2007
Half Year Results

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Recovery year progressing well

First half highlights

- **Won NSW PPP contract as part of Reliance Rail consortium**
  - EDI Rail key provider of design / manufacture / maintenance
- **Continued overseas expansion for Works Infrastructure with acquisitions in Singapore and the UK**
  - Acquired Chan & Chan and Chan Lian in Singapore to create a significant market position
  - Acquired Sillars in the UK – a road maintenance company in the North – adds to existing UK footprint
- **Works Infrastructure secures over $300m of work in Australia and New Zealand**
- **Alliance contract with Xstrata for the provision of two Coal Handling Processing Plants by Roche Mining's Process Engineering business**
- **Mining – continued renewal of existing contracts with quality clients – Zinifex / Sunrise Dam**

Profit growth recovers to 16%

Half Year to 31 December ($m)	2006	2005	Change
Turnover	2,628.8	2,279.5	15.3%
Underlying EBIT	136.5	99.2	37.6%
Reported EBIT	123.7	99.2	24.7%
Net Interest	(27.5)	(21.1)	30.3%
Profit Before Tax	96.2	78.1	23.2%
Taxation	(15.6)	(8.5)	84.7%
Net Profit After Tax	80.6	69.6	15.8%
EPS (cents)	25.6	23.8	7.6%
DPS (cents)	13.0	12.0	8.3%

