Walter Diversified Services Limited

Pro forma results for the six months to 31 December 2006

March 2007

Disclaimer

Walter Diversified Services

The material in this presentation comprises general background information about the Company's activities current at the date of the presentation, 6 March 2007, and a summary of the unaudited results for the 6 months ending 31 December 2006. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

Highlights

- Successfully listed on the ASX in December 2006

- Adjusted NPAT* of $5.9 million on track with prospectus forecast of an Adjusted NPAT of $12.363 million for FY2007

- Group revenue of $104.5 million for 6 months ending December 2006
  - Group revenue up 100.4% on 6 months ending December 2005
  - On track with prospectus forecast of $214.2 million for FY 2007
  - Overall growth strong, particularly with DCC revenue

- $370 million of work in hand at end January

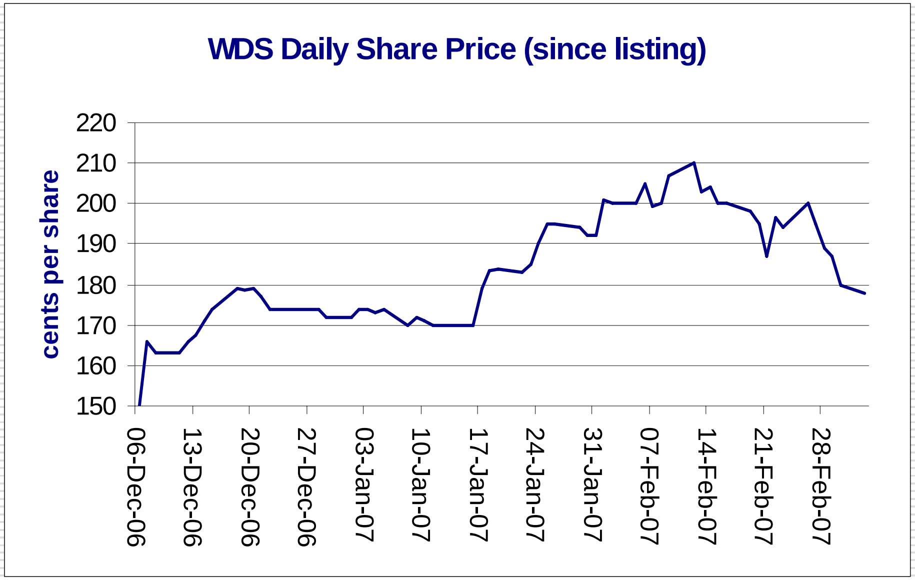
- Group outlook remains strong

*Adjusted NPAT is before net offer costs of $0.4 million

Summary Share Statistics

Listing details

- Date of listing 7 December 2006
- Issue price of $1.50
- 43.1 million shares offered



Issued capital

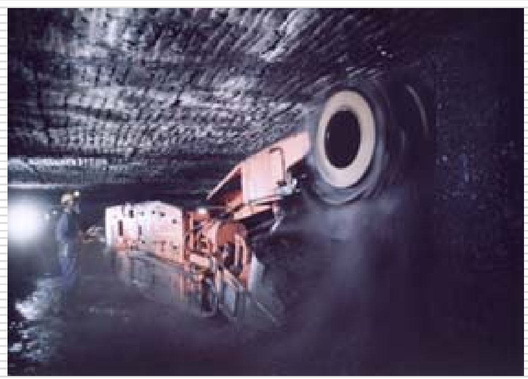
- 78.5 million shares (ASX)
- Share price $1.78 as at 5 March 2007
- Market capitalisation A$140 million
- ASX requires Appendix 4D to be lodged in April with results for 6 months to end of February
- WDS expects to report full year financial results for 12 months ending June 2007 during August

Strategy and Businesses

Strategy: to be the leading provider of specialist technical services to the underground mining, water and energy service industries in Australia

