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**MEDIA RELEASE**

## **DMS EXTENDS HUNTER VALLEY REACH WITH TWO ACQUISITIONS**

Leading mining services firm Diversified Mining Services Limited (DMS) has stepped up its presence in the Hunter Valley with the acquisition of two highly-successful local businesses which will further expand the company's offering to the region's vast mining industry.

Agreements for the acquisition of scaffolding business Valley Scaffolding Services and protective coatings business Induspray Australia were executed in late December. They were acquired for an undisclosed price.

The businesses are privately owned and managed by Peter and Julie Rogers and John Richardson. Both businesses are located in the Hunter Valley at Mt Thorley and employ a total of approximately 80 employees.

The earnings accretive acquisitions will take DMS' total annual revenue to in excess of \$135 million and further enhances the geographic and operational diversity of the business ahead of a planned Initial Public Offer (IPO) in 2011.

DMS Managing Director Terry Young said the businesses would further enhance DMS' diverse product offering and cement its position in the Australian coal industry.

"These businesses are the ideal complement to our Mackay-based Scaffold & Rigging and Protective Coatings operations and give us deeper penetration into the Hunter Valley," he said.

"The business' vendors have agreed to remain with the business under our standard employment agreements and non-compete agreements and are committed to the continued growth and profitability of the business over the long term."

Induspray performs abrasive blasting and painting, and operates from two sites as well as performing minesite work throughout the Hunter Valley while Valley Scaffold provides lease, erection and dismantling services for a variety of industries throughout the Hunter and Newcastle regions.

"They are both well respected and firmly established business which will further enhance the scope of services we are able to provide to the market," he said. "The Australian coal industry continues to ride an unprecedented period of growth and there are fantastic opportunities for any firm that can offer mining companies a comprehensive range of services."

Mr Young said DMS intended to work with existing management to continue driving the growth of the business as they seek to extend their penetration in the Hunter Valley and New South Wales mining industry.

"These businesses have a strong, committed management team which have done an excellent job at building the companies into significant players in their respective sectors. I look forward to working with them and their staff as we consolidate their already strong market position."

Mr Young said this was the ideal time to be expanding the company's service offering as the sector remained highly fragmented and dominated by small to medium-sized companies which lacked the financial and management resources to seize the opportunities available in the sector.

Mr Rogers said a merger with DMS would provide the companies with the diversity and scale to execute a strategic plan to continue growing.



“We have established a strong reputation for having a package of core services, systems and people with which we deliver with the highest standards of customer service,” he said. “This commitment to clients will not be affected by the merger.”

DMS, an unlisted public company, was formed in May 2009 with the merger of five well respected and successful mining services businesses.

The merged businesses were Anderson Group of Companies (the Coaltram vehicle designers), Ausgroup Industries, Ausscaffold, East Coast Engineering, AllSteel Fabrications and MachineTek Engineering.

ENDS