

MEDIA RELEASE

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SURGE IN RESOURCES PROJECTS DRIVE RECORD PROFIT

• Sales Revenue	\$499.4M	(+105%)
• EBITDA	\$48.7M	(+134%)
• Profit after Tax	\$31.4M	(+152%)
• Earnings per Share	38.5c	(+147%)
• Final Dividend	22cps ff	(+144%)

The booming resources sector coupled with its strong competitive situation has seen national engineering company Monadelphous Group Limited (**ASX: MND**) generate sharply increased workload levels for the six months ended December 31, 2006, driving after tax profit up to a record \$31.4 million. This was an increase of 152 per cent on the previous corresponding period - which had also been a record result.

Consolidated sales revenues were \$499.4 million – more than double the last financial year's interim result. Earnings before interest, tax, depreciation and amortisation were \$48.7 million, a rise of 134 per cent. Earnings per share increased 147 per cent to 38.5 cents per share.

“The surge in construction activity related to the resources industry saw a large number of projects come on-stream together, generating accelerated work rates. This resulted in a revenue peak for the first half and increased fixed economies of scale which delivered substantial improvements in profit margins. The company also successfully managed a significant increase in capacity, with workforce numbers reaching around 3,500 – up from about 3,000 at the end of 2005/06,” Mr Rob Velletri, Managing Director of Monadelphous, said.

“However, with a number of projects ramping down, the second half is expected to see a return to a more normalised level of activity. Full year revenues for 2006/07 are expected to exceed \$800 million – over 50 percent up on the 2005/06 trading result of \$532 million.

“The extraordinary levels of engineering construction activity in the first half, in particular flowed from iron ore industry expansions in Western Australia. But the company's long-term sustainable growth continues to focus on growing its recurring revenue base, geographical expansion of its electrical services business and further development of new work in the oil and gas, power and water markets. The half year has seen considerable progress on these fronts and we remain confident of further growth in these sectors.”

In addition to the growth in revenues from the engineering and construction division, the electrical and instrumentation division also provided a significant contribution during the period. The division achieved sales revenues for the period totalling \$40.4 million, a 274 per cent increase on the previous corresponding period.

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Dividend Payouts Simplification

Monadelphous' directors declared an interim dividend of 22 cents per share fully franked, an increase of 144 per cent over the previous corresponding period.

For the third consecutive year, the company intends to pay a special dividend together with the September final dividend for the 2006/07 financial year. The special dividend payments, in addition to interim and final dividends, have to date resulted in a total annual payout ratio of around 90 per cent of net profit.

Looking forward to the 2007/08 financial year and beyond, the board has resolved to simplify the dividend payment policy by increasing the interim and final dividend payout ratio from a range of 60% to 70% to a range of 80% to 100% and ceasing the payment of special dividends. This policy will continue to be subject to ongoing strong trading conditions and the need for any significant cash requirement for investment opportunities.

Outlook

"Monadelphous' core business remains robust and healthy. The pipeline of projects continues to be strong. In particular, iron ore expansions in Western Australia are providing major opportunities for the company and are projected to continue for the next few years. However, we have to continue to be competitive and win the new work," Mr Velletri said.

"The massive increase in engineering construction revenue in the first half should be viewed as an extraordinary spike in workload brought about by concurrent and accelerated project timing, together with the successful achievement of the company's expanded workforce capacity.

"The flow of revenues from engineering construction projects will, however, continue to be heavily impacted by project timing and capacity utilisation. Any expectations of continuous year-on-year growth for this part of the business should be treated with caution."

Subsequent to the interim reporting period, Monadelphous has announced three new major construction contracts with a combined value of \$70 million.

Dividend Entitlements

The interim dividend of 22 cents per share fully franked will be paid to shareholders on March 16, 2007, with the record date for entitlements being March 9, 2007.

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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

OPERATIONAL DIVISIONS REVIEW

Half-Year Sales Revenue

Engineering Construction	\$354.3M	(+171%)
Maintenance and Industrial	\$132.2M	(+37%)
Electrical and Instrumentation	\$40.4M	(+274%)
Skystar Airport Services	\$9.5M	(+64%)

Engineering Construction

In January 2007 Monadelphous announced it had secured three new major construction contracts for this division, with a combined value of \$70 million.

Following on from the \$300 million worth of contracts currently underway associated with Rapid Growth Project 3 for BHP Billiton, Monadelphous was awarded a further structural and mechanical works contract for the refurbishment of a rail car dumper associated with the resources company's Iron Ore Rapid Growth Projects at Port Hedland in the Pilbara region of Western Australia.

Monadelphous has also secured a significant package of structural, mechanical and piping work at BHP Billiton's Ravensthorpe Nickel Project in the Great Southern region of WA. The work follows on from the successful completion of the construction of the Ravensthorpe Nickel Project sulphuric acid plant for Aker Kvaerner Australia.