Underground Coal Mining Services

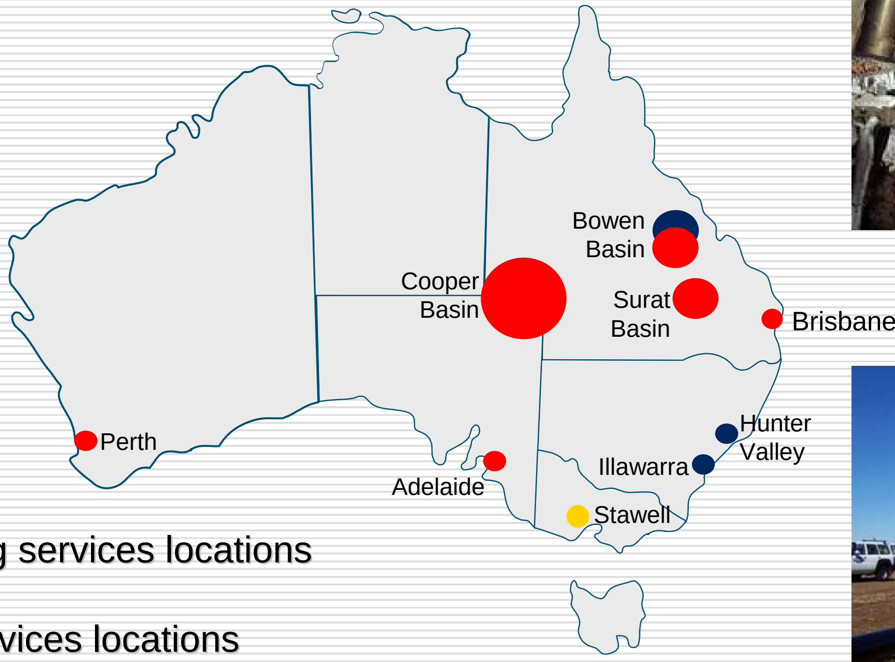
- Coal and stone driveage
- Project management
- Mining of remnant coal reserves
- Technical services
- Ventilation services
- Bulk materials handling services
- Electrical engineering services
- Underground mine support activities
- Equipment hire



Pipeline and Infrastructure Construction Services

- Pipeline and related infrastructure design and construction
- Water and wastewater treatment plants and associated pipelines
- Pipeline inspection, testing, maintenance and repair
- Civil works
- Electrical and instrumentation
- Specialist welding and general fabrications

Where we operate



Underground coal mining services locations

Pipeline construction services locations

Metalliferous mining service locations

Recent Acquisitions

FAL Constructions	Fabricates specialist ventilation devices for the underground coal mining industry
Waratah Hire	Provides specialist equipment to coal companies and service providers on a “dry-hire” basis
Diversified Construction Corporation	Provides pipeline construction and maintenance services to the oil, gas and water industries
Diversified Engineering Corporation	Provides specialist fabrication and pipe spooling, welder training and testing services to the oil and gas industries
IT Engineering	Specialises in providing electrical services to open-cut and underground coal mines

Financial Performance

- Strong growth in financial results compared to H1 2006, and on track to achieve prospectus forecasts
- Growth has been strong across the business, particularly in DCC
  - New contracts for DCC followed acquisition of equipment in 3 months post-acquisition and during H1
  - Balance of business changing due to extremely strong growth in oil, gas and water sectors
  - Outlook for Group remains strong although growth rate compared to H1 2006 will not be replicated
- Prospectus revenue targets for 2007 have been secured through contracted work
  - Benefit from further contracts to mainly affect FY 2008
  - Work in hand stands at $370 million
- H2 to have full 6 month benefit of contracts commenced during December/January
  - Blakefield and Metropolitan coal mine contracts
  - Tarbat to Jackson pipeline contract in the Cooper Basin
- Key financial targets are being achieved
  - EBITDA margins of 14-15% range over the medium term
  - Gearing (debt divided by debt plus equity) in the range of 33-66%
  - Interest cover greater than five times
  - Return on shareholders funds of over 25%
  - Final dividend of 4.8 cents per share expected to be paid

Earnings Performance

Walter DiversifiedServices

A$'000	H1 FY 07	H1 FY 06	% Change	FY2007P
Revenue	**104,517**	**52,151**	**100**	**214,189**
Walter Mining	52,010	37,127	40	151,822
DCC	52,507	15,024	250	62,367
EBITDA	**14,078**	**5,539**	**163**	**31,554**
EBIT	**9,899**	**3,596**	**175**	**22,313**
Adj NPAT*	**5,891**	**1,999**	**195**	**12,363**
EPS (cents)	7.50	n/a	n/a	15.7
Cap-Ex	23,528	12,510	88	27,525
Maintenance	1,800	720	250	3,635
Growth	21,728	11,790	84	23,890

