SVC GROUP LIMITED
ABN: 68 009 161 522

Appendix 4E
Preliminary Final Report

Sydney, Australia. 17 August 2012. SVC Limited (ASX: SVC), today announced the release of its preliminary **audited** results for the year ending 30 June 2012 under listing rule 4.3A. This report is based on financial statements that have been audited and are attached to this Appendix 4E.

Reporting Period

Current reporting period: 01 July 2011 to 30 June 2012

Previous corresponding period: 01 July 2010 to 30 June 2011

Results for Announcement to the Market

	2012	2011	Change $	Change %
Revenue from continuing operations	$24,784	$847	$23,937	2,826%
Loss from continuing operations after tax attributable to members	$543,248	$375,192	$168,056	45%
Net loss attributable to members	$543,248	$375,192	$168,056	45%

No dividends have been declared or are expected to be declared.

Net Tangible Assets per security

Security	2012	2011
Fully paid ordinary shares (cents per share	0.64	0.45

Controlled Entities

On 31 May 2012 SVC gained control of Zambian Resource Ventures Pty Limited(ZRV). SVC owns 77% of ZRV which was obtained for $27,400.

Commentary

In the 2012 Financial Year the Company has successfully obtained reinstatement to the official boards when its shares commenced trading on the ASX on 31st May 2012. This was a significant event brought about by a successful capital raising of $1,700,000 concluded in May 2012. The funds were raised primarily for the development of the Company's Joint Venture in the Hunter Valley.

The Company anticipates the submission of a development proposal to Cessnock City Council in relation to its Hunter Valley joint venture. This should occur in the 2nd quarter of the 2013 financial year.

SVC GROUP LIMITED AND CONTROLLED ENTITES

ABN: 68 009 161 522

Annual Financial Report
For the Year Ended 30 June 2012

CONTENTS

CORPORATE GOVERNANCE

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2012.

The Board of Directors is responsible for the corporate governance of the consolidated entity. It monitors the business affairs of the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

Board Composition

The composition of the Board shall be determined in accordance with the following principles and guidelines:

The Board shall comprise at least 3 Directors, increasing where additional expertise is considered desirable in certain areas;

The Board shall not comprise a majority of executive Directors; and

Directors shall bring characteristics, which allow a mix of qualifications, skills and experience.

Where there is no formal review process in place, in order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is informally reviewed by the Chairman. Directors whose performance is unsatisfactory may be asked to retire.

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

The names of independent directors of the company are:

Mr Anthony Crimmins (appointed 1 September 2011)

Mr Brett Crowley (resigned 20 March 2012)

Mr Ian Dorney (resigned 13 March 2012)

Mr Allen Govey (appointed 13 March 2012)

Mr Boris Patkin (resigned 31 August 2011)

Mr Richard Pritchard

Performance Evaluation and Communication to Shareholders

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of all Directors. Information is communicated to the shareholders through:

- Annual Report which is distributed to all shareholders and posted on the ASX website www.asx.com.au;
- The Half-yearly report which is posted on the ASX website www.asx.com.au;
- The Annual General Meeting and other meetings called to obtain approval for Board action as appropriate;
- The Company's compliance with ASX continuous disclosure requirements;
- All public announcements and associated documents which are made available on the Company website at www.svcgroup.com.au

The Role of Shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the consolidated entity's state of affairs:

- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders;
- Notices of all meetings of shareholders are made available to shareholders;
- The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions;
- The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it; and
- The External Auditor is to attend the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's report.

CORPORATE GOVERNANCE (CONTINUED)

Audit Committee

The Board of Directors holds responsibilities of the audit committee.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will prevent all errors and irregularities. The Board believes that the current cost control framework to be suitable to the Company's current operations. There is currently no Internal Audit function as the cost would significantly outweigh the benefits.

Trading Policy

The company's policy regarding directors and employees trading in its securities is set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Conflict of Interest

In accordance with the *Corporations Act 2001* and the company's constitution, the directors must keep the Board advised on an ongoing basis of any interest that could potentially conflict with those of the Company. Details of Director related entity transactions with the Company and the consolidated entity are set out in the note 17.

Independent Professional Advice

Each director will have the right to seek independent professional advice at the Company's expense. However, prior approval of the Chairman will be required, which will not be unreasonably withheld.

Business Risk Management

The Board will monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements.

Specific areas which were initially identified and which will be regularly considered by the Board Meetings include foreign currency fluctuations, performance of activities, human resources, the environment and continuous disclosure obligations.

Ethical Standards

The Board's policy for all Directors and management to conduct themselves with the highest ethical standards. All directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.

Other Information

Further information relating to the company's corporate governance practices and policies can be obtained from the company upon the request of shareholders.

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2012. On 2 September 2011, the company changed its name from Shell Villages & Resorts Limited.

Directors

The names of directors in office at any time during or since the end of the 2012 financial year are:

Mr Anthony Crimmins (appointed 1 September 2011)
Mr Brett Crowley (resigned 20 March 2012)
Mr Ian Dorney (resigned 13 March 2012)
Mr Allen Govey (appointed 13 March 2012)
Mr Boris Patkin (resigned 31 August 2011)
Mr Richard Pritchard

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary since the start of the financial year to the date to the date of this report:

Mr Brett Crowley

Mr Crowley is a Chartered Accountant and solicitor and brings with him strong experience in the role of Company Secretary. Mr Crowley is currently Company Secretary for Venture Limited and Flat Glass Industries Limited.

