

**MDM ENGINEERING GROUP LIMITED**  
**(“MDM Engineering” or the “Group”)**  
**FINANCIAL PERIOD RESULTS**

MDM Engineering Group (AIM:MDM) the African-focused engineering and project management company which provides services to the mining industry is pleased to announce its maiden results as a listed company for the 16 month period to 31<sup>st</sup> March 2008.

**Highlights**

**Financial**

- Revenue of US\$13.61 million
- Gross profit of US\$6.78 million
- Profit before taxation of US\$4.53 million
- Net profit of US\$3.19 million
- Net cash generated from operating activities of US\$4.10 million
- Maiden dividend of US\$0.04 per share
- Cash and cash equivalents of US\$5.15 million at year end
- Basic earnings per share of US\$0.13 per share

**Operational**

- Project value under execution at year-end of US\$330 million (Chemwes & Ezulwini)
- Staff numbers have grown from 31 in January 2007 to 100 in March 2008 with excellent staff retention rates
- Strong pipeline of studies ranging from scoping studies to bankable feasibility studies
- One new study awarded and currently in negotiations on further study awards and two project awards

**Corporate**

- Listed on AIM on 12<sup>th</sup> May 2008, raising US\$10 million before listing expenses
- Increased infrastructure, software resource and human capital to match the growth profile
- Board and management expanded to ensure successful operational growth and financial performance

**Summary of financial results**

Consolidated net earnings for the 16 month period to the end of March 2008 were US\$3.19 million, which equates to basic earnings per share of US\$0.13 per share.

The Directors of MDM Engineering have declared a final dividend of US\$0.04 per share payable on 22<sup>nd</sup> August 2008 to shareholders registered on 15<sup>th</sup> August 2008. This is in line with the stated dividend policy whereby approximately 50% of earnings will be paid out as a dividend.

**MDM Engineering CEO, Grant Lowman commented:**

“To report a profit in our maiden results is satisfying and shows the strength of the MDM business model. We are pleased to be rewarding our investors who supported the Group at our floatation in May and we look forward to generating further dividends in the future. As we enter our first year as a public company, MDM Engineering is well placed to exploit growth opportunities to the benefit of shareholders. Our order book is strong and the IPO has put the Group in an excellent position to continue to grow this.”

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## CHIEF EXECUTIVE'S REVIEW

It has been a busy year for MDM Engineering, with the Group evolving into a publically traded entity with a rapidly growing workforce and a number of significant projects underway.

Two of the most significant undertakings by the Group, the construction of First Uranium Corporation's Gold project and its Uranium project, are now both nearing completion. These two projects were a great catalyst for growth at MDM both in terms of personnel and control systems.

Management has also worked hard to successfully build a pipeline of potential execution projects for the next two to three years. Through the completion of a number of studies carried out by MDM Engineering, came the award of two additional execution projects, one of which is now well advanced. The other is expected to break ground during the last quarter of 2009.

MDM Engineering is well positioned to take advantage of the current commodities boom.

Our target market continues to be mid-sized projects, primarily in Africa, within our core commodity experience. A key strategy remains the careful selection of studies that will convert into project execution for the Group. Management actively targets appropriate studies and negotiates this principle upfront.

The Group successfully listed on London's AIM on the 12<sup>th</sup> of May 2008, raising \$10 million before listing costs via the placement of 3.45 million ordinary shares. The capital raised during the listing will allow the Group to undertake a more intensive marketing drive which will, we believe, result in an increase in the value of projects in the pipeline as well as to pursue acquisitions aimed at teams and businesses that are complementary to the Group's business and culture.

A key part of the rationale behind the market listing was the ability to provide incentives to the majority of the Group's staff through share options. This has proven to be the right decision, with the Group's recruitment and retention policy attracting high quality personnel with impressive skills. Capital expenditure is also being spent on upgrading and modernizing software systems which will further increase productivity in crucial areas such as the drawing office.

The challenges faced by the entire mining industry and MDM Engineering's peers are also facing the group. These challenges include the ever increasing delivery times for plant and equipment and the shortage of skilled personnel. MDM Engineering is addressing these issues via proactive management input and the cultivating of good relationships with our suppliers.

Our current execution projects provide the bulk of forecast earnings for FYE 2009, and the combination of the current studies underway and the anticipated conversion of completed studies into execution projects stands us in good stead to deliver the forecast growth.

We welcome to the Board our non-executive Chairman Bill Nairn who was appointed in April 2008. His substantial experience in the global commodity industry is greatly benefiting MDM Engineering.

Management remain confident that it will achieve the targets for the year set out in our Admissions Document and that the outlook is extremely positive.

We would like to thank our clients for providing us with the opportunity to assist in the growth of their businesses and for their continued support. Our shareholders have also offered crucial input and support to the management team during the period and we thank them for this.

Lastly I would like to congratulate the entire MDM Engineering staff for the growth and value that the Group has delivered to its stakeholders during the period under review.

## **Review of Operations**

### **Operational Performance**

The period under review saw the Group completing a number of studies and begin execution on its first two major projects - First Uranium Corporation's Ezulwini Gold and Uranium projects.

The staff complement grew from 31 to 100, and the Group was successful in its retention of staff with an effective staff turnover of 5%, which is well below the industry norm.

Project execution has proceeded well in tough global conditions, with both projects currently nearing final completion.

### **Commodities Market**

The commodities growth cycle continued throughout the period, enabling the Group to strengthen its pipeline of projects for future execution.

### **Commercial Model**

The Group executes its projects via an Engineering, Procurement, Construction Management (EPCM) reimbursable contracting method. This is both appropriate for risk transferral in the current global environment of high demand inflation and increasing delivery times for processing equipment and is received favourably by the Group's clients.