* Adjusted NPAT is before net offer costs of $0.4 million

- Group revenue on track with prospectus forecasts
- Revenue above forecast in DCC driven by organic growth in all existing contracts and the new Aquifuture Alliance with Brisbane and Caboolture Councils
- Revenue behind forecasts in WM due to delays in start of some projects, and port constraints
- EBITDA/Revenue margin of 13.5%, on track to achieve prospectus forecast margin of 14.7% with H2 margin benefiting from recently commenced projects
- H1 Capex slightly below plan but for FY expected to be about $29.5 million ($2 million above prospectus due to growth in DCC)

Balance Sheet
31 December 2006

Assets	(A$'000)
Cash	4,550
Receivables	23,654
Inventory	5,114
Other	951
Total Current Assets	**34,269**
Property, plant and equipment	52,446
Intangible assets	8,035
Tax assets	3,327
Total Non-Current Assets	**63,808**
Total Assets	**98,077**

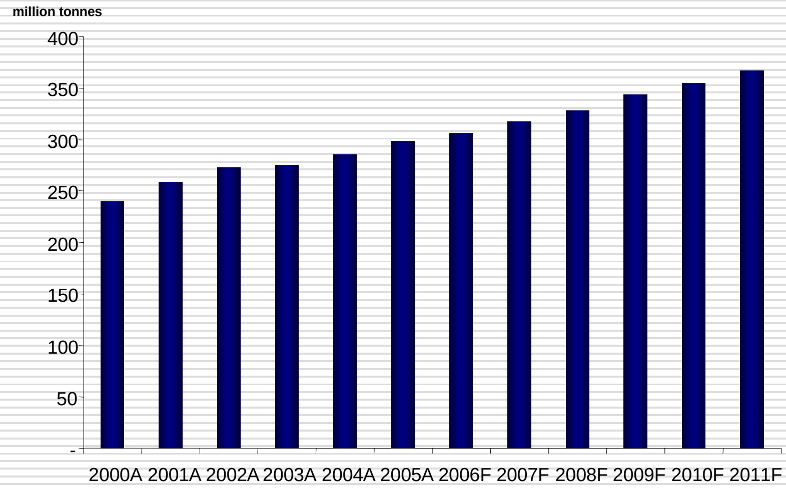
Liabilities and Equity	(A$'000)
Payables	15,268
Borrowings	3,027
Tax Liabilities	1,755
Provisions	9,386
Total Current Liabilities	**29,436**
Payables	22
Borrowings	40,171
Provisions	708
Total Non-Current Liabilities	**40,901**
Total Liabilities	**70,337**
Share capital	17,192
Retained earnings	10,548
Total Equity	**27,740**

- Robust balance sheet with significant financing capacity
- Debt position lower than forecast
- Gearing ratio 58% (net debt/net debt + equity)
- Interest cover greater than five times
- Rising operating cash flow

