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MONADELPHOUS GROUP LIMITED

A.B.N. 28 008 988 547

CONDENSED FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2007

MONADELPHOUS GROUP LIMITED
A.B.N. 28 008 988 547
CORPORATE DIRECTORY

Directors

Calogero Giovanni Battista Rubino
Chairman

Robert Velletri
Managing Director

Irwin Tollman
Non-Executive Director

Peter John Dempsey
Non-Executive Director

Christopher Percival Michelmore
Non-Executive Director

Company Secretary

Charles Roland Giles Everist
Philip Trueman

Principal Registered Office in Australia

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Applecross
Western Australia 6153
Telephone: 08 9316 1255
Facsimile: 08 9316 1950
Website: www.monadelphous.com.au

Postal Address

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Western Australia 6953

Share Registry

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
Perth
Western Australia 6000
Telephone: 1300 557 010
Facsimile: 08 9323 2033

Auditors

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth
Western Australia 6000

Solicitors

Jackson McDonald

Level 25, AMP Building
140 St George's Terrace
Perth
Western Australia 6000

Freehills

250 St George's Terrace
Perth
Western Australia 6000

Minter Ellison

Level 49, Central Park
152 St George's Terrace
Perth
Western Australia 6000

Bankers

National Australia Bank Limited
50 St George's Terrace
Perth
Western Australia 6000

ASX Code

MND – Fully Paid Ordinary Shares

Controlled Entities

Monadelphous Engineering Associates Pty Ltd
Monadelphous Engineering Pty Ltd
Skystar Airport Services Pty Ltd
Monadelphous Properties Pty Ltd
Monadelphous Workforce Pty Ltd
Genco Pty Ltd
MBF Workforce Pty Ltd
MI & E Holdings Pty Ltd
Monadelphous PNG Ltd
Skystar Airport Services Holdings Pty Ltd
Skystar Airport Services NZ Pty Ltd
Ellavale Engineering Pty Ltd
Moway International Limited
SinoStruct Pty Ltd

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Your directors submit their report for the half-year ended 31 December 2007.

DIRECTORS

The names and details of the directors of the company in office during the half-year and until the date of this report are:-

Calogero Giovanni Battista Rubino *Chairman*
Appointed as Director 18 January 1991
Resigned as Managing Director on 30 May 2003 and continued as Chairman
41 years experience in the construction and engineering services industry

Robert Velletri *Managing Director*
Appointed 26 August 1992
Mechanical Engineer, Corporate Member of the Institution of Engineers Australia
Appointed as Managing Director on 30 May 2003
28 years experience in the construction and engineering services industry

Irwin Tollman *Non-Executive Director*
Appointed 26 August 1992
Chartered Accountant, Member Institute of Chartered Accountants in Australia
16 years experience in the construction and engineering services industry
Retired as Executive Director on 25 July 2003 and continued as a Non-Executive Director

Peter John Dempsey *Non-Executive Director*
Appointed 30 May 2003
Civil Engineer, Fellow of the Institution of Engineers Australia
34 years experience in the construction industry

Christopher Percival Michelmore *Non-Executive Director*
Appointed 1 October 2007
Civil Engineer, Fellow of the Institution of Engineers Australia
Member Institution of Structural Engineers, UK
Over 30 years experience in the construction industry

COMPANY SECRETARY

Charles Roland Giles Everist *Company Secretary and Chief Financial Officer*
Chartered Accountant, Member Institute of Chartered Accountants in England and Wales
12 years experience in the resources, construction and engineering services industries

Philip Trueman *Company Secretary and Group Financial Controller*
Chartered Accountant, Member Institute of Chartered Accountants in Australia and the South African Institute of Chartered Accountants
7 years experience in the construction and engineering services industry

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NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Engineering Construction

Provides large-scale multi-disciplinary project management and construction services, including:

- Fabrication and installation of structural steel, tankage, mechanical and process equipment and piping
- Multi-disciplined construction packages including civil and electrical disciplines
- Plant commissioning
- Demolition and remediation works
- Turnkey design and construct services

Maintenance and Industrial Services

Offering mechanical and electrical engineering services in the following areas:

- Fixed and mobile plant maintenance
- Minor capital works
- Shutdown planning, management and execution
- Specialist concrete and structural maintenance
- Mill reline services
- Labour and equipment hire

Electrical and Instrumentation Services

Provides specialist instrumentation and electrical services.

