AJ Lucas Group Limited
ABN 12 060 309 104
394 Lane Cove Road
Macquarie Park NSW 2113
Locked Bag 2113
North Ryde BC NSW 1670
T (02) 9490 4000
F (02) 9490 4200
www.lucas.com.au

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ASX Announcement/Media Release
Half Year Results

AJ Lucas Group Limited (ASX: AJL) today announced a 38.3% increase in revenues for the six months ended December 2010. Group revenue increased to $229.8 million from $166.1 million in the previous corresponding period.

Underlying EBITDA was $3.2 million in line with guidance, and a $21 million improvement on the underlying EBITDA deficit of $17.8 million reported in the prior year comparative period. Net profit after tax was a loss of $17.9 million. Cash flow from operations amounted to $25.7 million, a substantial turn around from the $1.9 million deficit in the prior year period.

As previously advised, the Company said that a number of external factors had impacted on the result, most particularly the Queensland wet weather during the period September to December 2010 but also continuing infrastructure constraints and delays due to lingering concerns over the strength of the global economic recovery.

Drilling Division

AJ Lucas Chairman and Chief Executive Officer, Mr Allan Campbell said: "We started the financial year with high expectations. However, the unseasonal wet weather throughout the Eastern seaboard commencing in September and intensifying in November and December caused major interruptions to our drilling activities."

The Company expects a much improved second half. Mr Campbell said: "The coal mines in Queensland have resumed operations much quicker than we had first expected and if anything, there is increased demand for our services to catch up on lost production. Fortunately, none of our rigs were damaged during the floods and the fleet is operating at practically full capacity with a full order book."

Drilling work won this financial year amounts to $165 million with blue chip clients such as Anglo Coal, Santos, Arrow Energy and BHP Billiton. There is a further $161 million still subject to determination in the coal and coal seam gas sectors. The Division had $192 million of work on hand as at 31 December 2010 supported by a high client renewal rate.

During the half year period, the full integration of the Mitchell's acquisition was completed, creating a common platform across the division. The next phase is now to take advantage of a number of business improvement initiatives through the rationalisation of the business base.

Building, Construction & Infrastructure Division ('BC&I')

There was a significant turnaround in the financial performance of the BC&I, under the leadership of Mr Peter Williams, who was appointed in July 2010. This has included a focus on the core strengths of Lucas in key market segments. Mr Campbell noted that "Lucas is delivering a number of world class projects for blue chip customers including Gorgon Shore Crossing and Southern SeaWater Desalination, demonstrating our strong technical capability."

BC&I division is tendering for projects with a record value including the Queensland coal seam gas projects, irrigation and other water infrastructure projects, as well as the proposed national broadband roll out both in Australia and in New Zealand.

Investments

The Company also reported on drilling progress at its shale gas prospect at the Bowland prospect in England's north west. Mr Campbell said: "The drilling at Grange Hill is now at 6,000 feet and we are seeing similar results to those at Preese Hall. This indicates the presence of substantial methane and other hydrocarbons." First estimates of reserves should be known towards the end of this calendar year.

Systems and Operational Efficiencies

The Group also continues to invest substantial sums to improve its operational efficiencies and systems and controls with the new ERP system proposed to go live from July 2011. Mr Campbell said: "The market is becoming increasingly competitive and it is essential that we have the best management systems. Clients also demand this to give them the confidence that we are providing the best quality of service. "

Safety

The Company's parallel investment in safety training and practices is also seeing substantial reductions in the incident rate; with the Company's safety record now amongst the best in the industry. Mr Campbell said: "Our clients demand the highest standards of safety. We believe our clients have a high degree of confidence in our safety practices giving us a significant competitive advantage."

Balance Sheet Review

Mr Campbell said: "The volume of work we are seeing is significant across both the Drilling and BC&I divisions but it is important to strengthen our balance sheet to take advantage of these prospects. Accordingly, we embarked several months ago on an exercise to address this including a full strategic review of all our business activities. While we identified a number of alternatives to strengthen our balance sheet, we considered that they did not reflect the underlying value of the businesses or the Company at the time. Nevertheless, we are buoyed by the value applied to comparative businesses in recent times. We continue to examine alternatives and expect to announce the outcome of this exercise in the coming months."

FY2011 Guidance and Outlook

Lucas' outlook for FY2011 is underpinned by its strong drilling services order book and committed work in the BC&I division. Second half revenues are expected to be broadly in line with those achieved in the first half. The company is encouraged by the drilling results from its European investments. Barring any unforeseen circumstances, the full year EBITDA is expected to be in the range of $32million - $36 million, in line with guidance previously given.

For further information, please contact:

Allan Campbell
Chairman and CEO
+61 2 9490 4000
+61 (0)413 616 616

Nicholas Swan
Company Secretary
+61 2 9490 4127
+61 (0)417 489 589

About AJ Lucas Group Limited

Lucas is a leading provider of specialist infrastructure and mining services and is the largest supplier of drilling services to Australia's coal and coal seam gas industries. It is also one of Australia's largest builders of long distance gas pipelines. Other divisions provide gas management services to the coal and coal seam gas industry, construction, civil and property services.

AJ Lucas is also a proven developer of unconventional hydrocarbon properties. Past projects successfully developed and exited include the Company's investments in Gloucester Basin, Sydney Gas and ATP651 in Queensland's Surat Basin.