

MEDIA RELEASE

19 August 2008

RECORD PROFIT & POSITIONED FOR GROWTH IN 2008/09

• Sales Revenue	\$954.0M	(-1%)
• EBITDA (normalised)	\$104.5M	(+11%)
• Operating cash flow	\$92.5M	(-4%)
• NPAT (normalised)	\$66.2M	(+9%)
• EPS (normalised)	79.1c	(+8%)
• Total Dividend	72cps ff	(+9%)
• Net Cash position	\$101.6M	(+37%)

Perth: Monadelphous Group Limited (**ASX: MND**) has consolidated its strong financial performance trend over recent years, reporting another record net profit for the full year ending June 30 2008.

The national diversified engineering company recorded a total reported profit after tax of \$69.6 million, up 15 per cent on the previous corresponding period. The result was impacted by a one-off profit after tax contribution of \$3.4 million from the divestment in January 2008 of its Brisbane and Perth Skystar Airport Services international turnaround operations. Excluding this non-recurring item, the company's normalised profit after tax was \$66.2 million, an increase of 9 per cent.

Total reported earnings per share were up 13 per cent to 83.2 cents, with normalised earnings up 8 per cent to 79.1 cents per share. The board has declared a final dividend of 43 cents per share fully franked, taking the total 2007/08 full year dividend payout to 72 cents per share fully franked, a 9 per cent increase on the 2006/07 reporting period.

Margins improved from continuing strong market conditions, strong operational performance as well as the high value of completed projects during the year. Earnings before interest, tax, depreciation and amortisation were up 11 per cent to \$104.5 million, on a normalised basis.

As forecast in Monadelphous' annual results announcement in August 2007, revenues for 2007/08 were flat at \$954.0 million. This was due to the predicted ramping down of a number of major projects, together with timing effects and delays of new projects coming to market, due principally to industry capacity constraints.

Rob Velletri, Managing Director of Monadelphous Group, said while Engineering Construction division revenue was down 12 per cent to \$576.0 million, the Maintenance and Industrial Services division was the star performer during 2007/08 with revenue up 21 per cent to \$316.7 million – now constituting a third of total group turnover.

“As we anticipated 12 months ago, 2007/08 has been a year of consolidation. Central to this consolidation story has been a strategic review of the business to ensure the organisational framework and priorities will support market development over the next five years,” Mr Velletri said.

“Across all divisions there is a clear mandate to maximise business growth in core markets, diversify into new markets and utilise acquisitions to support the company’s longer term strategic development. We believe we are on the right track to grow the business and expand our capabilities and capacity in order to achieve our long term growth objectives.”

Contract Wins Set Platform for 2008/09

More than \$900 million of new contracts and contract extensions were secured across a number of market sectors during the reporting period.

A highlight was the awarding by BHP Billiton Iron Ore in March 2008 of a \$290 million construction contract for the Newman Hub Project – the largest ever contract won by Monadelphous. The work is associated with the Rapid Growth Project 4 in the northwest of Western Australia.

Also significant was the company’s strengthening position in the oil and gas sector with over \$200 million of new contracts won during the period.

In another major development, Monadelphous’ Queensland-based electrical and instrumentation services company MIE won its first major installation work in the Western Australian resources market, with the awarding of a \$25 million contract associated with the Boddington gold mine expansion project. The contract awarded in March 2008 is expected to provide a strong platform for MIE into the WA market as well as demonstrating Monadelphous’ vertically integrated construction capability.

These projects provide ongoing momentum and a strong forward workload moving into the 2008/09 financial year.

Strategies to Expand Capacity

“The company continued to experience the impact of industry wide capacity constraints, with most projects experiencing delays due to critical shortages in professional engineering and skilled labour workforces. Sustaining growth in this capacity constrained environment will require a more innovative approach to project delivery,” Mr Velletri said.