The Group's revenue streams consist of:

- Revenues from studies
- EPCM man hours expended on the execution of projects
- A margin based on the value of project execution

Man hours for studies and EPCM execution are priced at an all-in cost to the Group plus an overhead recovery. The Group is therefore cash positive on both a project and a consolidated basis after corporate overheads.

The Group is able to accurately forecast and manage cashflow over the life of a project, while delivering net margins in excess of its peer group

### **Social Responsibility**

The Group executes projects on a global basis and works in very remote and often under-developed areas, particularly in Africa.

It is the Group's stated intention to source labour and materials, where possible, from local communities on each project, thereby encouraging skill development and job creation within these areas.

### **Safety, Health and Environmental**

There were no fatalities or environmental incidents during the period under review. There was one minor incident during the period, from a total of 625,815 hours worked on project site during the period.

A Health and Safety Committee was established, reporting to Bill Nairn (non-executive Chairman), with the primary aim of proactively working on addressing health and safety issues and coordinating these across projects and the Group.

## Financial Statements

MDM Engineering Group Limited  
Consolidated Income Statement  
For the 16 months ended 31 March 2008  
(\$'000)

	Notes	FY 2007
Revenue		13,610
Cost of sales		(6,830)
<b>Gross profit</b>		<b>6,780</b>
Other income		46
Waiver of loan	(i)	156
Operating expenses	(ii)	(2,536)
<b>Profit from operations</b>		<b>4,446</b>
Net financing income		83
Profit before taxation		<b>4,529</b>
Taxation	(iii)	(1,342)
<b>Profit for the period</b>		<b>3,187</b>
<i>Earnings per share (US\$) – basic &amp; diluted</i>		<i>0,13</i>

### Notes to the Income Statement

- (i) Loan owing to original founders written off to the income statement.
- (ii) Corporate administration costs including labour, rental of premises, depreciation and various provisions for future expenditure.
- (iii) The effective tax rate is 29.63%.

MDM Engineering Group Limited  
Consolidated Balance Sheet  
at 31 March 2008  
(\$'000)

	Notes	FY 2007
<b>Non-current assets</b>		
Property, plant and equipment	(i)	859
Intangible asset	(ii)	54
Deferred tax	(iii)	266
<i>Total non-current assets</i>		<b>1,179</b>
<b>Current assets</b>		
Trade and other receivables	(iv)	2,453
Cash and cash equivalents		5,147
<i>Total current assets</i>		<b>7,600</b>
<b>Total assets</b>		<b>8,779</b>
<b>Equity and Liabilities</b>		
<b>Capital and reserves</b>		
Share capital		340
Share premium		1,335
Foreign currency translation reserve		(336)
Accumulated profit		3,187
<b>Total Capital and Reserves</b>		<b>4,526</b>
<b>Non-current liabilities</b>		
Interest bearing liability	(v)	621
<i>Total non-current liabilities</i>		<b>621</b>
<b>Current liabilities</b>		
Trade and other payables	(vi)	1,964
Current portion of interest bearing liability	(vii)	54
Taxation	(viii)	1,614
<i>Total current liabilities</i>		<b>3,632</b>
<i>Total liabilities</i>		<b>4,253</b>
<b>Total equity and liabilities</b>		<b>8,779</b>

**Notes to Balance Sheet**

- (i) Reflects fixed assets within the group, but are mainly represented by a 50% share in the building from where the Group currently operates its South African operations (\$596k) and various computer equipment and software (\$154k).
- (ii) This is intellectual property acquired from the liquidator of MDM Ferroman (Pty) Ltd.
- (iii) Reflects deferred tax on temporary timing differences.
- (iv) Reflects mainly trade receivables (\$1,818k) and pre-paid expenses that relates directly to the listing on AIM on 12 May 2008 (\$426k).

- (v) Reflects the non-current portion of the mortgage on the building as per (i) (\$594k) and finance leases for motor vehicles (\$27k).
- (vi) Reflects mainly trade payables (\$830k) and \$197k in respect of value added tax.
- (vii) Reflects current short term portion of the mortgage and finance leases as per (v) above.
- (viii) Reflects income tax payable.

MDM Engineering Group Limited  
Consolidated Cash Flow  
For the 16 months ended 31 March 2008  
(\$'000)

	Notes	FY 2007
<b>Cash flows from operating activities</b>		4,101
Cash generated by operations	(i)	4,101
<b>Cash flows from investing activities</b>		<b>(203)</b>
Acquisition of property, plant and equipment	(ii)	(224)
Acquisition of intangible assets	(iii)	(62)
Net interest received	(iv)	83
<b>Cash flows from financing activities</b>		<b>1,249</b>
Issue in share capital	(v)	1,675
Costs directly related to issue of shares	(vi)	(426)
		<b>5,147</b>

**Notes to Cash Flow Statement**

- (i) Reflects net cash from the design, engineering and project management of various projects and studies, payments to suppliers and movement in working capital.
- (ii) Includes the purchase of the 50% share in the building currently occupied by the South African operations (\$596k) and various computer equipment and software to the value of \$176k. The building was financed with a mortgage and vehicles were financed through finance leases.
- (iii) Reflects the purchase of intellectual property.
- (iv) Reflects the net amount of interest received on surplus cash balances and call accounts, after \$58k of interest paid on finance leases and the mortgage on the building.
- (v) Reflects the net proceeds from the issuing of shares.
- (vi) Reflects expenses directly related to (v).

**Financial Information**

The above financial information does not constitute financial statements in accordance with the requirements of IFRS. The financial statements for the period ended 31<sup>st</sup> March 2008 are prepared in accordance with the requirements of IFRS. The auditors have not yet expressed an opinion on the financial statements but an unqualified report is expected.

**Board Approval**

This financial information was approved by the board on 5<sup>th</sup> August 2008.