Principal Activities

The principal activities of the consolidated group during the 2012 financial year were the reduction of debt, negotiation of creditor agreements, restructure of issued capital, and the raising of new funds in satisfaction of compliance with the ASX Listing Rules for reinstatement of the company's shares to the main board of the ASX.

There were no other significant changes in the nature of the consolidated group's principal activities during the financial year.

Operating Results

The consolidated loss of the consolidated group after providing for income tax amounted to $555,134 (2011: Loss of $375,192).

Financial Position

At 30 June 2012, the consolidated group had net assets of $885,298 **(**2011: net liabilities $2,065,826) with cash on hand of $1,117,762 (2011: $1,855).

State of Affairs

There were no significant changes in state of affairs of the Company during the financial year.

Review of Operations

In the 2012 Financial Year the Company has successfully obtained reinstatement to the official boards when its shares commenced trading on the ASX on 31st May 2012. This was a significant event brought about by a successful capital raising of $1,700,000 concluded in May 2012. The funds were raised primarily for the development of the Company's Joint Venture in the Hunter Valley.

Likely Developments and Expected Results of Operations

The Company anticipates the submission of a development proposal to Cessnock City Council in relation to its Hunter Valley joint venture. This should occur in the 2nd quarter of the 2013 financial year.

Dividends Paid or Recommended

No dividends have been paid or declared during the financial year ended 30 June 2012 (2011: nil), nor have the directors recommended that any dividend be paid.

DIRECTORS' REPORT (CONT)

Information on Current Directors

Mr Anthony Crimmins	Non executive director
Qualifications	Bachelor Degree in Chemical Engineering, Master in Business Administration
Experience	Six years as an environmental engineer for Brambles in China, involved in high priority environmental impact assessment for toxic waste clearance, site evaluation and project management. During this time he developed a working proficiency in Mandarin and an understanding of Asian business practices. Mr Crimmins has been involved in the listing of 13 companies on ASX from IPOs to reconstituted listed companies
Special Responsibilities	Review and assessment of possible new investments.
Current directorship of other listed public companies	Jatenergy Limited, Blue Glass Limited, Blackcrest Resources Limited.
Former directorship of other listed public companies in the last 3 years	RKS Consolidated Limited, AAT Corporation Limited, MUI Corporation Limited, Welcome Stranger Mining Limited

Mr Richard Pritchard	Non executive director
Qualifications	Bachelor Degree in Civil Engineering (Hons)
Experience	Richard Pritchard holds an Honours Degree in Civil Engineering. He has had over 19 years experience in Civil Engineering and 8 years in financial services industry, having been responsible for numerous infrastructure projects in the fields of telecommunications, transport, water, mining and energy. Mr Pritchard is a Graduate member of the Institute of Company Directors and is a Member of the Institute of Engineers Australia.
Special Responsibilities	Review and assessment of possible new investments, manage key property development project in Hunter Valley. Administration.
Current directorship of other listed public companies	Blackcrest Resources Limited (ASX:BCR) Jatenergy Limited (ASX:JAT)
Former directorship of other listed public companies in the last 3 years	None

DIRECTORS' REPORT (CONT)

Information on Current Directors (Cont)

Mr Allen Govey	Non executive director
Qualifications	Bachelor Degree(Hon) in Geology/Chemistry Masters of Science in Exploration and Mining
Experience	Mr Govey is a qualified and highly experienced geologist, and has spent over 20 years in exploration geology. He has spent several years with Normandy Mining as its Senior Exploration Geologist, Aztec Mining Limited as Senior Geologist, and in his early career at CSR as an Exploration Geologist. He is a member of the Australian institute of Mining and Metallurgy and a member of the Australian Institute of Company Directors.
Special Responsibilities	Review of resource and mining opportunities
Current directorship of other listed public companies	Nil
Former directorship of other listed public companies in the last 3 years	Triton Gold Limited

REMUNERATION REPORT – AUDITED

This report details the nature and amount of remuneration for each director of SVC and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of SVC has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is based on the following factors:

- Length of service;
- Experience of individual involved;
- The overall performance of the market in which the Company is in; and
- The overall performance of the Company.

There is no predetermined equity compensation element within the remuneration structure nor predetermined performance conditions to be satisfied.

The table below sets out key management personnel's compensation together with the earnings for the same period.

Financial year ended	Total remuneration $	EPS cents	Share price Cents
30 June 2008	212,550	(15.3)	18
30 June 2009	343,381	(2.4)	-
30 June 2010	153,750	(1.0)	-
30 June 2011	141,200	(0.7)	-
30 June 2012	173,525	(1.7)	2

Note: EPS and share price are shown as at the reporting date without adjustments for consolidations and bonus share issues.

The Company's shares were suspended from Official Quotation on 1 October 2008 and reinstated on 30 May 2012.

DIRECTORS' REPORT (CONT)

Key Management Personnel Remuneration

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of SVC are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of SVC.