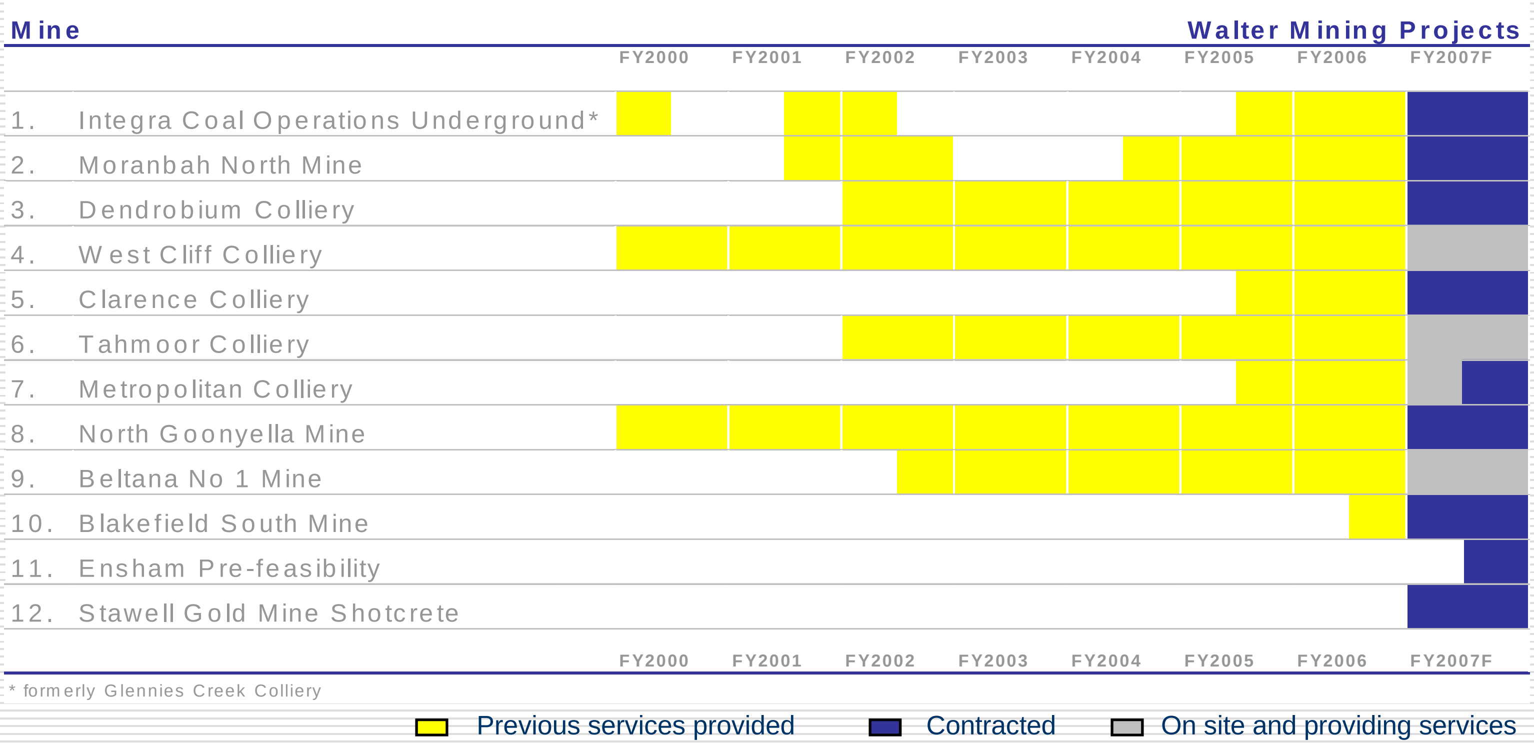
Underground Coal Mining Industry

- Australia has the 5th largest supply of proven coal reserves in the world and is current the world's largest exporter of black coal
- Expected future conditions for the Australian coal industry remain favourable with continued demand from Asia
- Carbon trading debate not anticipated to cause any short-term to medium term impacts
  - Likely to move to 'clean' coal and capture of carbon dioxide emissions
- Coal industry is being impacted by infrastructure bottlenecks at major coal ports
  - 2 new coal loaders at Dalrymple Bay are under construction and forecast to come on line mid-year
  - Additional capacity at Newcastle imminent
- Demand for underground coal mining services is expected to be driven by:
  - Growing demand for 'clean' coal (high grade and underground
  - Outsourcing of mining services
  - More underground mines
- Underground coal mining services industry highly fragmented: consolidation opportunities

Australian Black Coal Production: 2000A - 2011F



WM Current Projects



- Ensham feasibility study consistent with strategy of expanding service offering to mining sector
- United Colliery and NRE Gadjurat Mine contracts completed during period
- Stawell Gold Mine shotcreting contract converted from trial to two year contract
- Considering options for short term ‘dry hire’ and medium term ‘wet hire’ of the Roche continuous miner

Note: Duration of services only shown until end of prospectus forecast period.

Oil, Gas and Water Pipeline Construction Industry

- Increasing level of opportunities as governments increasing budgets towards recycled water, waste water treatment plants, water loss mitigation from irrigation, and pipeline maintenance

- Coal-seam methane pipeline demand expected to increase following abandonment of PNG pipeline

- Diversified Construction Corporation specialises in the construction and maintenance services of short-to-medium length pipelines

- Demand for pipeline construction services is expected to be driven by:
  - continued growth in demand for natural gas
  - new oil and gas pipeline infrastructure
  - construction of recycled water pipeline networks
  - growth in demand for coal seam methane
  - replacement and maintenance of ageing pipeline networks

- Major customers include production and distribution companies and owners of pipeline assets