Downner EDi LIMITED

Divisions servicing essential infrastructure

Mining & Resources

Sectors
- mining
- process engineering
- blasting
- consulting / design

Engineering

Sectors
- power
- telco
- consulting / design

Infrastructure

Sectors
- road
- rail
- water

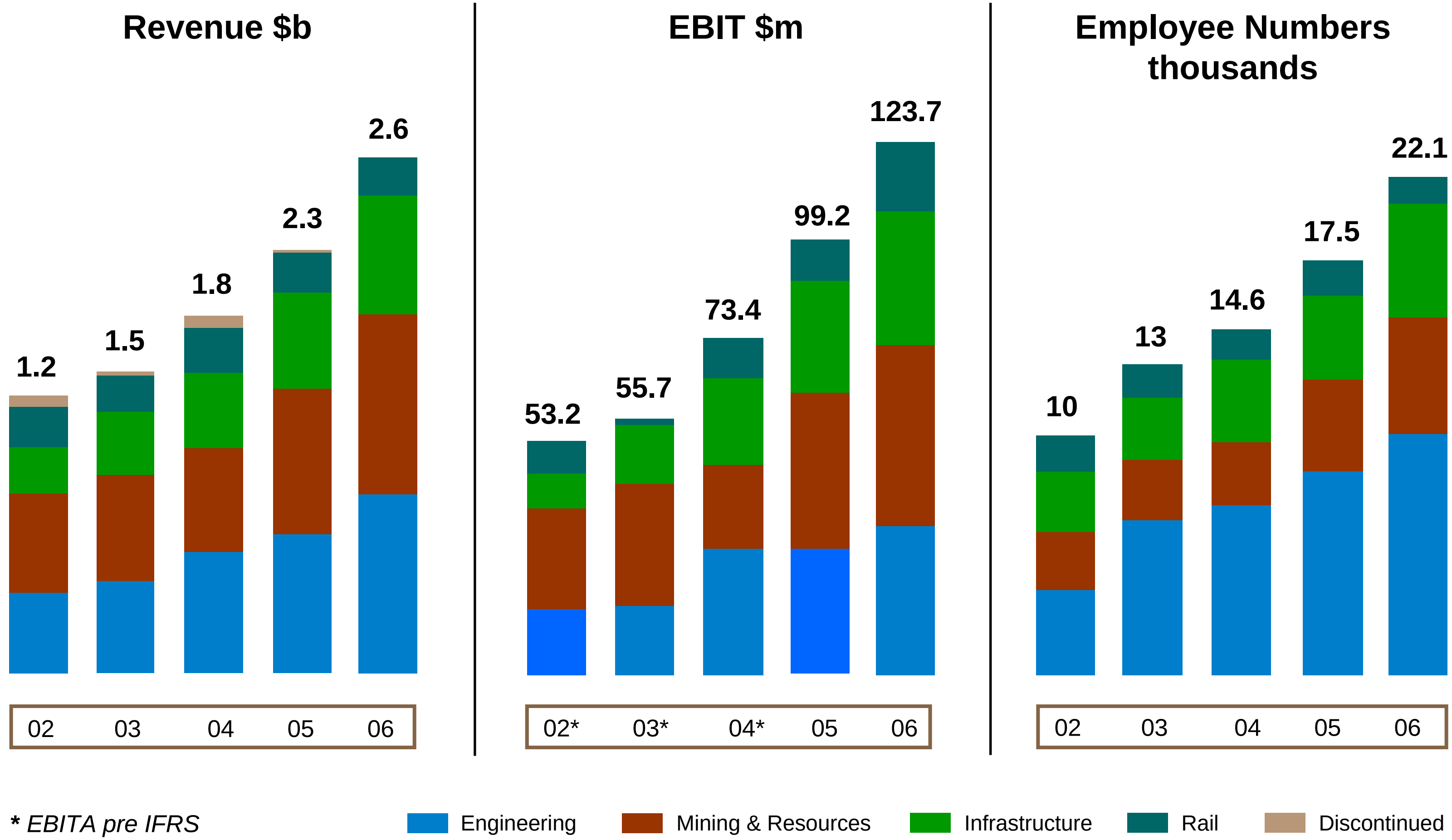
Rail

Sectors
- locomotives
- passenger cars

Divisional performance

Half Year to 31 December ($m)	2006	2005	Change
Mining & Resources	60.6	41.2	47.0%
Engineering	31.3	24.5	27.7%
Infrastructure	31.4	21.0	49.5%
Rail	18.4	16.6	10.8%
Divisional EBIT (underlying)	141.7	103.3	37.2%
Reimbursed PPP Costs	15.6	-	
Additional Provisions – Mining	(28.4)	-	
Corporate / Unallocated	(5.2)	(4.1)	
Total Group EBIT	**123.7**	**99.2**	**24.7%**