	Short-term benefits		Post employment		Share based payment		Total remuneration represented by shares
	Cash salary and fees	Non-cash benefits	Superannuation	Term-nation benefits	Shares	Total	
	$	$	$	$	$	$	%
2012							
Directors							
A Crimmins[1]	27,610	-	-	-	-	27,610	-
B Crowley[2]	18,340	-	-	-	-	18,340	-
I Dorney[3]	10,000	-	-	-	-	10,000	-
A Govey[4]	19,775	-	-	-	-	19,775	-
B Patkin[5]	-	-	-	-	-	-	-
R Pritchard	97,800	-	-	-	-	97,800	-
	173,525	-	-	-	-	173,525	-

[1]Appointed 1 September 2011

[2] Resigned 20 March 2012

[3]Resigned 13 March 2012

[4]Appointed 13 March 2012

[5] Resigned 31 August 2011

	Short-term benefits		Post employ-ment		Share-based payment		Total remuneration represented by shares
	Cash salary and fees	Non-cash benefits	Super-annuation	Termi-nation benefits	Shares	Total	
	$	$	$	$	$	$	%
2011							
Directors							
G Cornelson[1]	-	-	-	-	-	-	-
B Crowley[2]	32,750	-	-	-	-	32,750	-
D Diamond[3]	17,875	-	-	-	-	17,875	-
I Dorney[2]	13,750	-	-	-	-	13,750	-
B Patkin	-	-	-	-	-	-	-
R Pritchard	63,075	-	-	-	-	63,075	-
	127,450	-	-	-	-	127,450	-

[1] Appointed 11 February 2011, resigned 14 February 2011

[2] Appointed 11 February 2011

[3] Resigned 8 February 2011

DIRECTORS' REPORT (CONT)

The Directors' fees for the year ended 30 June 2011 were not paid. The Directors, agreed, subject to shareholders' approval which was granted at the company's annual general meeting on 31 August 2011, for the total remuneration due and payable at 30 June 2011 be made in fully paid ordinary shares in the Company at $0.01 per share. Mr Boris Patkin received 10,000,000 fully paid ordinary shares in accordance with a deed of settlement.

Directors' securities holding

As at the date of this report, the relevant interests of the parent company directors in the securities of the parent entity were as follows:

	Number of fully paid ordinary shares
	2012
	No.
Mr Anthony Crimmins	-
Mr Allen Govey	343,600
Mr Richard Pritchard	1,741,854
	2,085,454

End of audited Remuneration Report

Meetings of Directors

The number of meetings of directors and the number of meetings attended by each of the directors of the company during the financial year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Anthony Crimmins (Appointed 1 September 2011)	9	4
Mr Brett Crowley (resigned 20 March 2011)	10	7
Mr Ian Dorney (resigned 13 March 2012)	10	9
Mr Allen Govey (Appointed 31 March 2012)	2	2
Mr Boris Patkin (resigned 31 August 2011)	2	2
Mr Richard Pritchard	12	12

Proceedings on Behalf of Company

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

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

Non-audit Services

The board of directors is satisfied that no non-audit services were performed by the external auditors during the year.

Indemnifying officers or auditor

The company has not during or since the end of the year indemnified an officer or an auditor for the company or of any related body corporate, against a liability incurred by such an officer or auditor. The company has not paid or agreed to pay a premium to insure a current or former officer or the auditor against legal liabilities.

Environmental Regulations

The consolidated group's operations are not subject to significant environmental regulation under the law of the Commonwealth and State. The directors are not aware of any significant breach, or pending legal action, in the period covered by this report.

DIRECTORS' REPORT (CONT)

After balance date events

In the opinion of the directors, no items transactions or events of a material and unusual nature have arisen in the interval between the end of the financial year and the date of this report which have significantly affected, or may significantly affect, the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in subsequent financial years, other than:

- On the 16th August 2012 SVC Group Limited controlled entity Zambia Resource Ventures Pty Limited entered into an option agreement to engage in a Joint Venture Agreement with Zambian Company, Cannan Oil Exploration Limited in relation to the exploration and mining of an emerald mining licence area in the Katubu emerald fields of North West Zambia.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 9 of the financial statements and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

Richard Wyn Pritchard
Director

Dated this 17th day of August 2012

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SVC GROUP LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 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.

PROSPERITY AUDIT SERVICES

LUKE MALONE
Partner

17 August 2012

Sydney

Sydney
Level 2
580 George Street
Sydney NSW 2000
PO Box 20726
World Square NSW 2002
T 02 9261 2288
F 02 9261 2376

Newcastle
Hunter Mall Chambers
2nd Floor, 175 Scott Street
Newcastle NSW 2300
PO Box 234
Newcastle NSW 2300
T 02 4907 7222
F 02 4929 6759

