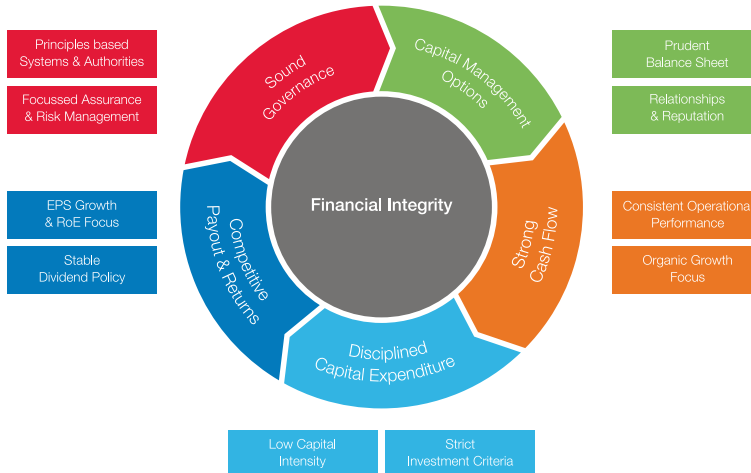




Highlights

- Achieved solid financial results
- Increased returns to shareholders
- Well positioned in the current environment

Financial Strategy



Giles Everist CFO's Report

I am pleased to report we achieved solid financial results in a year where market conditions eased and normalised.

Robust financial performance was achieved as we continued to diversify and grow our business, strengthen our balance sheet and increase dividends to shareholders.

Financial Performance

Strong organic revenue growth was achieved across all of our operations as sales grew 17.7% to \$1,123 million. Group sales and activity levels during 2008/09 were driven by the high value of contracts awarded in the previous financial year along with continued volume growth on established contracts.

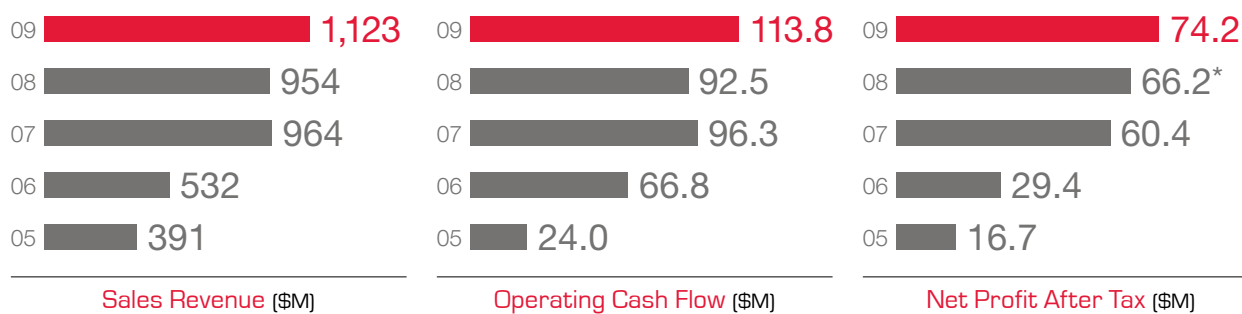
All operating divisions achieved record sales on a normalised basis. Our Engineering Construction division grew solidly reflecting the strong forward workload entering the year, plus scope extensions on a number of construction contracts. The Maintenance and Industrial Services division continued its contribution to the Company's overall business performance as all key contracts and clients were retained. The MIE division delivered significant results on the back of a growing portfolio of large scale, multi-disciplinary construction projects across Australia.

Group margins remained healthy, but have eased in line with market conditions. This follows an extended period in recent years where margins were stronger than anticipated. Looking ahead, margins will continue to be influenced by market conditions, mix of business, our reputation and general business productivity and efficiencies.

Sound operating cash flow performance continued to be a key feature of our business, expanding 23.1% to \$113.8 million. As a result, our net cash position grew 25.4% to \$127.3 million.

Depreciation expense for the period expanded to \$15.1 million, in line with a larger plant and equipment fleet. A lower effective tax rate also contributed to higher earnings during the period.

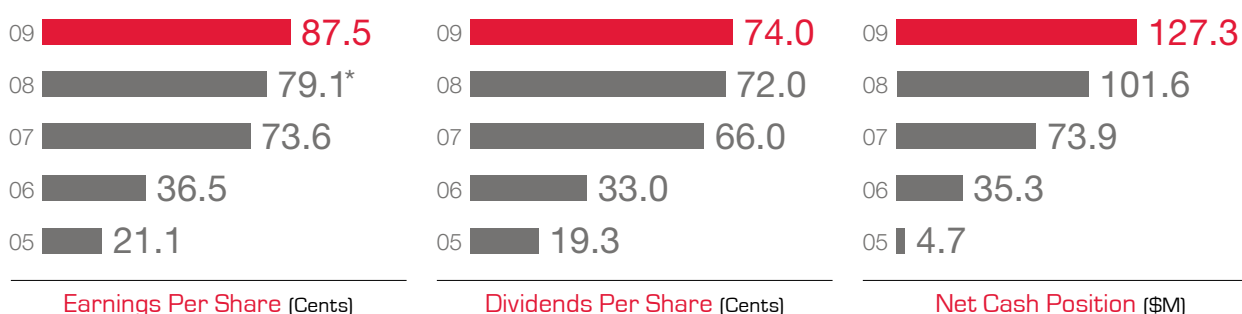
Our underlying net profit after tax increased 12.1% to \$74.2 million. Underlying earnings per share this year expanded 10.6% to 87.5 cents per share.



+18%

+23%

+12%



+11%

+3%

+25%

*underlying basis

Shareholder Returns

The solid financial results in 2008/09 enabled Monadelphous to increase returns to shareholders.

Across 2008/09, the Board declared fully franked dividends of 74 cents per share, up 2.8% on last year. This increase has been achieved when many companies have cut or removed their dividends.

This year's dividend payout rate of 85% on normalised earnings is consistent with the Board's dividend payment policy to return between 80% and 100% of underlying earnings each year in the form of dividends. This policy will continue to be subject to ongoing trading conditions and the need for significant cash requirements for investment opportunities.

Return on equity performance continues to be a long term area of focus for the Company as we continue to maximise returns on our asset base. The 2008/09 period was no exception with Monadelphous delivering a return on equity of 66.2%.

Financial Strategy

The financial strategy diagram (page 13) provides a visual representation of our long term financial objectives. It attempts to encapsulate each of the key financial activities required to manage the financial integrity of our business.

Our financial strategy continues to target five key areas:

- Maintain & Develop Capital Management Options – through prudent balance sheet settings and strong relationships and reputation with the investment and capital markets communities
- Deliver Strong Cash Flow – through consistent operational performance as well as an ongoing focus on organic growth opportunities
- Ensure Disciplined Capital Expenditure – through the application of a strict investment criteria supported by a low level of capital intensity
- Sustain Competitive Payout & Returns – through continued EPS growth, a focus on earnings quality supported by a stable dividend payment policy

- Ensure Sound Governance is Maintained – through a principles based processes and systems approach alongside focussed assurance and risk management.

Ultimately, the aim of our financial strategy is for financial integrity to be embedded into the culture of our business and the mode of operation of our people.

In closing, 2008/09 has been another year of healthy underlying financial performance. Our prudent financial approach, strong net cash position and low ongoing capital requirements position us particularly well in this current financial environment.



Giles Eivist
Chief Financial Officer
& Company Secretary