Skystar Airport Services

Provides airport ground handling services.

The Monadelphous Group operates from major offices in Perth and Brisbane with a network of regional offices and workshop facilities in Kalgoorlie, Darwin, Roxby Downs, Gladstone, Mt Isa, Singleton, Mackay, Townsville, Muswellbrook, Adelaide and Beijing.

The consolidated entity's revenue is earned predominantly from the resources, energy and infrastructure industry sector.

OPERATING RESULTS

The consolidated entity's profit after providing for income tax for the half-year was \$32.083 million (2006: \$31.422 million).

DIVIDENDS PAID OR PROPOSED

A 29.0 cent fully franked interim dividend has been approved by the directors payable on 14 March 2008 (2006: 22.0 cent interim dividend). A final fully franked dividend of \$36.543 million was paid during the period in respect of the financial year ended 30 June 2007.

REVIEW OF OPERATIONS

	Consolidated	Consolidated
	2007	2006
	\$'000	\$'000
Revenue from services	460,197	499,436
Profit after income tax	32,083	31,422

Monadelphous Group Limited has maintained and consolidated its financial performance after recent years of phenomenal growth with the achievement of record profit after tax of \$32.1 million for the half year ended 31 December 2007, up 2 per cent on the previous corresponding period.

The Board has declared an interim dividend of 29 cents per share fully franked, an increase of 32 per cent on the previous period. The increase follows the change to Monadelphous Group Limited's dividend policy. As previously flagged, the company has increased its full year ordinary dividend payout to an amount between 80 and 100 per cent of net profit and has ceased the previous policy of paying special dividends at financial year end.

The first half of 2006/07 was hallmarked by an unprecedented and phenomenal surge in revenue growth, with a string of major contracts having been secured. As forecast in Monadelphous' annual results announcement in August last year, construction revenue softened in the first half of 2007/08. This resulted from the predicted ramping down of a number of major projects during the period, together with timing effects from delays on new projects coming to market.

While sales revenue for the interim period was \$460.2 million, down 8 per cent on the previous corresponding half-year period, second half 2007/08 sales revenue is expected to strengthen due to a number of newly secured contracts coming on-line. A highlight of the interim reporting period was a high level of contract wins, with \$500 million of new contracts secured – with the company confident of a number of additional large contracts being awarded in the coming months.

Despite the number of contract wins, delays in the timing of some of these projects coming on-line means that full year 2007/08 revenues will be similar to the last financial year. Margins are expected to show overall improvement for the full year.

Margins also continued to improve during the interim reporting period, reflecting strong operational performance and the high value of contracts completed or approaching completion. EBITDA were up 5 per cent to \$51.4 million. Earnings per share (EPS) were in line with the previous corresponding period at 38.6 cents per share.

Another highlight of the interim reporting period was Monadelphous continuing to make major inroads with its strategy to grow sales revenues in the oil and gas sector, with over \$200 million worth of both new construction and services contracts won in this market. New services contracts were secured with BP Australia in Western Australia and Queensland and a major construction contract was secured with ENI for the construction of the Black Tip Gas Plant in the Northern Territory.

The company's strengthening position in the oil and gas sector will provide the opportunity to take advantage of the large number of multi billion dollar LNG projects planned for construction in Australia to support the company's sustainable organic growth.

Capacity constraints continue to provide the most significant challenge for the resources industry with most projects experiencing delays due to critical shortages in engineering and skilled labour workforces.

One of the big challenges for the business is to be more innovative in the way we work in order to generate long term business growth in this severely labour-constrained environment.

Taking this into account, the company has announced three new key strategies to increase workforce capacity and better meet the demands of customers:

- In its first significant venture overseas, Monadelphous has established a supply office in Beijing to establish ties with Chinese engineering companies to source fabricated steel products and provide specialist engineering services for projects in Australia. The development is aimed at making Monadelphous more cost competitive and also gives the company access to broader skills and capabilities to allow it to target work in new industry sectors.