Brisbane
Suite 1, Level 3
200 Creek Street
Brisbane QLD 4000
GPO Box 2246
Brisbane QLD 4001
T 07 3839 1755
F 07 3839 1037

mail@prosperityadvisers.com.au
www.prosperityadvisers.com.au

Prosperity Audit Services
ABN 87 879 283 831

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
Revenue			
Other income	2	24,784	847
Expenses			
Consulting fees		(163,211)	(63,710)
Directors fees		(60,515)	(77,000)
Finance costs		(18,344)	(75,650)
Impairment of other assets		(60,000)	-
Legal fees		(18,799)	(36,464)
Marketing		(31,379)	-
Professional fees		(92,057)	(81,450)
Share registry expenses		(57,035)	(10,524)
Travel expenses		(27,102)	-
Other expenses		(51,476)	(31,241)
Loss before income tax expense		(555,134)	(375,192)
Income tax expense	3	-	-
Loss for the year		(555,134)	(375,192)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(555,134)	(375,192)
Loss for the year and comprehensive income attributable to:			
Members of the parent entity		(543,248)	(375,192)
Minority Interest		(11,886)	-
		(555,134)	(375,192)
Earnings per share			
Earnings per share attributable to ordinary shareholders of the parent entity:			
Basic loss per share (cents)	6	(1.7)	(4.9)
Diluted loss per share (cents)	6	(1.7)	(4.9)

The accompanying notes form part of this financial report

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,117,762	1,855
Financial assets	8	-	10,000
Other current assets	9	49,039	206,052
TOTAL CURRENT ASSETS		1,166,801	217,907
TOTAL ASSETS		1,166,801	217,907
CURRENT LIABILITIES			
Trade and other payables	10	281,503	1,466,929
Financial liabilities	11	-	816,804
TOTAL CURRENT LIABILITIES		281,503	2,283,733
TOTAL LIABILITIES		281,503	2,283,733
NET ASSETS (LIABILITIES)		885,298	(2,065,826)
EQUITY			
Issued capital	12	46,737,104	43,243,754
Reserves		493,152	493,152
Accumulated losses		(46,345,980)	(45,802,732)
Parent Interest		884,276	(2,065,826)
Minority Interest		1,022	-
TOTAL EQUITY		885,298	(2,065,826)

The accompanying notes form part of this financial report.

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

	Issued Capital	Accumulated Losses	Option Reserve	Minority Interest	Total
	$'000	$'000	$'000	$'000	$'000
Consolidated Group					
Balance at 30 June 2010	42,806,452	(45,427,540)	493,152	-	(2,127,936)
Total comprehensive loss for the year	-	(375,192)	-		(375,192)
Transactions with owners in their capacity as owners:					
Shares issued during the year	439,552	-	-	-	439,552
Transaction costs	(2,250)	-	-	-	(2,250)
Balance at 30 June 2011	43,243,754	(45,802,732)	493,152	-	(2,065,826)
Total comprehensive loss for the year	-	(543,248)	-	(11,886)	(555,134)
Transactions with owners in their capacity as owners:					
Shares issued during the year	4,097,775	-	-	-	4,097,775
Transaction costs	(604,425)	-	-	-	(604,425)
Recognition of Minority Interest of Zambian Resource Ventures Pty Limited	-	-	-	12,908	12,908
Balance at 30 June 2012	46,737,104	(46,345,980)	493,152	1,022	885,298

The accompanying notes form part of this financial report.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		8,987	559
Cash payments in the course of operations		(668,282)	(103,556)
Finance costs		(18,344)	-
Net cash used in operating activities	16(b)	(677,639)	(102,997)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of share issue costs		1,793,546	45,000
Net cash provided by financing activities		1,793,546	45,000
Net increase / (decrease) in cash and cash equivalents held		1,115,907	(57,997)
Cash and cash equivalents at beginning of financial year		1,855	59,852
Cash and cash equivalents at end of financial year	16(a)	1,117,762	1,855

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover SVC Group Limited and its controlled entities as a consolidated entity ("Group"). SVC Group Limited is a listed public company, incorporated and domiciled in Australia. On 2 September 2011, the company changed its name from Shell Villages and Resorts Limited.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Statement of compliance

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

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

A summary of the parent entity financial information has been disclosed in Note 19 of the financial statements.

a **Principles of Consolidation**

A controlled entity is any entity SVC Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the parent entity.

b **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in profit or loss except where it relates to items that may be recognised in other comprehensive income or directly in equity, in which case the deferred tax is adjusted in other comprehensive income or directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

b **Income Tax (cont)**

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c **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 equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction 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

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

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

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *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.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) *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 the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

c **Financial Instruments (Cont.)**

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that either do not meet the criteria for classification as any other type of financial asset or are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(v) *Financial liabilities*

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

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available for sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to the profit and loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

d **Impairment of Assets**

At each reporting date, the group 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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

e **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, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

f. **Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

g. **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. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

h. **Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of impairment allowance is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of impairment loss is recognised in the income statement. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

i. **Trade and other payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid.

j **Borrowings and borrowing costs**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transactions costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

k **Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of return, trade allowances, rebates and amounts collected on behalf of third parties.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

l **Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity or as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs is recognised directly in equity.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

m **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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.

n **Earnings per share**

(i) Basic earnings per share

Basic earnings per share is calculated by dividing

- The profit attributable to equity holders of the company, excluding any costs or servicing equity other than ordinary shares

By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

o **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 are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group 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.

p **New accounting standards and interpretations**

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group is yet to assess its full impact. However, initial indications are that it may affect the group's available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The group has not yet decided when to adopt AASB 9.

p **New accounting standards and interpretations (cont)**

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The group will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.

