



ASX Announcement

24 February 2010

THE MAC SERVICES DELIVERS RECORD REVENUE; NET PROFIT UP 13.9% FOR 1H2010

KEY POINTS:

- **NPAT up 13.9% on previous corresponding period to \$13.79 million**
- **Revenue increased by 6.3% on pcp to \$56.8 million**
- **First-half dividend 5.9% higher at 4.5 cents per share, fully franked**
- **Gearing levels very conservative at 25%**
- **Outstanding development pipeline, positive outlook for FY2010**

The MAC Services Group Limited (ASX: MSL), Australia's largest mining accommodation and services company, has delivered a record Net Profit after Tax (NPAT) of \$13.79 million for the half year to 31 December 2009, representing a 13.9 per cent increase on the previous corresponding period (six months ended 31 December 2008).

Revenue was boosted by 6.3 per cent to a record \$56.75 million for the half year and earnings per share grew to 8.37 cents, an increase of 7.0 per cent, compared to the previous corresponding period.

The MAC will pay a fully franked, half-year dividend of 4.5 cents per share, an increase of 0.25 cents over the final dividend for 2009, and 0.25 cents above the interim dividend paid for the previous corresponding period. The dividend record date is 1 April 2010 and payment will be made on 15 April 2010.

The MAC's Chief Executive Officer, Mark Maloney, said: "The increase in dividend reflects a consistent and increasing profit performance, and prudent capital management by the company."

Operations Update

"Notwithstanding a relatively quiet phase in terms of room expansion, the company successfully managed to adjust its operating overheads in response to the flat trading conditions which prevailed during the reporting period," said Mr Maloney.

"The result supports our business plan to align our accommodation facilities to major corporations owning and/or operating low-cost, high-production mines and is further proof of the sustainability of The MAC's business model."

During the tougher economic climate, the company took the opportunity to carry out improvement programmes such as road and car parking upgrades, replacement of older rooms with new ensuited rooms and dining room refurbishments, which are all a part of The MAC's policy of keeping its villages current and competitive.

Considerable attention has been given to controlling expenses and the business continues to be very cost-focused. The company continued the rollout of ancillary services at each of its sites and The MAC now has retail outlets established in each village. The company has taverns at



Coppabella, Nebo, Dysart and Kambalda, which continue to contribute materially to the business, and there are other service offerings in development.

“Production cutbacks by some resource companies adversely impacted occupancy levels, but this was mostly contained to our Dysart Village, however it is pleasing to note that bookings have increased in the New Year. Activity levels have increased and there are good signs that a number of previously delayed projects are pressing ahead, particularly in the Bowen Basin where we have a strong presence,” said Mr Maloney.

Capital Management

- Conservative gearing [Debt / (Debt + Equity)] at 25 per cent, with a low level of intangible assets.
- Undrawn bank facilities of \$52 million; total available facility limit of \$100 million.

Expansion Plans

As foreshadowed in previous announcements, the company has positioned itself for long-term growth in regions beyond the Bowen Basin. The company has acquired land in Gladstone and Wandoan in Queensland, and holds options over a new site in Moranbah (separate from its existing facility), also in Queensland, and a property in NSW.

The Gladstone and Wandoan sites already have development approval and an application is currently being prepared for Moranbah.

“We remain interested in expanding our presence in Western Australia beyond the goldfields region and continue to review prospects in that market,” Mr Maloney said. “Discussions are continuing with BHP Billiton in relation to a new village at Roxby Downs to service the needs of Olympic Dam in South Australia, however we do not expect this to proceed this financial year.”

The company is also working with existing clients at Middlemount, Moranbah, Dysart and Nebo in the Bowen Basin who, because of new developments or ramping up of operations at existing sites, require additional rooms to satisfy increased demand.

Strategy & Outlook

Mr Maloney said the company remained committed to its 360-degree business model as a pure provider of accommodation and related services to mining and mine maintenance companies.

“The trading environment has improved over the last six months and, absent of any significant change, the company expects a solid second half.

“The level of enquiry for new rooms is solid and we expect approximately 1,000 new rooms to be manufactured and installed over the next 18 months, at significant investment by the company,” Mr Maloney concluded.

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About The MAC Services Group

The MAC is Australia's largest publicly-traded owner/operator of remote area mining Accommodation and Services. With a company purpose of 'Helping People Live Their Best' we develop, own and operate high quality Villages for people that work and live in remote and regional areas of economic significance. Employing over 400 staff nationally, The MAC has in excess of 4,800 permanent rooms under management within QLD, WA as well as future expansion projects in SA.

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