- Coupled with the China strategy, the company will maximise offshore fabrication and assembly, including increasing the modularisation of components, in order to accelerate project delivery and maximise 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 establish 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.

Engineering Construction

Following the extraordinary surge of construction activity from a large wave of major contracts last financial year, the Engineering Construction division recorded sales revenues for the period of \$265.3 million, a decrease of 25 per cent on the previous corresponding period.

Construction revenue flow is heavily dependent on project timing and the lower revenue reflects the unusual number of large projects ramping down, together with timing effects from delays on new projects coming to market.

Major contracts substantially completed during the period included:

- Structural and mechanical construction works for Rio Tinto Iron Ore's Dampier Port Upgrade Phase B project in Western Australia.
- 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 in Western Australia.
- Structural and mechanical construction of iron ore facilities at Mining Area C associated with BHP Billiton Iron Ore's RGP3 project in the Pilbara region of Western Australia.
- Structural and mechanical works for the refurbishment of a rail car dumper associated with BHP Billiton Iron Ore's RGP3 project at Port Hedland in Western Australia.
- Structural mechanical and piping works associated with BHP Billiton's Ravensthorpe Nickel Project in Western Australia.

The company announced around \$400 million of new major construction contracts during the period which is expected to provide ongoing momentum for the division in the second half of the financial year.

Major projects won during the period included:

- Upgrade of the Yandi Sample Station for BHP Billiton Iron Ore's Rapid Growth Project 4 (RGP4) in Western Australia.
- 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 Western Australia.
- Structural, mechanical and electrical works associated with the Dalrymple Bay Coal Terminal (DBCT) expansion in Queensland.

- Structural, mechanical and piping works associated with Rio Tinto Iron Ore's Cape Lambert Upgrade 80MTPA Project in Western Australia.
- Structural, mechanical and piping works for the Finucane Island Stockyard Upgrade associated with BHP Billiton Iron Ore's RGP4 in Western Australia.
- 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.

Maintenance and Industrial Services

The Maintenance and Industrial Services division continued on its strong growth trend delivering record sales revenue, up 21 per cent to \$160.3 million. The division continued to experience healthy market conditions achieving strong operational performance across all its operations.

The significant highlight of the reporting period was the award and establishment of a number of new major services contracts valued at over \$100 million.

In particular, the division was successful in securing two strategically important long term contracts with a major new oil and gas customer, BP Australia.

In October 2007, the company announced it had won a three year contract for the provision of capital works and turnaround management at the BP Kwinana Refinery in Western Australia.

This was followed by an announcement in December 2007 that the company had also secured a five year services contract for the provision of mechanical, electrical and instrumentation services for capital improvement projects at the BP Bulwer Island Refinery in Queensland.

The division's coal market growth strategy also met with some success during the period. In October 2007, the company was awarded a contract for an initial period of 12 months to provide mechanical, structural and electrical maintenance services for the new coal preparation plant and associated infrastructure at Anglo Coal's Dawson mine in Queensland.

The division also established an initial maintenance services contract at BHP Billiton's Ravensthorpe Nickel Project in WA late in the reporting period. This work follows on from the completion of construction and commissioning activities successfully carried out by the Engineering Construction division.

Electrical and Instrumentation Services

The company's electrical and instrumentation services company, MIE consolidated its position after last financial year's massive growth spurt. The division recorded sales revenue of \$40.3 million, equalling the previous corresponding period's result.

Major projects undertaken during the period included a number of major electrical and instrumentation installation contracts associated with the expansion of coal handling operations at Gladstone and Dalrymple Bay in Queensland.

A key highlight for the period was the commencement of the division's operations in Western Australia where MIE provided electrical and instrumentation services for a number of the Engineering Construction division's multi disciplinary projects. This is expected to deliver significant opportunities for new work and revenue growth for MIE.

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Skystar Airport Services

The company's aviation ground handling business Skystar Airport Services recorded sales revenue for the period of \$10.2 million, an increase of 7 per cent on the previous corresponding period.

In December 2007, the company announced the asset sale of a portion of the operations of its subsidiary company Skystar Airport Services to Toll Dnata Airport Services Pty Ltd. The assets consisted of the operations in Brisbane and Perth Airport and included ground handling contracts with international carriers Singapore Airlines, Emirates and Royal Brunei. The balance of the operations of Skystar Airport Services will continue to operate profitably with the focus of the business now on growing its revenue in the domestic aviation market.