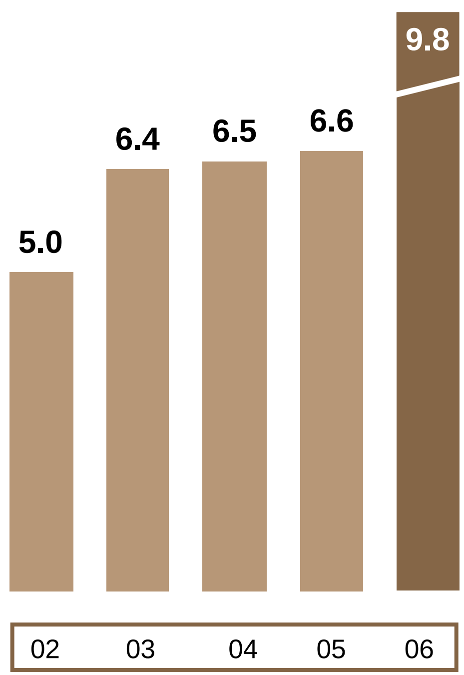
Growth trend continues



** EBITA pre IFRS*

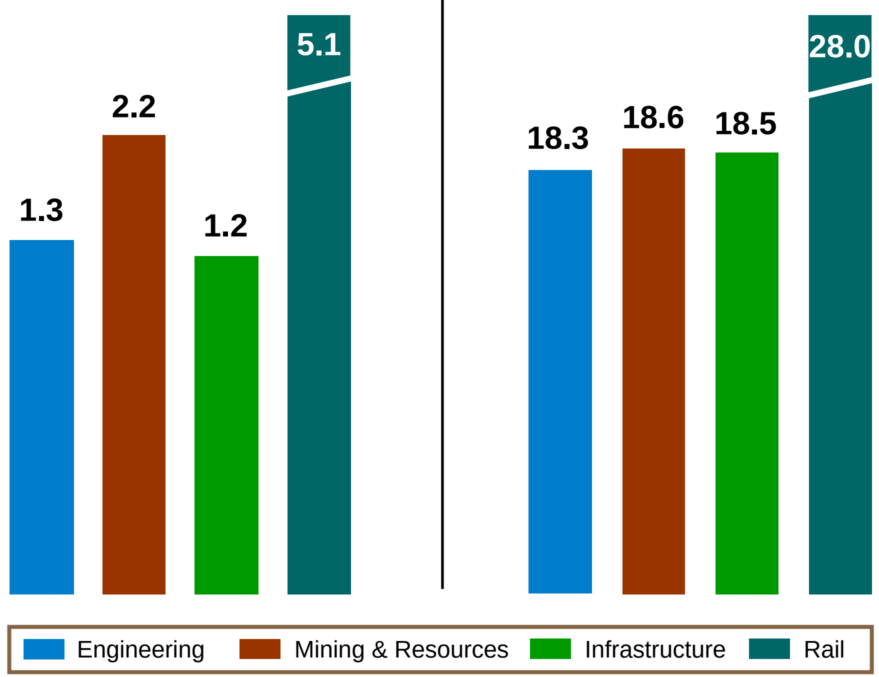
Secured sales expand

Total Secured Sales $b



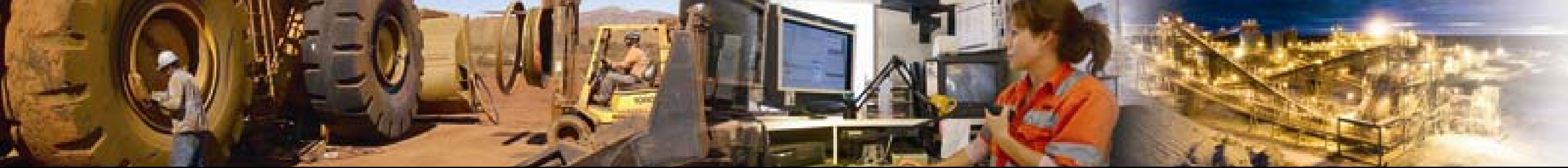
H1 FY07 Secured Sales by Division $b

H1 FY07 ROFE %



ROFE = EBIT/AFE; AFE = Avg Net Debt + Avg Equity last 3 half years

Mining & Resources



Growth drives earnings

Half Year to 31 December ($m)	2006	2005	Change
Turnover	954.4	826.8	15.4%
Underlying EBIT	60.6	41.2	47.0%
Underlying EBIT / Sales	6.3%	5.0%	
Secured Sales	2.2bn		

- Revenue grew over 15% driven by expansion in services and increased demand from existing clients
- Underlying EBIT growth driven by top line
- Secured sales position strong

Demand for mining services strong

- Mining operations continue good performance, Otraco acquisition performing well in South America and Explosives group also delivering a good result
- Consulting services experiencing continued growth domestically and offshore
- Process engineering continues recovery – stronger 2nd half
- Expect demand for services to grow even if mineral prices moderate – outlook for mining sector remains buoyant
- Growth opportunities with BHP developing Olympic Dam and FMG moving ahead at pace

Engineering

Mix of business moderates performance

Half Year to 31 December ($m)	2006	2005	Change
Turnover	743.8	809.5	(9.2%)
EBIT	31.3	24.5	27.7%
EBIT / Sales	4.2%	3.0%	
Secured Sales	1.3bn		

- Revenue declines as expected
- EBIT performance impacted by wind down of energy systems business offset by good results from consulting and telco
- Margin improvement expected to be held in second half

Engineering demand remains strong

- Electrical business continues to perform strongly
- Telecom operations have returned to profitability and gained market share
- Consulting businesses grew and profitability ahead of last year
- Most work in power systems finished
  – completed Alinta 1 and Alinta 2 in commissioning
- Growth opportunities from backlog of demand for infrastructure spend in telecoms, resources and power sectors

Infrastructure

Infrastructure growth continues

Half Year to 31 December ($m)	2006	2005	Change
Turnover	722.8	453.0	59.6%
EBIT	31.4	21.0	49.5%
Margin	4.3%	4.6%	
Secured Sales	1.2bn		

- Revenue growth driven by organic growth and acquisitions
- New Zealand impacted overall margins due to seasonality
- New Zealand broadens service offering – several recent water contract wins

Infrastructure outlook very strong

- Australian operations performing well
  - Demand for regional services increase
    - Mornington Peninsula in Victoria
- Replication of business model to chosen markets continues – Singapore (Chan & Chan) and UK (Sillars)
- Growth opportunities in expanding business model to new jurisdictions, increasing share of rural work and increased work outsourced in NSW and QLD markets