In order to meet the challenges of a labour constrained environment, the company announced a number of new strategies in the first half which were progressed in the second half:

- Accessing overseas supply chains and developing a global supply capability will be a key to meeting the future demands of customers. In its first major venture overseas, Monadelphous established a supply office in Beijing to source fabricated steel products and specialist engineering services for projects in Australia. Newly established subsidiary SinoStruct Pty Ltd successfully commenced operations in China in the second half, sourcing fabricated products from a number of centres in western China. The first fabricated products and services have since been supplied through the new operation in China to a number of projects in Australia.
- Coupled with the China strategy, the company is building its offshore fabrication and assembly capability while increasing the modularisation of components to optimise the productivity of the Australian workforce.
- To help make Monadelphous an employer of choice, a ten year strategic partnership has been established with the University of Western Australia to develop an innovative engineering education and training facility – the Monadelphous Integrated Learning Centre. This will address the increased demand for engineers by producing more ‘job-ready’ graduates.

Strategic Organisational Restructuring

Flowing from the comprehensive review of the company, a number of key changes have been made to Monadelphous' divisional management structures which have redirected their focus to better support the company's strategic growth objectives.

The Engineering Construction division has expanded its management structure. A customer market sector based structure has been established with key people appointed to focus on the separate iron ore, mineral processing, oil and gas, and water markets. A new business development unit has also been established to focus on emerging markets.

The Maintenance and Industrial Services division has continued to develop its regional structure expanding its footprint into New South Wales and northern Queensland, with new bases opened in Townsville and Mackay. The geographic expansion continued with a major office being established in Adelaide to pursue growing opportunities in the resources sector in South Australia.

The organisational plan will also see the development of a central Business Services group to more efficiently and effectively provide functional support services across all operations.

Outlook

Monadelphous has moved into the new financial year with a strong forward workload and positive growth prospects for all divisions of the company.

However, capacity constraints will continue to provide the most significant challenge for the company and the broader industry. The risk of project deferrals and delays due to these constraints will continue to provide uncertainty as to the timing of construction revenues.

The outlook for Monadelphous' core markets continues to strengthen with the sustained high level of global demand driving strong market conditions across the entire resources, energy and infrastructure sectors. The current high level of development activity is expected to increase even further in the coming years. Monadelphous is well positioned across a range of commodity segments to play a major role in the expanding opportunities flowing from these large development projects.

Dividend Entitlements

The final dividend of 43 cents per share fully franked will be paid to shareholders on 12 September 2008, with the record date for entitlements being 5 September 2008.

FURTHER INFORMATION:

Analysts/Investors: David Loch
Investor Relations Manager
Monadelphous Group Limited
+61 8 9316 1255
+61 411 144 787
dloch@monadel.com.au

Media: David Tasker
Group Director
PPR
+61 8 9388 0944
+61 433 112 936
david.tasker@ppr.com.au

ABOUT MONADELPHOUS

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. www.monadel.com.au

OPERATIONAL DIVISIONS REVIEW

Full Year Sales Revenues

Engineering Construction	\$576.0M	(-12%)
Maintenance and Industrial	\$316.7M	(+21%)
Electrical and Instrumentation	\$76.0M	(+6%)
Skystar Airport Services	\$14.7M	(-23%)

Engineering Construction

After a major surge in construction revenue from a large wave of major contracts in 2006/07, the Engineering Construction division recorded sales revenue of \$576.0 million for 2007/08 - a decrease of 12 per cent on the previous corresponding period. As previously reported, the lower revenue reflects the unusual number of large projects ramping down, together with timing effects from delays on new projects coming on stream.

The division substantially completed a number of large projects associated with iron ore expansions in the north west of Western Australia during the year including:

- Structural and mechanical construction works for Rio Tinto Iron Ore's Dampier Port Upgrade Phase B project.
- Structural and mechanical construction works associated with the expansion of port facilities for BHP Billiton Iron Ore's Rapid Growth Project 3 (RGP3) at Port Hedland.
- Structural and mechanical construction of iron ore facilities at Mining Area C associated with BHP Billiton Iron Ore's RGP3.
- Structural and mechanical works for the refurbishment of a rail car dumper associated with BHP Billiton Iron Ore's RGP3.
- Structural, mechanical and piping works for the Finucane Island Stockyard Upgrade associated with BHP Billiton Iron Ore's Rapid Growth Project 4 (RGP4).
- Upgrade of the Yandi Sample Station for BHP Billiton Iron Ore's RGP4.