AASB 10: Consolidated Financial Statements, AASB11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting standards arising from the consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation- Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (where parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. The Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB requires:

- Inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- Enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and liabilities) to be measured at fair value.

AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039, & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently.

The standard affects presentation only and is therefore not expected significantly impact the group.

NOTE 2: REVENUE

	Consolidated Group 2012 $	2011 $
Other income		
— Interest received	18,784	847
— Other income	6,000	-
	24,784	847

NOTE 3: INCOME TAX EXPENSE

	2012	2011
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
b. The prima facie tax on profit from continuing operations before income tax is reconciled to the income tax as follows:		
Operating loss from continuing operations	(555,134)	(375,192)
Prima facie tax payable on profit from continuing operations before income tax at 30% (2011: 30%)	(166,540)	(112,558)
Tax effect of:		
- Non-temporary differences	-	-
Temporary differences and tax losses not recognised	166,540	112,558
Income tax expense	-	-

c. Tax losses

Unused tax losses at balance date are estimated to be $1,730,000. However, these estimates will only be finalised upon lodgement of outstanding tax returns.

NOTE 4: KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

a. Key Management Personnel Compensation

	2012	2011
Short term employee benefits	173,525	127,450
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	173,525	127,450

NOTE 4: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT)

	Balance 1 July or date of appointment	Received as Compensation	Shares Acquired	Share consolidation	Final Notice	Balance 30 June
2012						
Directors						
A Crimmins[1]	-	-	-	-	-	-
B Crowley[2]	-	3,275,000	-	-	(3,275,000)	-
I Dorney[3]	-	1,600,000	-	-	(1,600,000)	-
A Govey[4]	-	-	343,600	-	-	343,600
B Patkin[5]	2,023,347	-	-	-	(2,023,347)	-
R Pritchard	-	6,995,000	5,197,978	(10,451,124)	-	1,741,854
	-	11,870,000	5,541,578	(10,451,124)	(6,898,347)	2,085,454

[1]Appointed 1 September 2011
[2]Resigned 20 March 2012
[3]Resigned 13 March 2012
[4]Appointed 13 March 2012
[5]Resigned 31 August 2011

	Balance 1 July or date of appointment	Received as Compensation	Shares Acquired	Share consolidation	Final Notice	Balance 30 June
2011						
Mr G Cornelson[1]	-	-	-	-	-	-
Mr B Crowley[2]	-	-	-	-	-	-
Mr D Diamond[3]	-	-	-	-	-	-
Mr I Dorney[2]	-	-	-	-	-	-
Mr B Patkin	2,023,347	-	-	-	-	2,023,347
Mr R Pritchard[2]	-	-	-	-	-	-
Total	2,023,347	-	-	-	-	2,023,347

[1]Appointed 11 February 2011, resigned 14 February 2011
[2]Resigned 11 February 2011
[3]Resigned 8 February 2011

c. Loans to Key Management Personnel

Details of loans made to directors of SVC Group Limited and other key management personnel of the group, including their personally related parties, are set out below.

(i) Aggregates for key management personnel

Consolidated Group	Balance at the start of the year	Interest paid and payable for the year	Interest not charged	Balance at the end of the year	Number in group at the end of the year
	$	$	$	$	$
2012	-	-	-	-	-
2011	10,000	-	-	10,000	1

NOTE 4: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT)

In 2012 there were no loans to individuals at any time (2011: nil).

Loans outstanding at the end of the prior year include an unsecured loan to Sustainable Energy Australasia Limited (SEA), a company of which Director Richard Pritchard is a director and substantial shareholder, the $10,000 loan was made for an indefinite period and is interest free. The loan was for the purpose of procuring due diligence work by independent legal and technical advisers for the Company's potential acquisition of SEA.

The amounts shown for interest not charged in the tables above represent the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arm's length basis.

No write-down or allowance for doubtful receivables has been recognised in relation to any loans made to key management personnel.

	Consolidated Group	
	2012	**2011**
	$	**$**
NOTE 5: AUDITOR'S REMUNERATION		
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	43,864	20,000
NOTE 6: EARNINGS PER SHARE		
(a) Basic and diluted earnings per share		
From continuing operations (cents)	(1.7)	(4.9*)

*Prior year EPS has been recalculated by consolidating shares at 30 June 2011 in accordance with the share consolidation at note 12.

(b) Information concerning the classification of securities

Convertible notes are considered to be potential ordinary shares. However, as the convertible notes are anti-dilutive they are ignored in the calculation of the diluted earnings per share for the prior year.

	2012 $	2011 $
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,117,762	1,855
NOTE 8: FINANCIAL ASSETS		
CURRENT		
Loan receivable	-	10,000

The loan bears no interest and is repayable on demand. Refer to Note 4C above for further details with regards to this loan.