Rail

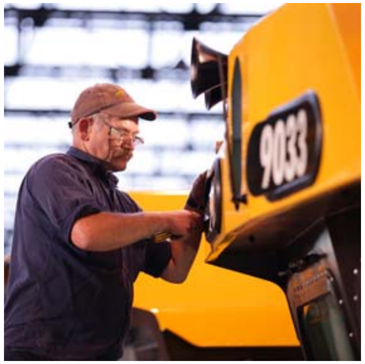
Leading position in passenger rail market

Half Year to 31 December ($m)	2006	2005	Change
Turnover	189.6	191.4	(1.0%)
EBIT	18.4	16.6	10.8%
Margin	9.7%	8.7%	
Secured Sales	5.1bn		

- Revenue stable but expect pick up in H2 from PPP
- EBIT and margins continue good performance
- Recent NSW, WA and QLD passenger car wins builds strong sales base

Rail demand continues across the board

- NSW PPP
  - Expect construct revenues to deliver high single digit margins
  - Project risk reduced by scaled construction solution of a vehicle that is over 70% based on proven Millennium train
  - Revenue per train in line with recent contracts awarded to competitor
- Passenger orders increased by West Australian and Queensland governments
- Freight sector experiencing aggressive price based competition
- New best in class Australian designed locomotive pending



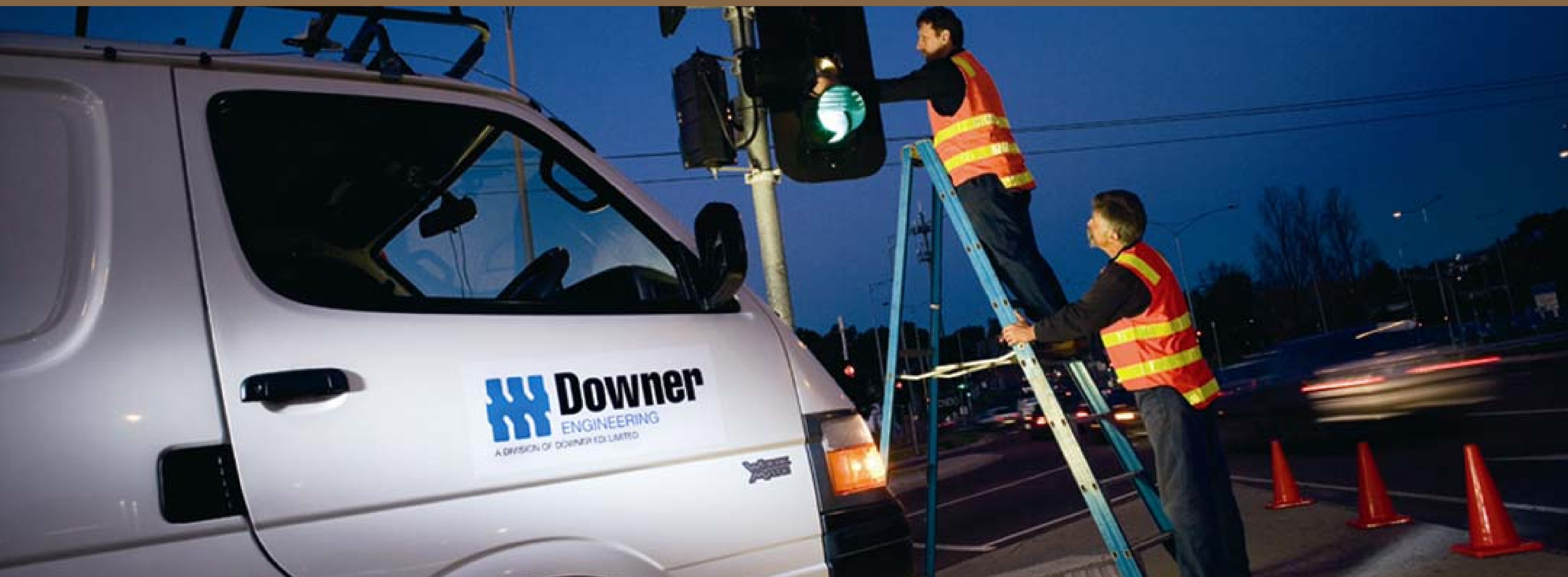
Report Card

Operations	Revenue	EBIT	Cash Flow	ROFE
EDi Rail (A division of Downer EDI Limited)	✓	✓ ✓	✓ ✓	✓ ✓
Works Infrastructure (A division of Downer EDI Limited)	✓ ✓	✓ ✓	✓ ✓	✓ ✓
Roche Mining (A division of Downer EDI Limited)	✓ ✓	✓	x	x
Downer Engineering (A division of Downer EDI Limited)	✓ ✓	✓	✓	✓