The Skystar sale, which was completed in January 2008, will result in a one off pre-tax profit of approximately \$4.5 million which will be booked in the second half of the financial year.

Health and Safety

Safety and wellbeing is a core value at Monadelphous. The company has a long history of ongoing reductions in injury rates and is committed to the goal of 'zero harm'.

It is pleasing to report continuing improvement in safety performance during the reporting period, with a 48 per cent reduction in the total case injury frequency rate from the previous corresponding period to 8.4 injuries per million man hours.

Outlook

Monadelphous is undergoing a period of consolidation following last year's extraordinary surge in sales revenue from a wave of very large construction contracts. The company is confident of further contract wins in the second half which will strengthen the company's position leading into 2008/09. However, the risk of project delays due to industry capacity constraints will continue to provide uncertainty as to the timing of construction revenues.

Monadelphous is confident of ongoing growth in recurring sales revenue derived from the Maintenance and Industrial Services division. Opportunities in the Electrical and Instrumentation Services business also continue to be positive following the establishment of operations in Western Australia.

The outlook for the longer term continues to be very positive. Demand for Australian resources continues to drive major project developments. Multi-billion dollar Iron Ore and LNG expansions in WA are expected to be a dominant feature of the market for years to come. Monadelphous is well placed in both industry sectors to participate in the expanding opportunities flowing from those large development projects.

Resource constraints will continue to be a major challenge for Monadelphous and the company will continue to develop innovative ways of delivering its projects and services and expand its capacity.

The company will also continue to implement its market expansion strategies as well as the development of people, structure and systems to support the company's ongoing growth plans.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report the interests of the directors in the shares and options of the company and related bodies corporate were:-

	Monadelphous Group Limited	
	Ordinary Shares	Options
C G B Rubino	3,004,000	Nil
R Velletri	1,700,000	300,000
I Tollman	667,586	Nil
P J Dempsey	68,000	Nil
C P Michelmore	4,349	Nil

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to the reporting period, on 4 January 2008 Monadelphous Group Limited divested part of the operations of its wholly owned subsidiary Skystar Airport Services Pty Ltd to Toll Dnata Airport Services Pty Ltd. The sale covered all contracts, staff, equipment and facilities in the passenger and ramp aircraft handling business carried out at Perth Domestic and International Airports and Brisbane International Airport. The sale will result in a one off pre-tax profit of approximately \$4.5 million which will be booked in the second half of the financial year.

On 1 February 2008, as a result of employee options being exercised, 1,265,000 shares were issued with a total consideration of \$2.661m.

On 18 February 2008, Monadelphous Group Limited declared an interim dividend on ordinary shares in respect of the 2008 financial year. The total amount of the dividend is \$24.452m, which represents a fully franked interim dividend of 29 cents per share. This dividend has not been provided for in the 31 December 2007 Financial Statements.

Other than the items noted above, there are no matters or circumstances that have arisen since the end of the half year ending 31 December 2007 which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

SIGNIFICANT CHANGES

There have been no significant changes in the state of affairs of the parent entity or the consolidated entity during the half-year.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the half-year ended 31 December 2007.

ROUNDING

The amounts contained in this report and the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.



C G B Rubino
Chairman
Perth, 18 February 2008

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Auditor's Independence Declaration to the Directors of Monadelphous Group Limited

In relation to our review of the financial report of Monadelphous Group Limited for the half-year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



C B Pavlovich
Partner
Perth
18 February 2008

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To the members of Monadelphous Group Limited

Report on the Condensed Half Year Financial Report

We have reviewed the accompanying condensed half year financial report of Monadelphous Group Limited, which comprises the balance sheet as at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the half year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of Monadelphous Group Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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11 Mounts Bay Road
Perth WA 6000
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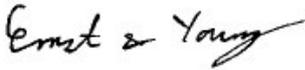
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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed half year financial report of Monadelphous Group Limited is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.



