

MEDIA RELEASE
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MONADELPHOUS CONFIRMS RECORD PROFIT GROWTH Special Dividends Announced Share Split Recommended

• Sales Revenue	\$199.5M	(+76%)
• EBITDA	\$13.6M	(+73%)
• Profit after Tax	\$8.0M	(+101%)
• Earnings per Share	40.9c	(+93%)
• Interim Dividend	21cps ff	(11cps previous)
• Special Dividend	20cps ff	

Fuelled by continuing strong development activity in the resources sector, Monadelphous Group Limited (**ASX: MND**) has recorded an exceptional financial performance for the six months ending December 31, 2004. Net profit was more than double the previous corresponding period. The company has foreshadowed continuing healthy revenues in the second half.

Monadelphous' strong cash flows and earnings have seen the company's Board announce an interim dividend of 21 cents per share fully franked, an increase of 91% over the previous period, plus reward shareholders immediately with an additional special dividend of 20 cents per share fully franked.

"The company foresees similar favourable trading levels in the resources sector for the next two or three years," Mr Rob Velletri, Managing Director of Monadelphous, said. "With our balance sheet continuing to strengthen, the Board is therefore flagging its intention to pay further special dividends in addition to its established policy of paying 60%-to-70% of after tax profit as normal dividends. Subject to unforeseen events, the Board is intending to pay a special dividend together with its September final dividends for both the 2005/06 and 2006/07 financial years."

Share Split to Boost Trading Liquidity

The Board is recommending a share split in the ratio of four new shares for each existing share held, with the details thereof to be determined and communicated to shareholders in due course. The share split is subject to shareholder approval and is expected to take place before the end of June 2005.

"The company expects that the share split will increase liquidity in Monadelphous shares which is to the benefit of all shareholders," Mr Velletri said.

Financial Performance

The record first half saw profit after tax surge to \$8.0 million, an increase of 101% on the previous corresponding period from sales revenue of \$199.5 million, up 76%. Earnings before interest, tax, depreciation and amortisation were \$13.6 million, up 73%. Earnings per share increased to 40.9 cents (21.2 cents previously). Net cash flows from operating activities were \$15.6 million – more than four times the previous corresponding period.

“The half year's exceptional results reflect Monadelphous' continuing success at securing and executing a growing number of major engineering construction and industrial services contracts in a buoyant resources sector. Results were boosted by a number of major construction contract wins in the latter part of last financial year, resulting in a surge in revenue for the period to the end of December,” Mr Velletri said.

“Resource development activity throughout the sector is at record levels with most of the company's major customers planning and/or undergoing expansions of their operations. The company is experiencing rapid growth in demand for its services after having established a reputation as one of Australia's leading resource development contractors.”

Management of Skills Resources a Major Challenge

“There are no shortages of opportunities in the marketplace. We are only constrained by resources, particularly the shortage of skilled labour in the construction industry. This is a major ongoing challenge for the company. Skilled labour shortages in the Australian market resulted in the company recruiting a number of professional engineering staff from overseas.

“Staff recruitment and retention activities will remain a key focus in the second half. The company increased its staffing levels by 30% over the first half to match the increased business demand. We are looking to consolidate our staff numbers and key people while still maintaining our momentum in the second half,” Mr Velletri said.

Engineering Construction

The Engineering Construction division has undergone rapid growth over the half year. Forward workload for the division is near capacity with numerous further engineering construction opportunities forecast over the next couple of years. During the period, Monadelphous secured a number of additional major engineering construction contracts, including:

- The design and construction of coal handling facilities associated with the Rolleston coal project for Xstrata Coal in Queensland, valued at approximately \$25 million.
- The construction of the sulphuric acid plant associated with BHP Billiton's Ravensthorpe nickel project in Western Australia, valued at approximately \$35 million.

- Structural and mechanical construction works associated with the expansion of Rio Tinto's iron ore operations in Western Australia's Pilbara region, valued at approximately \$40 million.

Subsequent to the end of the reporting period, the company recently secured additional structural and mechanical works associated with Rio Tinto's iron ore operations in Western Australia, valued at approximately \$35 million.

Revenues were significantly boosted during the period by substantial successful progress on a number of major engineering construction projects, including:

- Completion of construction works associated with the expansion of Comalco's bauxite operations at Weipa in Queensland.
- Substantial completion of construction works associated with the expansion of Hamersley Iron's Yandi iron ore plant in the north west of Western Australia.
- Substantial progress of construction works associated with Hamersley Iron's Parker Point expansion in Karratha, Western Australia.
- Construction works associated with the Burrup Fertiliser Ammonia Plant Project in Karratha, Western Australia.

Maintenance and Industrial Services

The Maintenance and Industrial Services division continued to develop its revenue base, securing a number of long-term contracts and new major customers.

In particular, the company's push to expand its services operations in Queensland continued its momentum with Monadelphous selected as the preferred contractor to provide mechanical trade services at Comalco's Boyne Smelter operations in Gladstone. This follows on from the company's earlier success in securing (in joint venture with Fluor Australia) a five-year reliability services contract at Comalco's alumina refinery in Gladstone.

Additionally, Monadelphous was selected as the preferred tenderer for a major maintenance shutdown contract with Australia's largest fertiliser supplier Incitec Pivot at their Gibson Island works in Brisbane.

In Western Australia, the company was selected as the preferred maintenance services provider for the newly constructed HIs melt steel operations in Kwinana, where operations are due to commence early in 2005.

Other highlights of the period include :

- Successful completion and close out of the general services contract associated with Woodside Energy's North West Shelf LNG4 expansion project at Karratha in Western Australia.

- Establishment of site operations for the provision of minor capital works at BHP Billiton's Worsley Alumina Refinery in the south west of Western Australia.
- Establishment of Skystar Airport Services interstate for the first time with new contracts secured at Brisbane Airport. New ground handling contracts were also secured with Malaysian Airlines and Valuair in Perth, in addition to the existing service there for Emirates Airline. This growing niche business has more than doubled revenues from approximately \$3 million per year to approximately \$7-8 million per year.

Outlook

Monadelphous is well on track to exceed its targeted \$300 million revenue for the 2004/05 financial year.

“The market outlook for both the short and medium terms continues to be very positive, with the company in a strong position to continue to capitalise on the many resource development opportunities in the pipeline,” Mr Velletri said.

“The company is mindful of the need to control its growth. Management will be focussed on consolidating our hard earned position in the market and cementing our increased revenue base, particularly in light of growing skills resource constraints in the industry.”

Dividend Entitlements

The interim dividend and the special dividend will be paid to shareholders on March 18, 2005, with the record date for entitlements being March 11, 2005.

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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