GEOFF BRUCE

Finance Director

Financial Performance



Earnings up 16%

Half Year to 31 December ($m)	2006	2005	Change
Turnover	2,628.8	2,279.5	15.3%
EBIT	123.7	99.2	24.7%
Net Interest	(27.5)	(21.1)	30.3%
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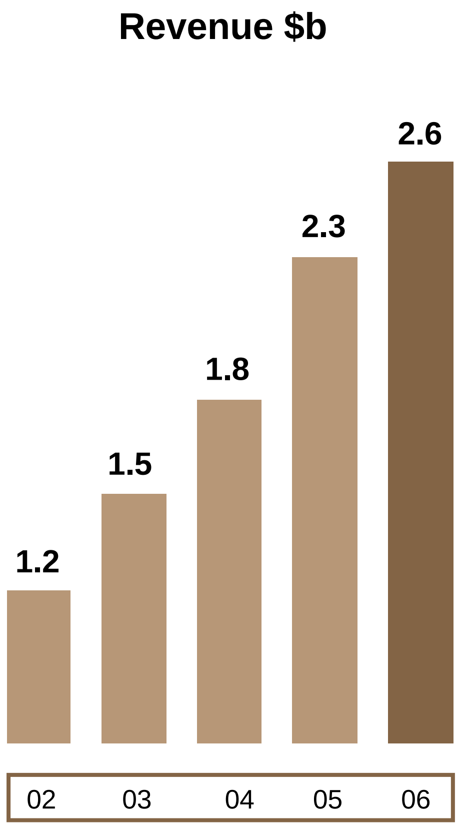
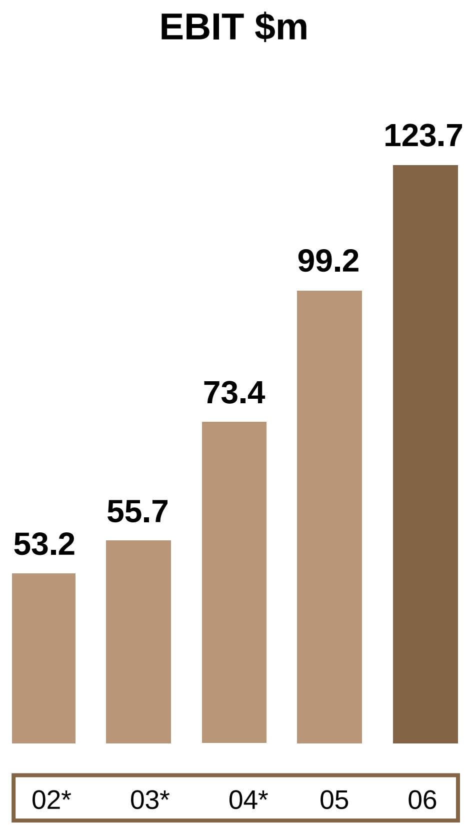
Revenue and EBIT Performance





** EBITA pre-IFRS*

EBITDA to Cash Flow

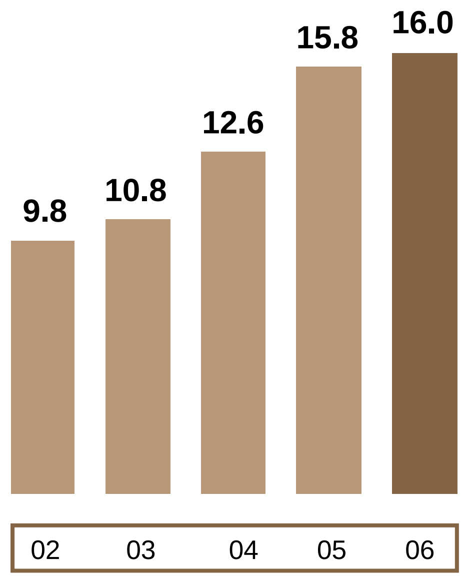
Half Year to 31 December ($m)	2006	2005	Change
EBITDA	**190.9**	**156.2**	**22.2%**
Net PP&E	41.8	93.6	(55.3%)
Net Acquisitions	49.0	26.9	82.0%
Net Investments	67.8	24.3	178.5%
Capex	158.6	144.8	9.5%
Tax (Refund)/Paid	(12.2)	20.7	(158.8%)
Borrowing Costs Net of Interest Received	27.2	19.6	39.0%
Dividends Paid (net of DRP)	15.4	20.2	23.9%
Change NWC (Funded)	191.1	49.3	287.7%
Major Applications of Cash	**380.1**	**254.6**	**49.3%**
Net Cash Applied	**189.2**	**98.4**	

