24 February 2011

**ASX announcement**

**Mastermyne FY11 Half Year Results**

Key points:

- Combined Group Revenue was up 59.6% from the previous corresponding period to $73.6 million.
- Net Profit was up by 18.7% on FY09 to $4.43 million
- Interim dividend will be paid at 2.4 cents per share fully franked.
- Safety performance better then target.
- Net Increase in workforce of 221 people in 6 months to December
- Underground training centre adds over 50 employees since October opening
- 2 new long term contracts added in the period
- Record throughput in Engineering Division
- FY11 IPO prospectus forecast remains fully contracted
- FY12 order book has increased from $105 million to $138 million

Leading Underground Coal Contractor Mastermyne Group Limited (ASX Code:MYE) today released a net profit after tax (NPAT) result of $4.43 million which was up 18.7% from the previous corresponding period. Underlying NPAT for the half year ended 31 December 2010 was $4.55 million after allowing for the one-off events of tax consolidation and writing off a continuous miner and related debtors.

Mastermyne's Chief Executive Officer, Tony Caruso said that the group had experienced its biggest ever growth for a 6 month period in the company's history. Mastermyne is particularly pleased that with this growth and increase in hours worked we have also continued to reduce injuries. Mastermyne has also continued to increase the size and quality of its workforce in a very competitive recruitment market. Since June Mastermyne has increased its workforce by 43% or a net of 221 people to have a total workforce at December of 739.

In the 6 months to December the company has added 2 new long term contracts to its order book and has reached preferred tenderer status on another drivage project in the Hunter Valley. The FY11 order book remains fully contracted to support the prospectus forecast and the FY12 order book has increased from $105 million to $138 million.

**Balance sheet and cash flow**

Net Assets of the Group increased $4 million to $37 million at the end of December. Working capital requirements increased for the period to meet the needs of the growing business and to service new contracts; as a result the Group had operating cash outflows of $0.55 million.

In light of the very high first half growth the board has resolved to pay a 2.4 cents per share fully franked dividend which represents 40% of NPAT. This is within the range previously indicated by the board. Record date for the dividend is 18 March 2011, with a payment date of 15 April 2011.

**Operations overview**

During the period July to December Mastermyne Underground has added two new contracts to its order book, being the Oaky Creek Conveyor Contract and the Moranbah North Roadway Development Contract. Both projects have been successfully mobilised and are at full manning or very close to. All other major Underground projects are performing well and the relationships with major customer’s remains strong and the reputation continues to develop. Expansion in the Hunter Valley region is gaining momentum and recurring works is increasing. Of most significance has been the recent announcement that the Underground Division has been awarded preferred tenderer status on a large roadway development contract in the Hunter. This will provide the springboard for further growth in this region.

Mastermyne Engineering has also experienced good growth to December with the last 4 months producing record throughput in both the Qld and NSW workshops. Both the NSW and Qld workshops are being relocated to larger premises to accommodate the growth in this area of the business.

Mastermyne Services has successfully completed the installation of 2 conveyors at BHP’s Crinum North Mine in the period.

**Safety Performance**

The Group continues to reduce its Total Recordable Injury Frequency Rate (TRIFR) while at the same time increasing its exposure or worked hours. At the end of December the Group TRIFR was 18.6 against the target of 22.4.

**Human Resources**

Since June 2010 the group has increased its workforce by a net of 221 people to 739 at the end of December. Recruitment activities have been successful and the recently established training facility has added in excess of 50 people to the workforce. The training centre continues to gain industry recognition for the high quality employees and the quality of training delivered. Domestic and overseas recruitment are both working well and the company has identified and tapped into skilled workers from similar sectors. The Group forecasts to have a workforce of in excess of 1000 people by the end of the financial year.

**Growth opportunities**

As indicated in the IPO Prospectus document the Mastermyne Group is well underway in its plans to double the size of the business in the next 3 to 5 years through:

- Continued business development focus in the Hunter Valley region to expand market presence in this area

- Placement of the first directional drilling rig with a view to further drill rigs being introduced
- Expanding the range of services offered by the group
- Recruitment initiatives to source further employees to meet the growth of the business which includes the training centre along with domestic and overseas recruitment.

## Outlook

The outlook for Mastermyne remains positive. The company is seeing its major customers increasing their focus on underground assets. With a number of new projects to come on line over the next 3 years there are significant opportunities for the Mastermyne Group. In the short term the order book for the second half of the financial year remains fully contracted to meet the prospectus forecast and longer term the FY12 order book has increased from $105 million to $138 million.

The remainder of this year will see the continued focus on zero harm in the workplace and continuing to build on the Group's safety culture. Other priorities will focus around the retention of the skilled workforce and continued recruitment to support ongoing growth. There are several short term opportunities to increase capacity at existing projects and the company will focus on this organic growth.

The company remains confident that it will meet its prospectus forecast.

**About Mastermyne**

Mastermyne Group Limited (ASX:MYE) was established in 1996 and is a leading provider of specialised services to the Australian coal mining industry. Mastermyne listed on the ASX on 7 May 2010.

It has three operating divisions, Mastermyne Underground (underground roadway development, installation of conveyors and longwall relocation), Mastermyne Engineering (design and engineering of specialised mining equipment and consumables) and Mastermyne Services (surface electrical, mechanical and maintenance services).

Based in Mackay Queensland, Mastermyne has operations in Queensland's Bowen Basin and the Illawarra and Hunter Valley regions in New South Wales.

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