



DeltaSBD Limited
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Dear Fellow Shareholder

I would like to take this opportunity to provide you an update on the performance of Delta SBD.

Following the company's admission to the official list of the Australian Securities Exchange (ASX) (ASX Code DSB) on 20 December 2010, Delta SBD recently released its interim half yearly results and outlook. I am pleased to report that the company is performing in line with Directors expectations as we continue to position the business for growth in FY 2012 and beyond.

Interim Half Yearly Results for the six months to 31 December 2010

Financial highlights

- Revenue of \$39.6 million and underlying EBITDA of \$4.7 million;
- Underlying Net profit after tax of \$2.2 million;
- Strong financial position with net assets of \$44.9 million. Net debt of \$11.3 million (\$17.1million interest bearing liabilities less \$5.8 million cash) versus \$14.9 million at June 2010.

During the past six months Delta SBD secured a number of new contracts with existing and new clients and continued to expand its fit for purpose diesel fleet which now totals 36 units.

The company's successful ASX listing has broadened its shareholder base, allowed more employees to invest in the Company, and provided an additional avenue to source equity capital for acquisitions. In a period where access to skilled labour is increasingly challenging having a broad base of employees as shareholders is an important differentiator.

Our diversified customer base and quality service assisting resource owners in New South Wales and Queensland ensures that Delta SBD is well positioned to benefit from expected strong growth in demand for coal.

Operational highlights

- Total recordable injury frequency rate (TRIFR) reduced by 45% to 21. The number of safe act observations, personal hazard identifications and job safety analyses being undertaken has continued to increase;
- Secured contracts for future multiple longwall move projects with Peabody and BMA and completed our 75th longwall project;
- Acquired additional longwall move equipment, including eight FBL10's and five chocks trailers;
- Commenced a second development drivage contract at BHP Billiton's Appin Mine;

Key projects for the 6 months to 30 June 2011

- Illawarra – The development drivage contract will continue for the period at BHP Billiton's Appin mine. Expansion of services at Peabody Metropolitan mine with the recent award of the mine services contract;
- Hunter Valley - Personnel and equipment longwall move project will be undertaken at Xstrata Ravensworth mine between February and June 2011;
- Berrima – production at Boral's Berrima whole of mine operation is expected to be up 8% compared to the first half production result;
- Queensland - The first of five contracted longwall moves will commence during the period at Anglo Coal's Grasstree mine;
- Diesel Fleet - The expansion of the diesel fleet completed in the December 2010 period will lead to additional revenue generation.

Delta SBD anticipates that the FY 2011 result for underlying NPAT will be in the range of \$5 - \$5.3 million.

Outlook

It is expected that all current work/project will continue in FY 2012. We also expect a significant upside in our work book due to:

- Full year for BHP Billiton Appin mine development contract;
- Full year for Peabody Metropolitan mine services contract;
- New longwall installation projects (management, personnel and machinery) via Bucyrus Australia Pty Ltd (longwall OEM) for new mines – Whitehaven Narrabri mine and Rio Tinto Kestrel mine.

To further advance our plans for growth, Delta SBD recently announced the appointment of Mr Tim Jackson to the position of Business Development and Executive General Manager. Mr Jackson has more than 38 years' coal industry experience and will play a significant role in spearheading our expansion in Queensland as well as our fit-for-purpose equipment division.

About Delta SBD Limited

Delta SBD is one of the largest contract companies servicing the Australian underground coal mining industry. The Group is geographically diversified, with offices in Campbelltown NSW, Rutherford NSW and Mackay QLD.

The Group's objective is to provide value-add services to our clients by forging profitable long term partnerships. We provide each project/mine with competent work teams, fit for purpose equipment and excellent site management backed by a supportive corporate management group. We use safe and efficient work methods that enable on time completion of all works and services to the clients' requirements.

With improving demand and prices, the coal industry forecast looks positive. Structural changes in global coal markets and the cyclical rebound in global growth are driving increasing demand for thermal and metallurgical coal. For Australia this bodes well for increasing production and expansion projects. This should provide a continuing set of business opportunities for the Delta SBD.

The Company's website is <http://www.deltasbd.com.au/>..

We look forward to a successful and rewarding future for the Company and its shareholders.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Bizzaca".

Steve Bizzaca
Chief Executive Officer

A handwritten signature in blue ink, appearing to read "McFadden".

Tony McFadden
Chief Financial Officer and
Company Secretary