

Monadelphous Group Limited

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MEDIA RELEASE

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SIGNIFICANT CONTRACT WINS UNDERPIN RECORD RESULTS

• Sales Revenue	\$532M	(+36%)
• EBITDA	\$49M	(+68%)
• Profit after Tax	\$29.4M	(+76%)
• Earnings per Share	36.5c	(+72%)
• Final Dividend	15cps ff	(+66%)
• Special Dividend	9 cps ff	

National engineering company Monadelphous Group Limited (**ASX: MND**) has had another year of record financial performance, today announcing an after tax profit of \$29.4 million for the 12-month period to June 30, 2006 - up 76% compared to the previous corresponding period.

As forecast by Directors at the half-year, the company's sales revenue exceeded half a billion dollars for the first time fuelled by the mining and minerals processing boom. The 2005/06 profit result was achieved on sales revenue of \$532 million, an increase of 36%.

The Board declared an ordinary final dividend of 15 cents per share, together with a special dividend of 9 cents per share. This will take the total dividends payouts to shareholders for 2005/06 to 33 cents per share, following a 9-cent per share interim dividend – an increase of 71% on 2004/05. The declaration of the special dividend follows the Board's intention stated 18 months ago of paying special dividends with the final dividend for the 2005/06 and 2006/07 financial years, based on strong trading conditions and a healthy balance sheet.

"The year's exceptional performance continues a remarkable trend of record financial performance over recent years. Monadelphous has now recorded compound annual growth in earnings per share over the past five years of 50% per annum," Mr Rob Velletri, Managing Director of Monadelphous, said.

"The strong resources market across all commodity sectors has continued to drive our customers to maximise production and expand their operations. The company's strong competitive position has resulted in rising revenues and improving margins. This was reflected by record operating cash flows of \$66.8 million."

Monadelphous expanded its workforce numbers over 50% to more than 3,000 at year-end. The company continued to grapple with the challenge of matching workloads with capacity and tackled skills shortages with a successful strategic and operational focus on staff retention and recruitment programs.

Since December 2005, Monadelphous has won over \$500 million worth of new contracts, which will underpin the company's revenue growth.

"Forward workload levels continue to be strong. Both revenues and earnings are expected to show further improvement in 2006/07, dependent on the timing of projects and the impact of capacity constraints," Mr Velletri said.

"The market outlook remains positive for the next two to three years with high levels of resources sector activity expected to continue to drive demand, particularly from the flow of development projects in Western Australia and Queensland.

"While growth prospects continue to be positive, it should be noted that organic growth rates achieved by the company in the past two years are not considered to be sustainable in the longer term.

"The company will continue to concentrate on earnings quality, particularly given the continuing skills shortages environment and an overheated supply chain.

"Along with the more immediate challenge of managing and controlling a rapidly growing business are the longer term challenges of building a more sustainable and diversified revenue base and also limiting the company's reliance on the mining and minerals sector," he said. "This drive will include maintaining a focus on building recurring revenues through growth of the Maintenance and Industrial Services division."

Monadelphous has been working on a number of fronts to tackle this challenge, including:

- Broadening the company's capabilities to include electrical and instrumentation services.
- Establishing a separate business unit to develop a more focussed pursuit of opportunities in the oil and gas, power and water industry sectors.
- Committing specific resources to pursue acquisitions aimed at achieving the company's diversification and business growth objectives.

Engineering Construction

The Engineering Construction division continued its growth trend in 2005/06, with sales revenue increasing 21% on the previous corresponding period to \$289 million.

Highlights for the reporting period include substantial progress on major contracts for: Rio Tinto Iron Ore at Dampier and Yandicoogina, in WA's Pilbara region; for BHP Billiton iron ore and nickel projects at Port Hedland in the Pilbara and Ravensthorpe in WA's south-east, respectively; and for a BHP Billiton Mitsubishi Alliance coal project at Mackay, Queensland.

In March 2006, the company reported its largest ever contract win for expansion works associated with BHP Billiton Iron Ore's Rapid Growth Project 3 (RGP3) at Port Hedland in WA. The contract, valued at approximately \$180 million, is scheduled for completion in the December quarter of 2007.

The company also announced on August 16, 2006, that it had been awarded a second major construction contract – valued at approximately \$120 million – by BHP Billiton Iron Ore, associated with RGP3 for the expansion of Mining Area C iron ore facilities in the Pilbara region of WA. The project is scheduled for completion in September 2007.

Iron ore expansions in WA have continued to provide major opportunities for the division during the year with activity in the sector forecast to continue strongly for the next few years.

Maintenance and Industrial Services

Sales revenue from the Maintenance and Industrial Services division increased a healthy 61% in 2005/06 to \$243 million. Highlights included:

- Significant growth in Queensland with the award and commencement of a two-year contract at Comalco's Boyne Smelter in Gladstone. The contract follows on from the successful establishment of a long-term contract at Comalco's Gladstone Refinery in the previous year. Other major work secured in Queensland included a major contract with Incitec Pivot at their Gibson Island works in Brisbane.
- In WA, the division secured two maintenance services contracts, each for a term of two years, at Rio Tinto Iron Ore's Tom Price and Cape Lambert operations in the Pilbara region.
- Of particular importance was the division's success in winning a major services contract in the oil and gas sector. This was secured with ConocoPhillips for the recently commissioned Darwin LNG facility in the Northern Territory.
- A strong performance from Queensland-based instrumentation and electrical company MIE (Murray Instrumentation and Electrical), with a first full year revenue contribution of \$26 million following its acquisition by Monadelphous in May 2005.
- Subsidiary Skystar Airport Services continued to grow with a doubling of revenue to \$15 million. Skystar secured new ground handling contracts with Singapore Airlines at Perth and Brisbane airports, Qantas at Kalgoorlie airport in WA and Jetstar at Christchurch airport in New Zealand.

Dividend Entitlements

The final and special dividends totalling 24 cents per share fully franked will be paid to shareholders on September 15, 2006, with the record date for entitlements being September 8, 2006.

ENDS

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Monadelphous Group Limited is a leading national engineering group providing services to the resources, energy and infrastructure industry sectors. The Company has a solid track record in the safe and effective delivery of complex and large-scale engineering construction projects and maintenance and industrial services for industry throughout Australia. Monadelphous' capabilities encompasses civil, mechanical, structural and electrical disciplines. Although the mining sector has been the major focus of Monadelphous' work, the Company is becoming increasingly diversified with growing involvement in the energy and infrastructure sectors.

Website: www.monadel.com.au