

23 January 2007

The Manager
Company Announcements Office
10th Floor
20 Bond Street
SYDNEY NSW 2001

Dear Sir,

RE: CONTINUOUS DISCLOSURE PURSUANT TO LISTING RULE 3.1

Watpac Limited wishes to announce that its after-tax profit for the half-year ended 31 December 2006 will be significantly greater than that achieved in the previous corresponding period.

The forecast for the half-year to 31 December 2006 is in the range of \$11.5m - \$12.5m compared to the half-year to 31 December 2005 year which produced an after-tax result of \$5.084m equating to an increase of between 126.1% - 145.8%.

Watpac Chairman, Kevin Seymour, said this was a pleasing result and continued the exceptional growth in the company across all operating divisions over recent years.

The 31 December 2006 half year financial performance will be achieved from contributions from all operating divisions and settlement of a number of development properties, including Tourist apartments at Airlie Beach, Commercial warehouse at Gold Coast and Retail showroom at Newcastle.

The above results reflect the achievements of the company in the implementation of its strategy to strengthen and grow its core activities of property and construction in Queensland and NSW markets and, the future implementation of this strategy continues to embrace expansion of these businesses.

In commenting on the likely dividend, Mr. Seymour confirmed the company policy of sharing increasing profits through increasing dividend distributions to shareholders.

In respect of the remaining outlook for the 2007 financial year, the company's core construction business in Queensland continues to remain strong and has emerged as one of the few remaining Tier One building companies with a significant presence in the market with record work on hand. Similarly, the NSW construction business continues to increase its presence in that market.

The company's property portfolio is also increasing substantially mainly in Queensland on the strength of that economy across a diversified portfolio of new developments including office, commercial, retail and residential projects which will generate profits into the future.

Market economies continue to be strong in Queensland and, NSW market conditions are expected to improve over the medium term.

The above bodes well for the future and should give shareholders confidence in continued growth in 2007 and beyond.

Yours sincerely,
WATPAC LIMITED



Ravin Raj
COMPANY SECRETARY

For more information:

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