

MEDIA RELEASE

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MONADELPHOUS MAINTAINS STRONG COMPOUND PROFIT GROWTH

• Sales Revenue	\$963.7M	(+81%)
• EBITDA	\$94.0M	(+92%)
• Profit after Tax	\$60.4M	(+106%)
• Earnings per Share	73.6c	(+102%)
• Final Dividend	44cps ff	(+83%)
• Total Dividend 06/07	66cps ff	(+100%)

Stronger than expected construction activity in the second half has seen sales revenue soar above earlier forecasts as national engineering company Monadelphous Group Limited (**ASX:MND**) reported another year of strong compound growth with profit after tax up an extraordinary 106% to \$60.4 million.

As alerted to the market in May, an 81% increase in sales revenue to \$963.7 million buoyed the second half results for the 12 months to 30 June 2007. Earnings before interest, tax, depreciation and amortisation were \$94.0 million, up 92% on the previous corresponding period. Earnings per share increased 102% to 73.6 cents per share.

The more than doubling of net profit in the 2006/07 financial year follows after tax profit growth rates of 76% in 2005/06 and 95% in 2004/05 and highlights a remarkable period of exponential growth for Monadelphous. This phenomenal growth, which has been largely organic, is the result of the company's ability to leverage its strong track record of project and services delivery for its clients within the unprecedented boom in the engineering construction and maintenance markets in the resources sector.

The year has seen strong revenue increases across all of the company's operations with margins continuing to trend upwards from strong market and operational performance and continuing improvements in economies of scale. Provided the company can maintain its strong market position margins are likely to be sustained.

Labour Shortages and Potential Project Delays Constrain 2007/08 Outlook

Monadelphous has been successful in increasing workforce capacity to meet the surge in construction activity from the large number of concurrent projects of increasing scope driven by strong customer demand. In an ever tightening labour market, workforce numbers rose to 4,034 at year-end, from 3,142 the previous year. However, capacity constraints in the form of labour shortages are now approaching a critical state and as a consequence any expectation of growth for 2007/08 should be treated with significant caution.

"As highlighted to the market in May, with a number of existing projects ramping down in the first half of 2007/08 and potential delays to near-term project opportunities, Monadelphous is expecting a softening of construction revenue in the first half of the new financial year," Mr Rob Velletri, Managing Director of Monadelphous, said.

“Whilst the pipeline of project opportunities remains very strong – particularly for 2008/09 - project timing and capacity constraints will continue to be the major factors impacting full year revenues.”

He said restrictions in the supply of third party services and equipment are also becoming more apparent. Broadening sources of supply and developing a global supply capability will become a key focus area for the company to ensure its market competitiveness is maintained.

“Faced with these constraints, Monadelphous is viewing the 2007/08 financial year as a year of consolidation. The company will focus on consolidating and strengthening its market position and on building a new platform for launching the next phase of growth,” Mr Velletri said.

Market Development

The company has continued to develop its market expansion and diversification.

The Queensland-based electrical and instrumentation services business MIE - acquired in 2005 - has been a star performer, lifting revenue 176% to \$71.8 million. The company is well advanced in expanding MIE further, through the roll out of its services throughout the Monadelphous network.

Monadelphous is targeting growth in the oil and gas and coal markets, as well as the power and water markets in the infrastructure sector. The acquisition of the Hunter Valley-based Ellavale Engineering Services for \$7.25 million was completed in March 2007. Its operational integration into the group is progressing well but financially it has not yet impacted on group results.

“Acquisition opportunities which support the achievement of these market-driven strategies will continue to be pursued in the coming year,” Mr Velletri said.

Further geographical expansion in Queensland, South Australia and NSW will also provide growth opportunities. Office premises are being established in Adelaide to pursue a number of emerging developments in South Australia, as well as to strengthen the company’s long-standing operations at Olympic Dam for BHP Billiton.

Markets Outlook

The exceptional performance in 2006/07 has been driven by a wave of significantly large construction contracts won in the past two years. Whilst the construction pipeline remains strong, the quality and timing of projects, together with capacity utilisation are all critical factors impacting short-term construction revenue flows.

The market for maintenance services will continue to expand as new resource development operations come on stream providing ongoing opportunities for recurring revenue growth.

Rolling major expansions by BHP Billiton and Rio Tinto, as well as new developments from new and emerging producers in the iron ore sector, are expected to provide the division with continuing opportunities for some years in WA’s Pilbara region. A plethora of other planned resource developments in the mineral processing, coal, and oil and gas industries also continue to present a long pipeline of opportunities for Monadelphous.

OPERATIONAL DIVISIONS REVIEW

Full Year Sales Revenues

Engineering Construction	\$657.5M	(+127%)
Maintenance and Industrial	\$262.5M	(+26.4%)
Electrical and Instrumentation	\$71.8M	(+176%)
Skystar Airport Services	\$19.2M	(+29.7%)

Engineering Construction

The engineering construction division recorded sales revenue of \$657.5 million, an increase of 127% on the previous corresponding period. Major contracts substantially completed during the year included projects for BHP Billiton in WA and Queensland; the Central Queensland Port Authority in Gladstone; and Rio Tinto Iron Ore in WA. Major contracts also substantially progressed during the period included projects for BHP Billiton and Rio Tinto in WA.

In January 2007, in line with the company's targeted strategy of expanding its services into the broader infrastructure sector and in particular into waste water treatment plants, the division secured its first major win with the award of a \$7 million contract for the construction of the Wyndham Water Treatment Plant in WA. The NSW and Qld markets are being targeted as providing the best opportunities in the waste water construction sector.

Maintenance and Industrial Services

The Maintenance and Industrial Services division continued its strong growth trend with sales revenue increasing a healthy 26.4% to \$262.5 million, on a like-for-like basis. (Reported sales revenue for this division excludes MIE and Skystar which now operate as separate divisions.)

In March 2007, the division continued its push to expand its operations further into the coal market with the acquisition of the Hunter Valley coal services business Ellavale Engineering - a leading dragline and shovel maintenance provider, servicing the NSW coal industry. Its client base includes major resource companies Rio Tinto, Xstrata and Anglo Coal. Ellavale Engineering, which recorded annual sales revenue of around \$20 million to June 2007, is being integrated into the division. Its expertise will support the division's expansion into the Qld coal market through newly-established operations in Mackay and Townsville.

The division continued to develop its business in the oil and gas sector with the award of a significant services contract with Oil Search in Papua New Guinea and a three-year extension of its long-term maintenance services contract with Chevron at its operations at Barrow and Thevenard Islands off the north-west of WA. Other highlights of the reporting period include contracts with ConocoPhillips in Darwin; Incitec Pivot at Gibson Island in Brisbane; and the extension of the services contract for Alcoa's WA operations.

Electrical and Instrumentation Services

The group's electrical and instrumentation services business MIE was established as a separate division this year to facilitate growth on a national basis. MIE sales revenue for the period was up 176% on the previous corresponding period to \$71.8 million. This included revenue associated with major works carried out through Monadelphous' other divisions, particularly in Qld.

MIE continues to grow rapidly. The division's expansion into WA commenced late in the reporting period with the establishment of an office in Perth.

Skystar Airport Services

Monadelphous' aviation ground handling services business, Skystar Airport Services increased revenue 29.7% from the previous year to \$19.2 million. New contracts were secured with Jetstar Asia in Darwin and both Alliance Airlines and OzJet at Perth domestic airport.