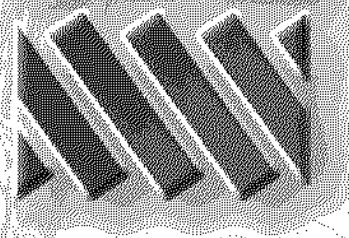




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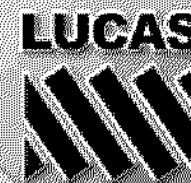


AJ LUCAS GROUP LIMITED

**31 December 2005
Half Year Results & Business Update**

March 2006

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- ☐ **Half Year Results**
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- ☐ **Gloucester Basin**
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Key Points



Key Points

Full Year Results

2006 Outlook

Gloucester Basin

Summary

- ❑ Turnaround in performance, across all divisions
- ❑ EBIT \$3.1m and NPAT \$1.9m
- ❑ Major revenue growth, increased 169% to \$94.5m
- ❑ Improvement in both gross and segment margins
- ❑ Industry outlook positive for all divisions
- ❑ Order book strong: \$122.5m
- ❑ Well positioned
- ❑ Gloucester Basin, expedite programme to unlock value
- ❑ No interim dividend for 2005/06 due to growth

Half Year Results



Key Points

Full Year Results

2005 Outlook

Globalwater Basin

Summary

Summary of Financial Results

	Dec 2005 \$'m	Dec 2004 \$'m
<i>Income Statement</i>		
Total Revenue	94.5	35.1
EBITDA	5.5	(0.6)
EBIT	3.1	(2.5)
Net Profit/(Loss) before income tax	2.2	(3.1)
Profit/(loss) after tax	1.9	(2.6)

Basic earnings/(loss) per share (cents)	3.8c	(5.0c)
Diluted earnings/(loss) per share (cents)	3.7c	(5.0c)

Net Cash from operating activities	5.9	(4.0)
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	Dec 2005 \$'m	Jun 2005 \$'m
<i>Balance Sheet</i>		
Total assets	93.4	65.1
Net assets	21.2	19.2

Work in hand	110.9	90.0
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Half Year - Divisional Performance



Key Points

Full Year Results

2005 Outlook

Globalstar Basin

Summary

Division	Revenue		Profit/(loss) before tax		Margin	
	2005 \$'m	2004 \$'m	2005 \$'m	2004 \$'m	2005 %	2004 %
Pipelines	21.1	0.6	1.8	(1.6)	8.5	(37.5)
HDD	17.5	3.0	0.3	(0.8)	1.7	(26.7)
Coal Technologies	13.2	11.5	1.3	1.8	9.8	15.6
Lucas Stuart	42.6	20.7	1.5	0.2	3.5	1.0
Other	0.1	-	(2.7)	(2.7)	-	-
Eliminations (inter-segment)	-	(0.7)	-	-	-	-
	94.5	35.1	2.2	(3.1)	2.3	(8.8)

Pipelines

- ☐ Strong recovery
- ☐ Three current projects
- ☐ SEA Gas final certificate received

HDD

- ☐ Satisfactory performance
- ☐ Margins improving - still too low
- ☐ Plant under recovery - still an issue

Coal Technologies

- ☐ Continued strong organic growth
- ☐ Segment net margin increased to 9.8% (8.9% at 30/06/05)
- ☐ Services business growing - annuity income stream
- ☐ Market leadership position consolidated

Lucas Stuart

- ☐ Good performance
- ☐ Revenue growth: 106%
- ☐ Gross & segment margins improving
- ☐ Benefits of prior year investment

Half Year Balance Sheet Analysis



Key Points

Full Year Results

2006 Outlook

Gloucester Basin

Summary

☐ Higher level of business activity

- Trade debtors \$18.7m (78% increase)
- Work in progress \$29.6m (118% increase)
- Trade creditors & accruals \$45.m (124% increase)

☐ Investment in Coal Capability

- Purchase of rigs and associated spreads \$4.5m
- Asset finance increased by \$1.7m
- Investment to execute increased order book and business plan

☐ Cash from operations

- \$10m positive turnaround

2006 Divisional Outlook



Key Points

Full Year Results

2005 Outlook

Gloucester Basin

Summary

❑ Pipelines

- Very active: work in hand \$40.3m
- Yaté Raw Water Pipeline \$38m on track and increased scope
- Market for pipelines (large and small) very buoyant
- PNG pipeline prospects increasing: ramifications significant

❑ HDD

- Revenue needs to be more consistent, with higher margins
- Focus on more acceptable contracting terms
- New wave of infrastructure upgrades expected next 2-3 years
- Water infrastructure of increasing prominence and importance

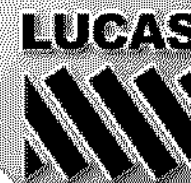
❑ Coal Technologies

- Rapid growth expected: market developing for CMM and CBM
- Focus is on margin improvement
- Negotiating longer term contracts (2-3 years) to underwrite future investment
- Wellhead services business to expand rapidly

❑ Lucas Stuart

- Strong growth, forecast revenue \$75m, secured work \$65.7m
- Fully integrated, higher gross margin forecast, higher quality clients
- Diversify business: Facilities Management and Civil Infrastructure

Gloucester Basin



Key Points

Full Year Results

2006 Outlook

Gloucester Basin

Summary

☐ Status of Prospect

- Phase II programme well underway
- Testing shows high gas content and permeability
- Development programme accelerated
- High priority within Lucas



Summary



Key Points

Full Year Results

2006 Outlook

Gloucester Basin

Summary

- ☐ **Company on budget. Revenue higher; margins need to improve further: 06 EBIT dependent on final mix of business**
- ☐ **Economies of scale now commencing to materialise in drilling business**
- ☐ **Potential upside from successful resolution of commercial issues in second half**
- ☐ **Work in hand \$122.5m**
- ☐ **All business sectors have high growth prospects**
- ☐ **Commercialisation of Gloucester Basin a priority**
- ☐ **No material issues have emerged from transition to IFRS**



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