NOTE 9: OTHER CURRENT ASSETS

	2012 $	2011 $
CURRENT		
Other receivables	47,439	183,446
Other assets	1,600	22,606
	49,039	206,052

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated Group	
CURRENT	**2012**	**2011**
Unsecured liabilities	**$**	**$**
Trade payables	41,223	553,832
Sundry payables and accrued expenses	240,280	913,097
	281,503	1,466,929

NOTE 11: FINANCIAL LIABILITIES

CURRENT		
Convertible notes	-	796,804
Unsecured borrowings	-	20,000
	-	816,804

(a) Convertible notes

Face value of notes issued or balance brought forward	796,804	737,781
Converted during the year	(796,804)	-
	-	737,781
Interest expense	-	59,023
Total	-	796,804

The notes were converted to 20 million ordinary shares following approval at the company's Annual General Meeting on 31 August 2012.

NOTE 12: ISSUED CAPITAL

(a) Ordinary shares

137,639,073 (2011: 84,090,409) fully paid ordinary shares	46,737,104	43,243,754

	2012		2011	
	No.	**$**	**No.**	**$**
At the beginning of reporting period	84,090,409	43,243,754	43,108,368	42,806,452
Shares issued during year:				
15 February 2011[1]	-	-	26,250,000	262,500
24 February 2011[1]	-	-	8,250,000	82,500
9 May 2011	-	-	4,500,000	45,000
22 June 2011[1]	-	-	1,982,041	49,552
31 August 2011[2]	47,864,775	1,674,923	-	-
31 January 2012[3]	39,880,000	199,400	-	-
23 February 2012[4]	18,634,654	28,452	-	-
26 March 2012[5]	10,000,000	15,000	-	-
26 March 2012[6]	(171,830,769)	-	-	-
18 May 2012[7]	85,000,000	1,700,000	-	-
12 June 2012[7]	24,000,000	480,000	-	-
Transaction costs[8]	-	(604,425)	-	(2,250)
At reporting date	137,639,069	46,737,104	84,090,409	43,243,754

NOTE 12: ISSUED CAPITAL (CONT)

[1] Shares issued in settlement of debts

[2] Issue of shares to raise capital as approved at the company's Annual General Meeting. Shares were issued to extinguish debts of the company and to convert the company's outstanding convertible notes

[3] Issue of shares to raise capital as approved at the company's Annual General Meeting.

[4] Placement of shares to raise working capital

[5] Issue of capital approved at a general meeting of the company on 23 March 2012

[6] On 26 March 2012 the company approved a 7:1 share consolidation; the number of shares issued prior to this date has been adjusted to reflect this change.

[7] Issue of capital in accordance with a prospectus dated 23 March 2012.

[8] Transaction costs incurred in capital raising.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Capital risk management

The group's objective when managing capital is to safeguard its ability to continue as a going concern. In order to maintain or adjust the capital structure, the company may issue new shares or return capital to shareholders.

The company's strategy is to complete the restructure of its debts and raise capital by the issue of new shares to strengthen its financial position.

NOTE 13: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		2012	2011
Kalgoorlie Tailings Project Pty Ltd	Australia	100%	100%
Shell Villages and Resorts Helidon Spa Pty Ltd	Australia	100%	100%
Shell Villages and Resorts Mollymook Pty Ltd	Australia	100%	100%
Shell Villages and Resorts Bribie Island Pty Ltd	Australia	100%	100%
Shell Villages and Resorts Commercial Pty Ltd	Australia	100%	100%
Zambian Resource Ventures Pty Ltd	Australia	77%	-

* Percentage of voting power is in proportion to ownership

NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The company has sought legal advice in respect of the clawback of assets or their value, inappropriately disposed of during 2008 and 2009. a claim is currently being quantified but is otherwise subject to legal-professional privilege and there will be a further announcement by the directors as to the likelihood of further legal action against the previous management and directors of the company. There is no other legal action by or against the company at the current time.

NOTE 15: SEGMENT REPORTING

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

The Group has one reportable segment, being the corporate office function at the current time. The Group has successfully raised capital in May 2012 and been re-admitted to quotation on the ASX. At balance date the Group has not yet furthered its business plan as reported to the market and as such there are no other distinct reportable segments at the current time. The Company has identified its operating segments based on internal reports that are reviewed and used by the directors in assessing performance. The accounting policies and amounts reported for internal reporting are consistent with AIFRS financial information reported in this financial report. Management and the Directors will continue to assess the reporting format in future periods and if reporting changes to a different basis, additional segment information will be included.

The reportable operating segment is corporate office management which is the Consolidated Group's current principal activity.

Corporate office activities are not allocated to operating segments and form part of the balance of unallocated revenue, expenses, assets and liabilities.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables.