- Industry can be segmented into upstream, midstream and downstream activities

Pipeline Construction Services*

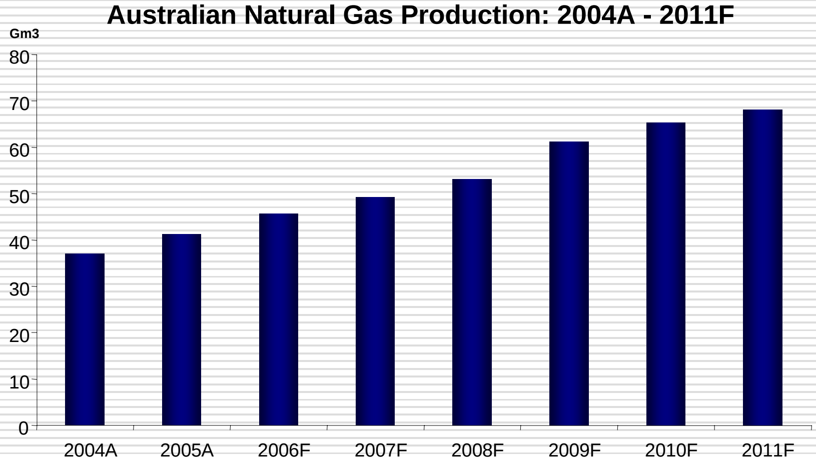
Oil and Gas

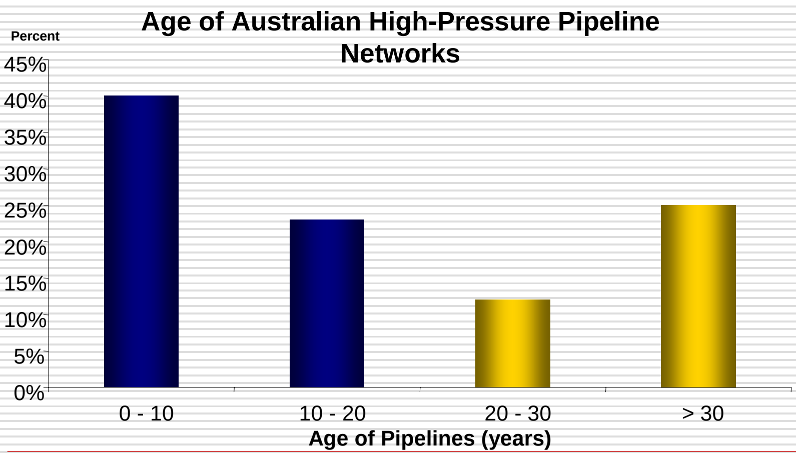
	Upstream (well-head to process plant)	Midstream (process plant to market)	Downstream (distribution to customers)
Services	• Variety of different pipelines and services • Pipeline design and construction • Well head connections • Connection to flow-lines • Fabrication	• Small and large transmission line construction • Mostly steel pipe • Hard-rock cut-through	• Low pressure plastic and steel pipe design and construction • Pipe refurbishment • Specialist services
Location	• Remote locations • Generally desert and hard ground	• Varied locations and terrain	• City streets and populated areas
Skill Set	• Manage labour and equipment utilisation • Specialist equipment	• Project bidding and estimation • Project management • Management of subcontractors (where necessary)	• Ability to work around traffic and public • Specialised labour and equipment • Safety record
	Upstream (well-head to process plant)	**Midstream** (process plant to market)	**Downstream** (distribution to customers)

