

ASX Announcement

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Manager
Company Announcement Office
Australian Stock Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

MONADELPHOUS ACQUIRES QUEENSLAND ELECTRICAL FIRM, MIE

Monadelphous Group Limited wishes to announce that it has entered into an agreement to acquire Queensland based specialist instrumentation and electrical services company, MIE (Murray Instrumentation & Electrical Pty Ltd).

MIE is a leading instrumentation and electrical supplier to heavy industry throughout Australia, New Zealand and South East Asia. Their client base includes major resource and energy companies such as Queensland Alumina, Wesfarmers, BHP Billiton, Santos, Comalco, Origin Energy and Anglo Coal.

Monadelphous will acquire MIE for a cash payment of \$1.9 million and an issue to MIE's parent company of 180,000 Monadelphous ordinary shares. A further cash payment of \$0.5 million is payable subject to MIE achieving certain financial targets. The shares will be held in voluntary escrow and will be released in equal tranches over a three year period.

"After a decade of organic growth we are looking at bolt-on acquisitions to diversify further the capabilities of our growing maintenance and industrial services division," Rob Velletri, Managing Director, Monadelphous said.

"The current boom cycle in the resources sector will not last forever, and Monadelphous is preparing for the inevitable slowdown in engineering construction. Further expansion into the services sector will complement our engineering business."

MIE, a family run business started up in 1975, has successfully grown to over 120 employees by matching its specialist engineering expertise to the specific needs of its clients' projects. Based in Gladstone, Central Queensland, the business achieved a turnover in excess of \$15 million in the 12 months to 31 December 2004.

"We are very happy with the way the company is managed at present and as a result the current management team will be retained under present Managing Director, Stuart Murray," Mr Velletri said.

Key projects have included Wesfarmers Curragh Coal Wash Plant Upgrade Project, Enertrade's North Queensland Gas Pipeline (NQGPP) Project and Comalco's CAR Capital Works Project. International projects have also been successfully completed by MIE in Myanmar, Thailand, Singapore, Saudi Arabia and Papua New Guinea.

Monadelphous recorded exceptional financial performance for the six months ending 31 December 2004. Net profit was more than double the previous corresponding period at \$8.0 million. Mr Velletri said the company foresaw similar trading levels in the resource sector for the next two to three years.



Giles Everist
Monadelphous Group Limited
Company Secretary

Further information: **Rob Velletri, Managing Director Tel: (08) 9316 1255**