	2012		2011	
	Corporate office $	**Total $**	**Corporate office $**	**Total $**
Total segment revenue	24,784	24,784	847	847
Inter-segment revenue	-	-	-	-
Revenue from external customers	24,784	24,784	847	847
Loss before income tax	(555,134)	(555,134)	(375,192)	(375,192)
Depreciation and amortisation	-	-	-	-
Impairment of assets	-	-	-	-
Income tax expense	-	-	-	-
Total segment assets	1,166,801	1,166,801	217,907	217,907
Total segment liabilities	(281,503)	(281,503)	(2,283,733)	(2,283,733)

NOTE 16: NOTES TO STATEMENT OF CASH FLOWS

	Consolidated Group	
	2012	2011
	$	$
a **Reconciliation of cash**		
Cash and cash equivalents	1,117,762	1,855
b. **Reconciliation of loss after income tax to net cash used in operating activities**		
Loss after income tax	(555,134)	(375,192)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
decrease in trade and other receivables	146,007	-
(Increase)/decrease in other assets	21,006	(48,183)
Increase/(decrease) in trade and other payables	(289,518)	320,378
Net cash used in operating activities	(677,639)	(102,997)

NOTE 17: RELATED PARTY TRANSACTIONS

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

During the prior financial year an amount of $2,250 was due and payable to Equity & Law Investment Services Pty Ltd, a company in which Director Ian Dorney is a director, for share placement fee on equity capital raised. There were no other related party transactions during the year. Refer to Note 4c in regards a prior year related party loan.

NOTE 18: FINANCIAL INSTRUMENTS

a. Financial Risk Management

The Group holds the following financial instruments:

	Consolidated Group	
	2012	2011
	$	$
Financial assets		
Cash and cash equivalents	1,117,762	1,855
Financial assets	-	10,000
Other current assets	49,039	206,052
	1,166,801	217,907
Financial liabilities		
Trade and other payables	281,503	1,466,929
Financial liabilities	-	816,804
	281,503	2,283,733

NOTE 18: FINANCIAL INSTRUMENTS (CONT)

a. Financial Risk Management (Cont)

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans and convertible notes.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

The economic entity currently has no derivative financial instruments.

The Group has exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk;
- market risk; and
- interest risk.

b. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations.

The Group currently holds the following receivables based on the type of receivables:

	Consolidated Group	
	2012	2011
	$	$
Other receivables	47,439	106,920
Loan to Sustainable Energy Australia Ltd	-	10,000
Other current assets	1,600	21,607
	49,039	138,527

The loan to Sustainable Energy Australasia Limited is repayable on demand and other receivables and other current assets are receivable within one year.

c. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation. As noted in Note 1 the consolidated group has restructured debts with the issue of shares in settlement of the majority of the 30 June 2011 liabilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Consolidated	Carrying Amount	Contractual Cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
2012	$	$	$	$	$	$	$
Trade and other payables	281,503	281,503	281,503	-	-	-	-
	281,503	281,503	281,503	-	-	-	-
2011							
Convertible notes	796,804	796,804	796,804	-	-	-	-
Financial liabilities	20,000	20,000	20,000	-	-	-	-
Trade and other payables	1,466,929	1,466,929	1,466,929	-	-	-	-
	2,283,733	2,283,733	2,283,733	-	-	-	-

NOTE 18: FINANCIAL INSTRUMENTS (CONT)

d. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

The Group operates from Australia and transacts only in Australian dollars, hence, there is no currency risk. The Group's main interest rate risk arises from convertible notes. Convertible notes issued at variable rates of 9% expose the Group to cash flow interest rate risk. As at the reporting date, the Group had the following variable rate borrowings outstanding:

	2012 Weighted average interest rate	2012 Balance	2011 Weighted average interest rate	2011 Balance
		$		$
Cash	3.6%	1,117,762	-	1,855
Convertible notes	-	-	9.00%	796,804
Financial liabilities	-	-	-	20,000

An analysis by maturity is provided in note 18 (c) above

Sensitivity analysis for variable rate instruments for the consolidated entity, showing an effect of increase/(decrease) of profit or loss and equity to an increase of interest rates by 100 basis points is shown below:

	Increase in interest rate by 1%		Decrease in interest rate by 1%	
	Profit $	**Equity $**	**Profit $**	**Equity $**
2012				
Cash	11,177	-	(11,177)	-
Convertible notes	-	-	-	-
2011				
Cash	-	-	-	-
Convertible notes	(7,968)	-	7,968	-

This analysis assumes that all other variables remain constant.

NOTE 19 – PARENT ENTITY INFORMATION

	2012	2011
	$	$
Assets		
Current assets	1,179,963	157,907
Non-current assets	27,436	36
Total assets	1,207,399	157,943
Liabilities		
Current liabilities	281,502	2,283,734
Total liabilities	281,502	2,283,734
Equity		
Issued capital	46,737,104	43,243,754
Reserves	393,153	393,153
Accumulated losses	(46,204,361)	(45,762,698)
	925,896	(2,125,791)
Financial performance		
Loss for the year	(441,664)	(375,192)
Other comprehensive income	-	-
Total comprehensive loss for the year	(441,664)	(375,192)

The Parent Entity has not entered into any financial guarantees which are outstanding and has no contingent liabilities or commitments for the acquisition of property, plant and equipment as at 30 June 2012 and 30 June 2011.

NOTE 20. EVENTS AFTER REPORTING DATE

There has not arisen in the interval since 30 June 2012 and up to the date of this report, any matter, that in the opinion of the directors, has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the group in future financial years, other than:

- On the 16th August 2012 SVC Group Limited controlled entity Zambia Resource Ventures Pty Limited entered into an option agreement to engage in a Joint Venture Agreement with Zambian Company, Cannan Oil Exploration Limited in relation to the exploration and mining of an emerald mining licence area in the Katubu emerald fields of North West Zambia.