Other significant milestone contracts during the period included the completion of structural, mechanical and piping works associated with BHP Billiton's Ravensthorpe Nickel Project in south-eastern WA and the completion of the Wyndham Water Treatment Plant for WA's Water Corporation in the far north Kimberley region - the company's first water industry project.

The division announced around \$700 million of new major construction contracts during the period from a broader base of resource and infrastructure sectors including iron ore, coal, gold, oil and gas, and water. These projects provide ongoing momentum and a strong forward workload moving into the 2008/2009 financial year. Major projects in progress at the end of the period included:

- Construction of the Bargara waste water treatment plant upgrade for the Burnett Shire Council in Queensland.
- Structural, mechanical and piping works associated with the Newmont/Anglo Boddington Gold Mine Project in WA.
- Structural, mechanical and electrical works associated with the Dalrymple Bay Coal Terminal (DBCT) expansion in Qld.
- Structural, mechanical and piping works associated with Rio Tinto Iron Ore's Cape Lambert Upgrade 80MTPA Project in WA.
- Structural, mechanical and piping works associated with Oxiana's Prominent Hill Gold Mine Project in South Australia.

- Construction of the onshore gas treatment plant associated with ENI's Blacktip Development Project in the Northern Territory.
- Construction of the Lake Cathie Sewerage Treatment Plant for the Macquarie Shire in New South Wales.
- Structural, mechanical and piping works at the Newman Hub associated with BHP Billiton Iron Ore's RGP4 in WA.

Maintenance and Industrial Services

The Maintenance and Industrial Services division continued its growth trend, recording sales revenue of \$316.7 million, an increase of 21 per cent on the previous corresponding period. The division continued to capitalise on healthy market conditions with a solid performance across the board.

The year featured the award of over \$200 million worth of new long term contracts and contract extensions. In particular, with new major customers in the oil and gas and coal sectors. Highlights of the period included:

- Three year contract for the provision of capital works and turnaround management for new oil and gas customer BP Australia at the Kwinana Refinery near Perth in WA.
- Five year services contract for the provision of mechanical, electrical and instrumentation services for capital improvement projects at BP Bulwer Island Refinery in Qld.
- Contract for an initial period of 12 months for the provision of mechanical, structural and electrical maintenance services for Anglo Coal's Dawson mine in Qld.
- An initial maintenance services contract at BHP Billiton's Ravensthorpe Nickel Project in WA.
- Three year contract for the provision of mechanical and electrical minor capital works at BHP Billiton's Worsley Alumina Refinery in WA's south west.
- Two year extension of the maintenance services contract for BHP Billiton's Olympic Dam Operations in South Australia.
- One year contract extension for the provision of structural integrity works for Pilbara Iron at their operations at Cape Lambert and Tom Price in WA.

In July 2008, the division also won a long term shutdown alliance contract with Incitec Pivot which will cover major shutdowns across a number of their operations in Queensland. The contract, which runs to December 2010, follows on from the success of the shutdown alliance with Incitec Pivot in 2007 for their Gibson Island shutdown in Queensland.

Electrical and Instrumentation Services

The company's electrical and instrumentation services company, MIE consolidated its position, recording sales revenue of \$76.0 million, up 6 per cent on the previous corresponding period.

Projects carried out during the period included a number of major electrical and instrumentation contracts associated with the expansion of coal handling operations at Gladstone and Dalrymple Bay, in Queensland. The establishment of MIE's operations in WA saw the division providing electrical and instrumentation services for a number of the Engineering Construction division's multi-disciplinary projects.

Skystar Airport Services

The company's aviation ground handling business Skystar Airport Services recorded sales revenue for the period of \$14.7 million. The result was a 23 per cent decrease over the previous corresponding period and was impacted by the divestment of a portion of the operations in January 2008 to Toll Dnata Airport Services Pty Ltd. The assets sold consisted of the operations in Perth and Brisbane and included ground handling contracts with international carriers Singapore Airlines, Emirates Airline and Royal Brunei Airlines. The sale yielded a pre-tax profit of \$4.9 million.

The Skystar Airport Services business continues to operate profitably and is now focussed on growing revenues with Australian carriers.