The Engineering Construction division was restructured last financial year to include a separate business unit to expand into the broader infrastructure sector. In a major strategic milestone, the new business unit recorded its first major win in the water industry with the award of a \$7 million contract by the Water Corporation in WA for the design and construction of a water treatment plant at Wyndham in the Kimberley region of WA.

The Engineering Construction division recorded sales revenue of \$354.3 million, an increase of 171 per cent on the previous corresponding period. The first half saw the completion or substantial progress of a record number of major construction contracts. Major contracts substantially completed during the period included:

- Construction of the sulphuric acid plant associated with BHP Billiton's Ravensthorpe Nickel Project in WA.
- Extension of stockpile capacity at BHP Billiton Mitsubishi Alliance (BMA) Hay Point Coal Terminal at Mackay in Queensland.
- Major expansion of iron ore facilities associated with BHP Billiton's Rapid Growth Project (RGP2) at Nelson Point and Finucane Island at Port Hedland in WA.
- Structural and mechanical works associated with the expansion of iron ore facilities at Rio Tinto Iron Ore's Yandicoogina mine in WA's Pilbara.
- Structural, mechanical and electrical works for the Yabulu Nickel Extension Project at BHP Billiton's Yabulu Nickel Refinery at Townsville in Qld.
- Construction of the #3 Rail Reival Station associated with expansion of the Gladstone Port for Central Queensland Port Authority (CQPA).

Major contracts which saw substantial successful progress during the period included:

- Structural and mechanical construction works for Rio Tinto Iron Ore's Dampier Port Upgrade Phase B project in WA.
- Structural and mechanical construction works associated with the Yandi Junction South East project at Rio Tinto Iron Ore's Yandicoogina mine in WA.
- Structural and mechanical construction works associated with BHP Billiton Iron Ore's Rapid Growth Project 3 (RGP3) at Port Hedland in WA.

The company also commenced works on the expansion of BHP Billiton Iron Ore's Mining Area C facilities in the Pilbara region of WA. The contract, which is valued at \$120 million, was secured in August 2006 and is scheduled for completion in September 2007.

Maintenance and Industrial Services

The Maintenance and Industrial Services division continued to perform strongly, with sales revenue increasing 37 per cent to \$132.2 million, on a like-by-like basis. (Sales revenue reported for this division now excludes sales revenue from the electrical and instrumentation services business, MIE, and the aviation services business, Skystar Airport Services, which now both operate as separate divisions).

The results for the period reflect ongoing retention of all major services contracts, increasing service volumes from existing contracts and customers from a buoyant resources market, together with full period revenues from newly established contracts.

The period saw significant development of the company's strategy to expand further into the oil and gas sector with the achievement of a number of milestones.

Following contract award in June 2006, the company has successfully established and commenced a two year multidisciplinary maintenance support services contract with Conoco Phillips at the Darwin LNG facility in the Northern Territory.

During the period, Monadelphous was awarded a significant services contract with Oil Search at their oil and gas operations in Papua New Guinea. The contract is for the provision of field facilities construction services for an initial term of three years.

The company was also successful in securing a three-year extension of the existing maintenance services contract with Chevron at its oil and gas operations on Barrow and Thevenard islands off the north west coast of WA. The contract, which has been extended to January 2010 with two further one-year options, continues Monadelphous' successful long-term relationship with Chevron since its commencement in 2001.

Further moves to develop the company's Queensland market have been undertaken during the period with the establishment of operations in Mackay to service the significant and rapidly growing coal industry in the Bowen Basin.

Electrical and Instrumentation Services

Following its acquisition in 2005, the Queensland-based electrical and instrumentation services company MIE was integrated into the Maintenance and Industrial Services division to broaden and extend its service capability. MIE has since grown rapidly and provided the Group with significant multidisciplinary capability through the broader Monadelphous network of customers and projects.

In order to facilitate further growth and expand the delivery of electrical and instrumentation services on a national basis, MIE was established as a separate operating division.

MIE sales revenue for the period totalled \$40.4 million, a 274 per cent increase on the previous corresponding period. This result includes revenue associated with major works carried out through other Monadelphous divisions including the BHP Billiton Yabulu Extension Project and the CQPA Rail Reveal 3 Project.

Skystar Airport Services

The company's subsidiary Skystar Airport Services ground handling business recorded sales revenue for the period of \$9.5 million, an increase of 64 per cent on the previous period. The increase reflects full period revenues from new contracts secured late in the previous corresponding period with Singapore Airlines at Perth and Brisbane International Airports and Jetstar at Christchurch Airport in New Zealand.

All major contracts were retained, with the exception of Malaysia Airlines at Perth International Airport, with new contracts secured with Jetstar Asia at Darwin Airport and Alliance Airlines at Perth Domestic Airport.