NOTE 21. COMPANY DETAILS

Registered office:
SVC Group Limited
Level 8,
55 Hunter Street
Sydney NSW 2000

The principal places of business are:
SVC Group Limited
Level 8,
55 Hunter Street
Sydney NSW 2000

The financial report was authorised for issue on 17 August 2012 by the Board of Directors.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

Richard Wyn Pritchard
Director

Dated this 17th Day of August 2012

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SVC GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2012

Report on the Financial Report

We have audited the accompanying financial report of SVC Group Limited (the company) and SVC Group Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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.

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

Sydney
Level 2
580 George Street
Sydney NSW 2000
PO Box 20726
World Square NSW 2002
T 02 9261 2288
F 02 9261 2376

Newcastle
Hunter Mall Chambers
2nd Floor, 175 Scott Street
Newcastle NSW 2300
PO Box 234
Newcastle NSW 2300
T 02 4907 7222
F 02 4929 6759

Brisbane
Suite 1, Level 3
200 Creek Street
Brisbane QLD 4000
GPO Box 2246
Brisbane QLD 4001
T 07 3839 1755
F 07 3839 1037

mail@prosperityadvisers.com.au
www.prosperityadvisers.com.au

Prosperity Audit Services
ABN 87 879 283 831

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SVC GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2012 (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is included on page 9 of the financial report.

Auditor's Opinion

In our opinion, the financial report of SVC Group Limited is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

iii. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 5 to 7 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the remuneration report of SVC Group Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

PROSPERITY AUDIT SERVICES

LUKE MALONE
Partner

17 August 2012

Sydney

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only. The information is current as at 1 July 2011.

1. **Shareholding**

a. Distribution of Shareholders

Category (size of holding)	Number of Holders	Number Shares Held
1 – 1,000	703	225,717
1,001 – 5,000	176	435,617
5,001 – 10,000	37	277,435
10,001 – 100,000	189	9,155,087
100,001 – and over	188	127,545,213
	1,293	137,639,069

The number of shareholdings held in less than marketable parcels is 621

b. 20 Largest Shareholders — Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	ACN CAPITAL MARKET PTY LTD <ACNS UNIT A/C>	5,694,706	4.33%
2.	ADVANCE PUBLICITY PTY LTD <THE IZMAR FAMILY A/C>	5,000,000	3.63%
3.	GANGUS PTY LTD <THE JIG FAMILY A/C>	5,000,000	3.63%
4.	MR GARY RAYMOND SHEEHAN & MRS SUSAN ROSILAND SHEEHAN <PERTH SOLID SURFACE S/F A/C>	5,000,000	3.63%
5.	MR JOHN PICCOLO	4,880,000	3.55%
6.	RAVEN INVESTMENT HOLDINGS PTY LTD <RAVEN	4,100,000	2.98%
7.	IORWORTH PTY LTD <THE IORWORTH INVESTMENT A/C>	3,550,000	2.58%
8.	VEIL INVESTMENTS PTY LTD	3,000,000	2.18%
9.	CHOWDER BAY PTY LTD C/- EQUINOX CAPITAL	2,700,000	2.00%
10.	MR STEPHEN LEONARD WALKER & MRS WENDY PATRICIA WALKER <THE WALKER FAMILY S/FUND A/C>	2,500,000	1.82%
11.	ZERO NOMINEES PTY LTD	2,500,000	1.82%
12.	TROPICOAST INVESTMENTS PTY LTD	2,250,000	1.63%
13.	RICHWISH INVESTMENTS PTY LTD <AP TORRE FAMILY	2,000,000	1.45%
14.	MR DECLAN NIGEL PRITCHARD	1,932,381	1.40%
15.	O'BRIEN SUPERANNUATION SERVICES PTY LTD <SEAN O'BRIEN SUPER FUND A/C>	1,750,000	1.27%
16.	MR RICHARD WYN PRITCHARD	1,741,854	1.27%
17.	PETARD PTY LTD	1,632,143	1.19%
18.	MRS KATALIN JARMER	1,500,000	1.09%
19.	JUNIOR JACK INVESTMENTS PTY LTD <THE QUINN INVESTMENT A/C>	1,500,000	1.09%
20.	MR BORIS PATKIN	1,428,572	1.04%
	Twenty largest shareholders	59,979,656	43.58%
	Others	77,659,413	56.42%
		137,639,069	100.00%

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

2. **Voting Rights**

   The voting rights attached to each class of equity security are as follows:

   Ordinary shares

   — At meetings of members each member entitled to vote can vote in person by proxy or attorney or, in the case of member which is a body corporate, by representative duly authorised.

   — Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

3. The names of the joint company secretary are Mr Brett Crowley and Mr Richard Pritchard

4. The address of the principal registered office in Australia is

   Level 8,
   55 Hunter Street
   Sydney NSW 2000

5. Registers of securities are held at the following addresses

   Computershare Investor Services Pty Ltd
   Level 2, Reserve Bank Building
   45 ST George's Terrace
   Perth, WA,
   AUSTRALIA, 6000

6. **Stock Exchange Listing**

   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

7. **Unquoted Securities**

   The company does not have any unquoted securities at the year end.