

For immediate release to the market
To be read in conjunction with Appendix 4E

INDUSTREA Limited

ASX Code IDL (OTCQX: IULTY)

18 August 2011

Industrea posts strong revenue and profit growth for FY11

- Full year revenue of \$357.0m, EBITDA of \$123.5m, adjusted NPAT of \$51.5m
- Mining Technology and Mining Services divisions show strong growth with revenue up 62% and 31% respectively
- Mining Equipment sales in China rebound in second half, with demand continuing in FY12
- Balance sheet strengthened following \$50.0m new capital raised, \$35.8m in convertible bonds repaid and debt maturity extended
- Acquisition of AJ Lucas Underground In-seam (UIS) Gas Services lays foundation for transition of new Gas Management division
- Targeting in excess of 20% organic top line revenue growth in FY12

Results Overview

Global mining products and services provider Industrea Limited, today announced an adjusted net profit after tax (NPAT) of \$51.5m for the year ended 30 June 2011 (2010: \$44.6m*) due to increase in global sales of its Mining Technology products and expansion of its Mining Services business. Group revenue increased 14% to \$357.0m, with EBITDA up 10% to \$123.5m.

Industrea's Mining Technology (IMT) division's increased penetration into the Australian, Chinese and other export markets resulted in revenue rising 62% to \$114.5m and EBITA increasing 96% to \$38.0m.

Industrea's Mining Services (IMS) division also posted a record result, with revenue up 31% to \$169.1m and EBITA up 13% to \$38.2m due to a combination of new contracts and contract extensions with existing customers.

An unanticipated slowing of orders in the first half of the year from China impacted the performance of the Industrea Mining Equipment (IME) division with full year revenue decreasing 35% to \$73.4m, and EBITA falling 46% to \$20.3m. Sales and margins rebounded strongly in the second half and are back to historical trend levels.

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Reported NPAT of \$47.9m included non-cash items relating to amortisation and non-recurring costs related to material acquisition processes. These costs are excluded from adjusted NPAT to provide a clearer indication of the underlying earnings of the company and to better enable comparison year on year on a like to like basis.

Dividends

Directors declared a final fully franked dividend of 3.0 cents per share lifting the full year ordinary dividend to 4.0 cents per share fully franked (2010: 3.9 cents). The record date for the dividend is 14 October 2011 with payment scheduled for 7 November 2011.

Operational Review

Managing Director and CEO of Industrea, Mr Robin Levison said the company had successfully diversified its earnings base during the year through penetration of new markets, investing in research and development of new and improved products, and broadening its service offering.

He said Industrea's policy of diversifying revenue streams both geographically, by customer and by commodity had enabled the company to meet its financial targets despite weaker first half trading conditions and adverse weather.

"While China remains one of our key growth markets, we have invested considerable time in Australia on expanding our IMS operation, and identifying new business opportunities for our IME and IMT products.

These efforts were clearly reflected in our Australian financial performance with revenue increasing 40% to \$248.5m compared to the prior year."

"In addition, emerging markets such as Russia provided improved sales in the period."

Industrea Gas Management (IGM), was formed during the year with the acquisition in March 2011 of AJ Lucas's Underground In-Seam gas services. The business intends to expand its service offering in Australia and overseas to other countries with embedded underground high gas coal mining sectors.

"We intend to rapidly broaden our gas management offer by adding a range of specialist proprietary products, such as our own drill rig manufactured by IME, along with the associated manpower required to capture further elements of the entire value chain in underground gas management. We anticipate IGM will generate a substantial portion of revenue from human capital, which will further diversify our earnings base outside the group's current focus on manufactured product and heavy capital equipment.

"We are confident that our gas management solution will rapidly expand both in Australia and off-shore, particularly given the growth in underground longwall coal mines throughout the world," he said.

Mr Levison said that while the gas management division represented a healthy and highly profitable diversification for Industrea, it nonetheless fell squarely within the group's continued market focus on mining safety and productivity, which remained a non-discretionary investment priority for miners world-wide.

Stronger financial position

Mr Levison said that during the year Industrea had simplified and strengthened its capital structure and balance sheet.

“In September 2010 we repaid \$35.8m worth of outstanding convertible bonds, with the remaining \$4.6m in bonds converted into Industrea shares and existing debt facilities extended out to July 2013.

“We successfully raised \$50.0m via an oversubscribed institutional share placement in October 2010,” he said.

Mr Levison said the group’s operating cash flow had also strengthened in FY11, increasing 41% to \$92.0m.

Divisional Overview

Mining Technology

Mr Levison said the global mining industry’s focus on safety and productivity gains continued to ramp up demand for Industrea’s world-leading range of technology products.

“Buoyed by strong sales into both Australia and China, the Mining Technology division posted a record year, with sales increasing 62% to \$114.5m.

“Strong sales of our CAS-CAM/RF® collision avoidance systems occurred in Australia, including multiple contracts for its deployment at BHP Billiton Group mine sites both locally and globally, in addition to other sales in South Africa and South America” he said.