Ernst & Young



C B Pavlovich
Partner
Perth
18 February 2008

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DIRECTORS DECLARATION

In accordance with a resolution of the Directors of Monadelphous Group Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
- (i) give a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



C. G. B. Rubino
Chairman
Perth, 18 February 2008

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INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Notes	Consolidated Half-year ended 31 December 2007 \$'000	Consolidated Half-year ended 31 December 2006 \$'000
CONTINUING OPERATIONS			
REVENUE	2	462,265	501,126
Cost of services rendered		(402,817)	(447,880)
GROSS PROFIT		59,448	53,246
Other income	2	834	787
Business development and tender costs		(3,953)	(1,971)
Occupancy costs		(525)	(493)
Administrative costs		(9,656)	(6,940)
Finance costs		(964)	(601)
Share of net profits of joint ventures accounted for using the equity method		1,065	892
PROFIT BEFORE INCOME TAX		46,249	44,920
Income tax expense		(14,166)	(13,498)
PROFIT AFTER INCOME TAX		32,083	31,422
PROFIT ATTRIBUTABLE TO MEMBERS OF MONADELPHOUS GROUP LIMITED		32,083	31,422
Basic earnings per share for the half-year (cents per share)		38.6	38.5
Diluted earnings per share for the half-year (cents per share)		37.2	37.0
Franked interim dividend per share (cents per share)		29.0	22.0

BALANCE SHEET
AS AT 31 DECEMBER 2007

	Consolidated as at 31/12/2007 \$'000	Consolidated as at 30/06/2007 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	70,621	101,364
Trade and other receivables	142,425	95,793
Inventories	11,329	13,075
Other	661	179
Total current assets	<u>225,036</u>	<u>210,411</u>
Non-current assets		
Property, plant and equipment	63,897	62,240
Deferred tax assets	7,293	10,596
Investments accounted for using the equity method	287	107
Goodwill	3,285	3,285
Total non-current assets	<u>74,762</u>	<u>76,228</u>
TOTAL ASSETS	<u>299,798</u>	<u>286,639</u>
LIABILITIES		
Current liabilities		
Trade and other payables	151,207	115,892
Interest bearing loans and borrowings	11,922	10,557
Income tax payable	7,231	14,970
Provisions	27,517	35,776
Total current liabilities	<u>197,877</u>	<u>177,195</u>
Non-current liabilities		
Interest bearing loans and borrowings	13,621	16,929
Provisions	2,118	2,034
Total non-current liabilities	<u>15,739</u>	<u>18,963</u>
TOTAL LIABILITIES	<u>213,616</u>	<u>196,158</u>
NET ASSETS	<u>86,182</u>	<u>90,481</u>
EQUITY		
Issued capital	26,017	26,017
Reserves	1,482	1,321
Retained earnings	58,683	63,143
TOTAL EQUITY	<u>86,182</u>	<u>90,481</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

Attributable to equity holders

Consolidated	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
At 1 July 2007	26,017	1,321	63,143	90,481
Currency translation differences	-	(85)	-	(85)
Total income/(expense) for the period recognised directly in equity	-	(85)	-	(85)
Profit for the period	-	-	32,083	32,083
Total income/(expense) for the period	-	(85)	32,083	31,998
Cost of share-based payment	-	246	-	246
Dividends paid	-	-	(36,543)	(36,543)
At 31 December 2007	26,017	1,482	58,683	86,182

Attributable to equity holders

Consolidated	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
At 1 July 2006	21,063	1,728	39,343	62,134
Currency translation differences	-	146	-	146
Total income/(expense) for the period recognised directly in equity	-	146	-	146
Profit for the period	-	-	31,422	31,422
Total income/(expense) for the period	-	146	31,422	31,568
Cost of share-based payment	-	295	-	295
Dividends paid	-	-	(19,576)	(19,576)
At 31 December 2006	21,063	2,169	51,189	74,421

