



157 Church Street
PO Box 675
Ryde NSW 2112
Australia
Tel + 61 2 9809 6866
Fax + 61 2 9807 6088
www.lucas.com.au

Media Release

21 February 2008

AJ LUCAS GROUP SURGES AHEAD **TO RECORD FIRST HALF RESULT**

- **Record \$8.2 million first half net profit – up 569%.**
- **Record \$205.3 million revenue - up 141% from \$85.0 million.**
- **Record net operating cash flow of \$24.2 million (up 435%).**
- **Interim dividend declared of 3.5c per share, fully franked**
- **Outlook: Record order book of \$472.5 million.**

AJ Lucas Group Limited (ASX: "AJL") today announced a 569% increase in net operating profit to a record \$8.2 million for the six months ended 31 December 2007.

The latest first half result - which easily exceeded the Company's most recent full year profit - was achieved on total revenue that rose 141% from \$85.0 million to a record \$205.3 million.

Earnings before tax increased 10-fold from \$1.4 million to \$15.7 million after adjusting for non-recurring items.

Interim dividend has been re-introduced with a fully franked 3.5 cents per share dividend to be paid on 28 March 2008 to Lucas shareholders registered on 3 March 2008. It follows the payment of final 2.5 cents per share dividend out of 2006-2007 earnings.

Outlook – "extremely positive"

Mr Allan Campbell, Lucas Executive Chairman and CEO, said the decision to resume payment of an interim dividend had been made in recognition of an "extremely positive" outlook and strong cash flow.

Cash flow from operations in the latest six months improved by \$19.7 million, or 435%, to \$24.2 million.

Looking ahead, Mr Campbell said the outlook over the balance of fiscal year 2008 was particularly strong with a record order book and all sectors of the business experiencing strong demand.



For personal use only

"We have upgraded our full year turnover forecast for the current full year to be in the order of \$430 million to \$450 million – double the Company's previous annual revenue of \$216 million achieved in 2006-2007," he said.

"Our current order backlog of \$472.5 million, including the Bonaparte project, works required to complete the Eastern Pipeline and long term drilling contracts, underpins the Group's operations over the next year, with many other projects also under tender.

"Margins are expected to be similar to those experienced in the first half, subject to the impact of any rain interruptions in Queensland."

"Strong performances from all Group divisions"

Lucas, which recently acquired a strategic 15.35% shareholding in Sydney Gas Limited (ASX: "SGL"), is a leading provider of drilling and infrastructure services.

Lucas is now:

- the leading supplier of drilling services to Australia's coal and coal seam gas industries;
- one of two principal cross country pipeline contractors operating in Australia, offering a full engineering, procurement and construction service;
- a major Sydney building and project management company;
- a leader in trenchless technology; and
- a partner in major civil engineering infrastructure projects.

Mr Campbell said all Lucas divisions contributed to the record first half result following a substantial increase in activity.

"The result reflects the benefits of the positioning of the Group in each of those sectors most likely to experience strong growth over the coming years, specifically oil and gas, water and waste water and resources," he said.

"The drilling division in particular is growing extremely rapidly, with its focus on drilling for the coal and coal seam gas industries. The Group is now the Australian market leader in this activity due to a combination of acquisitions and organic growth," he said.

"We are also applying our coal seam gas expertise, both technical and drilling, to the development of our own gas assets, with the Gloucester Basin expected to announce its first reserves shortly, leading to an eventual divestment of this asset.

"The Company also has high hopes of replicating its coal seam gas success at Sydney Gas where the recent purchase of a 15% shareholding makes Lucas SGL's largest single shareholder."

Media contacts:-

Allan Campbell
Chairman & CEO
A J Lucas Group Ltd
02-9809 6866

John Field
Field Public Relations
08-8234 9555 or 0418 819 527