Water

**DCC's activities span the breadth of services described in this chart*

Oil and Gas; Water





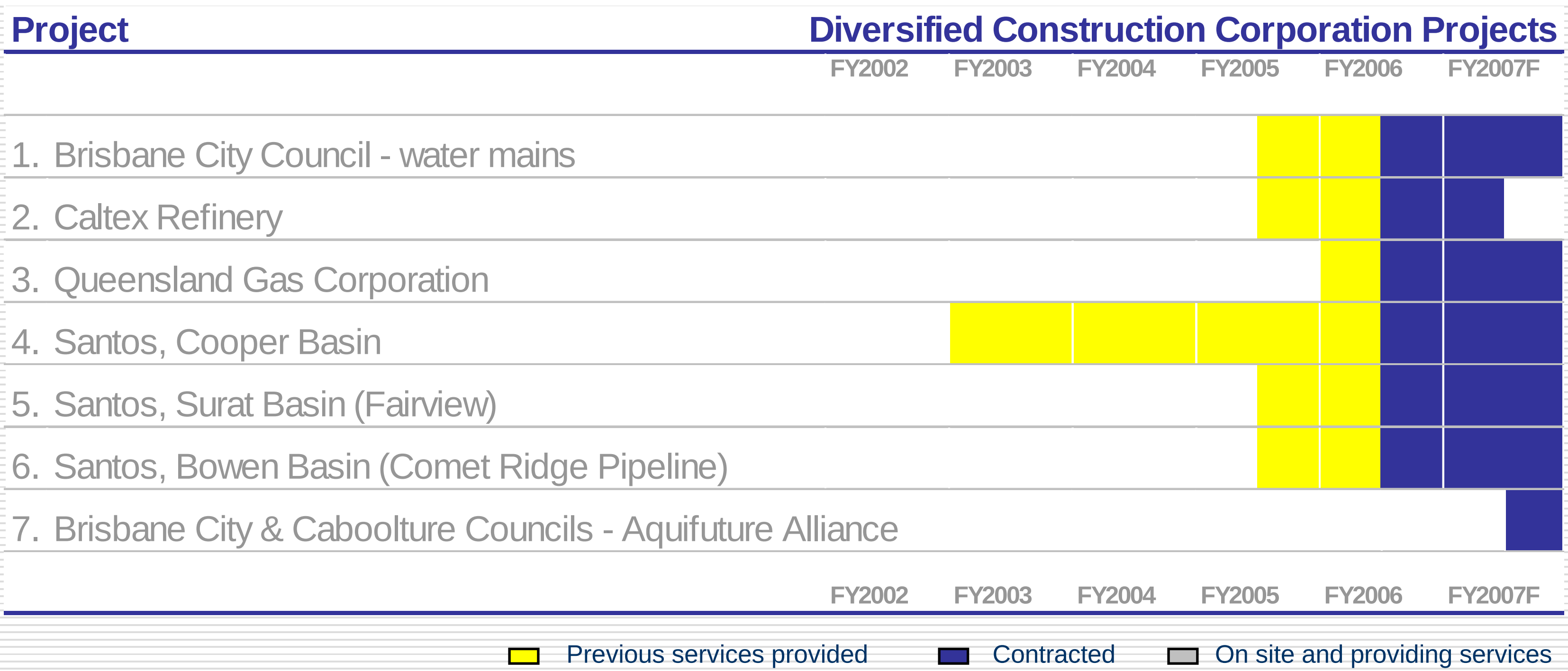
Oil and Gas

- Lower cost and greenhouse emissions compared to other energy sources driving demand
- 30,000km of new high-pressure pipeline infrastructure in planning and development stage or under consideration
- Average annual expenditure on replacement of oil and gas pipelines estimated at $280m per year for next 10 years

Water

- Estimated current spending on replacement of water pipelines $250m per year
- Over $15 billion to be spent on water infrastructure