“Rio Tinto is also trialling our collision avoidance system at one of its Western Australia mine sites.”

“Chinese demand for our gas drainage and directional drilling systems also remained strong, with a record number of orders from a range of new and existing Chinese coal mining customers, with further demand seen in the Russian market, including our largest ever contract for 10 gas drainage and directional drilling systems delivered to that jurisdiction.

Mining Services

Mr Levison said the group’s Mining Services division, which operates in the Mt Isa, Bowen Basin and Hunter Valley regions, had capitalised on a more buoyant Australian mining market to record strong organic growth in FY11, increasing revenue 31% higher over the prior year.

He said the division had successfully expanded works at Lady Annie and Blackstar open cut mines in Mt Isa, and achieved revenue growth through existing contracts with Rio Tinto’s Mt Thorley Warkworth Mine and Xstrata’s Ernest Henry Mine.

“Adverse weather impacted operations in FY11 at Cockatoo Coal’s Baralaba Mine in Central Queensland, which is expected to return to full production some time before December 2011,” he said.

Mr Levison said that following the investment in new mine vehicles in FY10 and the first half of FY11, the division is strongly positioned to capitalise on both existing expansion and the numerous mining contracting opportunities emerging from Australia's resources boom.

"The stronger growth outlook for FY12 is reflected by new and extended contracts secured in the first 6 weeks of the year, which are expected to yield an additional \$28.0m in revenue," he said.

Mining Equipment

Mr Levison said a temporary slowing of diesel equipment sales to China in the first half of FY11 resulted in revenue decreasing 35%. He said that while the slowdown was unexpected and disappointing, it was encouraging that the division's order book with Chinese customers returned to more historic levels, as forecast, during the last quarter with \$22.0m of contracts signed.

"With China's underground coal mining sector continuing to prioritise safety and efficiency gains, we are confident of sustaining a strong order flow from China for our world-leading safety and productivity enhancing diesel products throughout FY12.

"Increased volume of new mine approvals and mine extensions here in Australia, is continuing to open additional domestic markets for our diesel equipment, creating an increasingly important supplement to our Chinese order book," he said.

Increased R & D expenditure has enabled us to launch a number of new and improved products in FY12, such as the ultra low diesel particulate emission Tier 3 Mine Cruiser personnel carrier, intrinsically safe underground drill rig and a flameproof underground personnel carrier, which is being manufactured at our new Chinese production facility, for launch at the China Coal Show in Beijing in October 2011," he said.

Outlook

Mr Levison said FY12 would be a year of significant growth for Industrea in both the key markets of Australia and China, and a period in which new opportunities would be opened in emerging markets including Russia and Indonesia.

He said the expansion of Australia's underground coal mining sector would again drive higher domestic demand for the Mining Equipment, Mining Technology and Gas Management divisions. "Australia's escalating resources boom is also heralding in an era of new, and ever-larger underground and open-cut mines, and significant extensions to existing facilities, and this offers major growth channels for both our Mining Technology division's collision avoidance systems and Mining Services' upgraded capital fleet.

"The resumption of full production at Cockatoo Coal's Baralaba mine will also provide a revenue impetus for our Mining Services operations, and with the advent of more favourable conditions, margins should continue to strengthen throughout 2012.

Mr Levison said that the upswing of orders from China for Mining Equipment products in the third quarter of FY11 was expected to flow over into the current year, resulting in a stronger, sustained order pipeline in FY12.

"We are confident the launch of our first China manufactured diesel vehicle in October 2011 will further bolster our revenue gains from this market in the year ahead.

“An overriding goal in the current year is to leverage off Industrea Wadam’s established distribution channels and relationships in China, to market our fully integrated gas management and drainage capability.

“The addition of our drill rig manufactured by IME, integrated with our existing directional guidance tool, provides a decided competitive advantage and an opportunity to rapidly grow our gas management offering not only in China and Australia, but Russia as well,” he said.

He said that excluding any future acquisitions, the company was well placed to achieve at least 20% top line revenue growth in FY12.

* *Restated FY10 adjusted NPAT of \$44.6m following tax restatement as noted in Note 1 of Appendix 4E*

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About Industrea Limited

Industrea provides highly specialised products and services to the mining industry. Customers throughout the world use Industrea's products and services to enhance the safety and productivity of their mining operations.

Industrea's IME division supplies equipment such as flame proof and explosion proof underground mining vehicles; the IMT division supplies underground drilling instrumentation, coal seam degasification equipment, collision avoidance systems, the IGM division provides underground methane gas drainage, exploration and dewatering services to the underground coal industry and the IMS division provides services including open cut mining, equipment hire and civil contracting services.

Industrea has well established and growing positions in the Australian and Chinese coal mining industries. Clients include BHP Billiton, Rio Tinto, Xstrata, Barrick Gold, Anglo Coal, Vale, Anglo American, and leading Chinese firms China Shenhua Energy, Jincheng Anthracite Mining Group, and Shanxi Asian American Daning Energy Corporation.

For more information about Industrea Limited, visit www.industrea.com.au.