Directors and the key management personnel identified above.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	31.12.2010 $	**30.06.2010 $**
Management remuneration / Director salaries	**42,510**	65,400

18 Company Details

Registered office and principal place of business

The registered office of the company is:

K Kingston CPA
'Citilink Building' Suite 15B
358 Flinders Mall
Townsville QLD 4810

The principal place of business is:

Well Drilled Pty Ltd
12-15 Forge Court
Bohle QLD 4818

Well Drilled Pty Ltd

Directors' Declaration

In the directors opinion:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards; and

   (b) give a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of the Director.

Director ....

Guy Hamish Drummond

Dated 23/2/11

Well Drilled Pty Ltd

Independent Auditors Report

For the Six Month Period Ended 31 December 2010

To the members of Well Drilled Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report, being a special purpose financial report, of Well Drilled Pty Ltd, which comprises the balance sheet as at 31 December 2010, and the statement of comprehensive Income, statement of changes in equity and cash flow statement for 6 month period then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with 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 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

My responsibility is to express an opinion on the financial report based on our audit. I conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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 entity's preparation and fair presentation of the financial report 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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Well Drilled Pty Ltd on 23 February 2010 would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In my opinion the financial report of Well Drilled Pty Ltd is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the 6 month period ended on that date; and

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

Well Drilled Pty Ltd

Independent Auditors Report

For the Six Month Period Ended 31 December 2010

Emphasis of Matter

The financial report is prepared in accordance with a special purpose framework and accordingly may not be useful for other purposes. The opinion is not modified in respect of this matter.

Dated this day the 23/2/11
19 Stanley Street
TOWNSVILLE QLD 4810

I.D. Jessup
(Registered Company Auditor)