DCC Current Projects

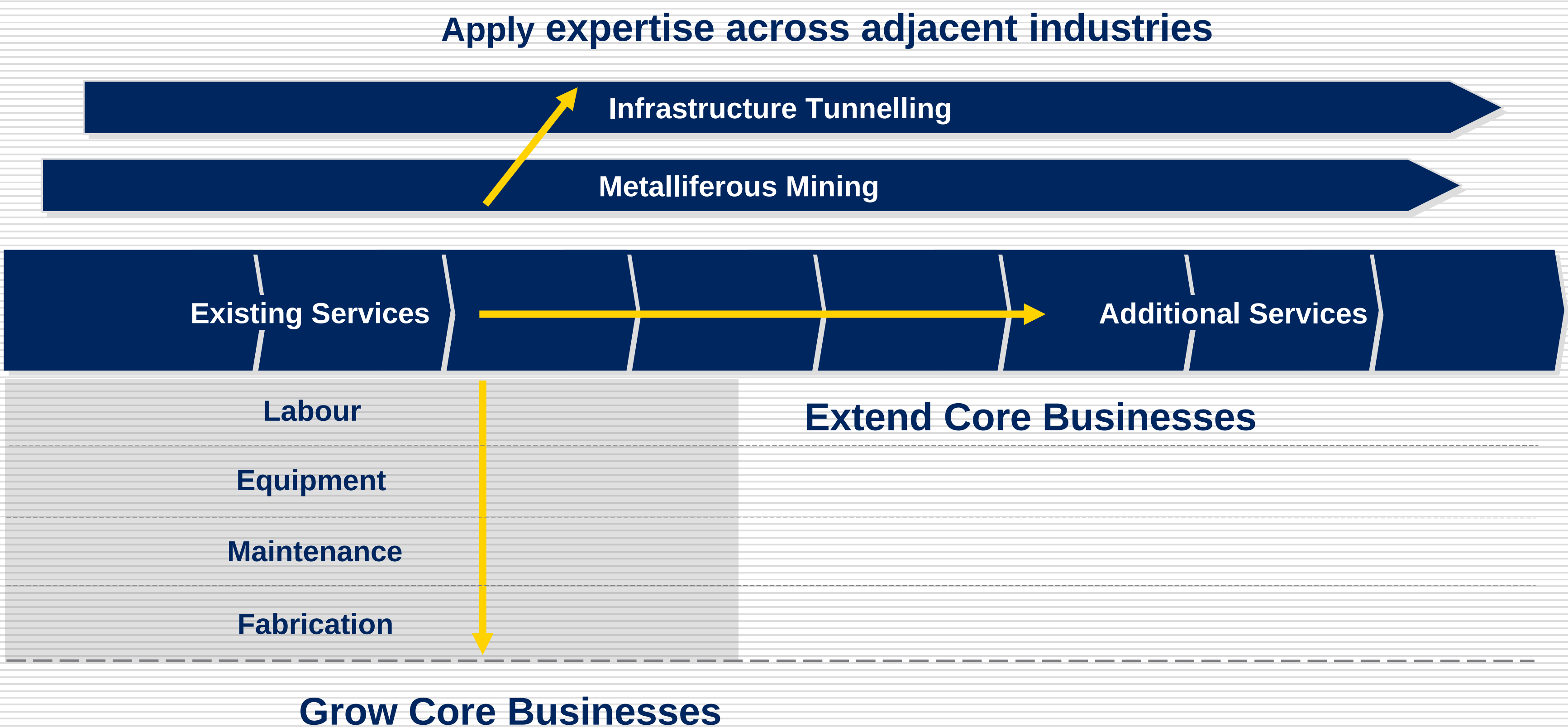


- Aquifuture Alliance with Brisbane and Caboolture Councils commencing in H2 2007
- Acceleration of Santos Cooper Basin oil program, with Tarbat to Jackson pipeline brought forward
- Strong organic growth across all major projects

Note: Duration of services only shown until end of prospectus forecast period.

Growth Strategy

- Walter Diversified Services has the opportunity to expand its operations through the continued development of its core businesses and the application of its expertise to adjacent industries



Growth Opportunities

Provide additional coal mining services to new and existing clients	➢ Expand service offerings to include electrical services, technical services, equipment maintenance, safety/training services
Entry into metalliferous mining and infrastructure tunnelling industries	➢ Leverage the Company’s large fleet of road headers and experience in the underground coal mining industry to pursue a number of opportunities
Increase water, recycled water and wastewater pipeline operations	➢ Opportunities increasing across Australia due to prolonged drought and planned government initiatives
Increase participation in emerging coal seam gas markets	➢ Focus on Queensland and New South Wales market. Abandonment of PNG pipeline to present opportunities for DCC in coal-seam methane pipelines
Clean Coal	➢ Growth opportunities in providing services to new technologies – retrofitting power stations, infrastructure construction including pipelines
Acquisitions	➢ Continue to pursue strategic acquisitions to consolidate position in underground mining and pipeline construction services industries
International expansion	➢ Looking at opportunities in India around the mechanisation of the industry

Summary & Outlook

- Unaudited Proforma Adjusted Net Profit of $5.9 million for 6 months to end of December 2006; on track for full year Adjusted NPAT of $12.363 million
- H2 to have 6 month benefit of contracts commenced during December/January: Blakefield and Metropolitan; Tarbat to Jackson pipeline
- Expect to maintain EBITDA margins in the 14-15% range over the medium term
- Current gearing ratio of 58%(net debt/net debt plus equity) within the target range of 33-66%, and reducing with strong positive cash flow
- Clean coal initiatives to provide longer term growth opportunities
- Underground mining, oil, gas and water pipeline initiatives, providing short to medium term growth opportunities
- Well placed to continue growth through organic initiatives and strategic acquisitions
- Group outlook remains strong