Balance Sheet

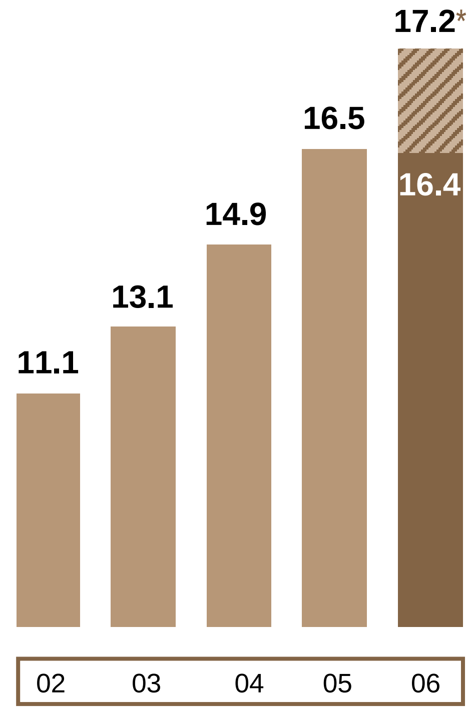
- December 31 net borrowings of $683.2m
- Gearing 71% - back within target range by June 2007
- All financing covenants met
- Operating cash out flow $16.6m
- H1 PPE $41.8m below depreciation of $67.2m
- H1 dividend of 13.0 cps unfranked

Return Equity and Funds Employed Sheet

ROE



ROFE

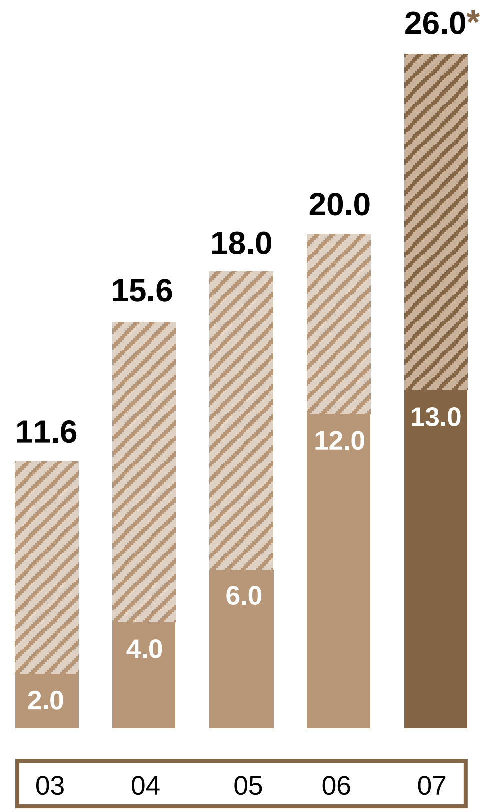


ROE = NPAT Rolling 12mth pre-goodwill/Equity pre-goodwill

ROFE = EBIT/AFE; AFE = Avg Net Debt + Avg Equity last 3 half years

* Underlying ROFE

Dividends Per Share



* Assumes repeat of H1 performance

STEPHEN GILLIES

Managing Director

Outlook and Summary

FY07 targets maintained

- **Revenue:** $5.3bn
- Majority of FY07 forecast revenue secured
- **NPAT:** $157-160m
  - based on current market conditions and assumptions
- **Cash flow:** recovery expected in second half to deliver a reduction in gearing

Summary

- Market segments continue to be very strong
- Order book a healthy $9.8bn
- FY07 recovery should deliver sustainable double digit growth business in FY08 and beyond
- Opportunities for expansion in existing markets (Hong Kong / UK / Singapore)
- Investment grade credit – short term focus is to regain higher credit rating by delivering FY07 recovery

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