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Consolidated Half-year ended 31 December 2007 \$'000s	Consolidated Half-year ended 31 December 2006 \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	482,589	509,274
Payments to suppliers and employees	(450,369)	(458,494)
Income tax paid	(18,599)	(13,252)
Other income	164	586
Interest received	2,068	1,690
Borrowing costs	(964)	(601)
	<hr/>	<hr/>
NET CASH FLOWS FROM OPERATING ACTIVITIES	14,889	39,203
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of non-current assets	833	251
Purchase of property, plant and equipment	(3,206)	(3,531)
	<hr/>	<hr/>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(2,373)	(3,280)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(36,543)	(19,576)
(Repayment)/drawdown of borrowings	(28)	393
Payment of finance leases	(6,741)	(4,969)
	<hr/>	<hr/>
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(43,312)	(24,152)
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH HELD	(30,796)	11,771
Opening cash and cash equivalents brought forward	101,364	61,650
Net foreign exchange difference	53	(73)
	<hr/>	<hr/>
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	70,621	73,348
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1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Monadelphous Group Limited as at 30 June 2007.

It is also recommended that the half-year financial report be considered together with any public announcements made by Monadelphous Group Limited and its controlled entities during the half-year ended 31 December 2007, in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

a) Basis of Preparation

The half-year financial report is a general-purpose condensed financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: 'Interim Financial Reporting'.

The half-year financial report has been prepared in accordance with the historical cost basis. The half-year financial report is presented in Australian Dollars.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

b) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2007, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2007, as described in Note 1 (c).

c) Changes in Accounting Policies

Australian Accounting Standards and Urgent Issues Group Interpretations that have recently been issued or amended and are effective 1 July 2007 have resulted in no material changes in accounting policies and therefore no material impact on Monadelphous Group Limited's financial performance or position for the half year ended 31 December 2007.

d) Basis of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Monadelphous Group Limited and its subsidiaries ('the Group') as at 31 December 2007.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

**MONADELPHOUS GROUP LIMITED
AND CONTROLLED ENTITIES
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All intercompany balances and transactions, income and expenses and profit and losses arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Monadelphous Group Limited has control.

	Consolidated 31 December 2007 \$'000s	Consolidated 31 December 2006 \$'000s
2. REVENUE AND EXPENSES		
(a) Specific Items		
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:		
(i) Revenue		
Rendering of services	460,197	499,436
Finance income	2,068	1,690
	462,265	501,126
(ii) Other income		
Gain on disposal of property, plant and equipment	670	201
Other income	164	586
	834	787
(b) Expenses		
Depreciation of non-current assets	6,212	4,928
3. DIVIDENDS PAID AND PROPOSED		
(a) Fully franked dividends declared and paid during the half year	36,543	19,576
(b) Dividends proposed and not yet recognised as a liability	24,452	18,212

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4. NON-CASH FINANCING AND INVESTING ACTIVITIES

During the half-year the consolidated entity acquired plant and equipment with an aggregate fair market value of \$4,825,121 (2006: \$6,270,171) by means of finance leases and hire purchase agreements.

5. SEGMENT INFORMATION

Revenue is derived by the consolidated entity from the provision of engineering services to the resources, energy and infrastructure industry sector. For the half year ended 31 December 2007, the Engineering Construction division contributed revenue of \$265.3 million, Maintenance and Industrial Services division contributed revenue of \$160.3 million, Electrical and Instrumentation Services contributed revenue of \$40.3 million and Skystar Airport Services contributed revenue of \$10.2 million. Included in these amounts is \$15.9 million of inter-entity revenue. The Electrical and Instrumentation Services division and Skystar Airport Services are not considered material for segment reporting.

The directors do not believe that it is practicable to provide further analysis of the results by reporting division for the following reasons:

- The significant divisions perform similar services for the same industry sector,
- The divisions utilise a centralised pool of engineering assets and shared services, and
- The migrant nature of employees between divisions.

The aforementioned points do not support the creation of reportable segments within the business. The two significant divisions are exposed to similar risks and rewards from operations and are only segmented to facilitate appropriate management structures.

The consolidated entity operates predominately within the one business segment in one geographical segment, namely Australia.

6. CONTINGENT ASSETS AND LIABILITIES

(a) Contingent assets

There have been no changes in contingent assets since the date of the last annual report.

(b) Contingent liabilities

There have been no changes in contingent liabilities since the date of the last annual report, except for the following:

	Consolidated 31 December 2007 \$'000s	Consolidated 31 December 2006 \$'000s
Guarantees given to various clients for satisfactory contract performance	88,828	86,675

7. CHANGE IN COMPOSITION OF ENTITY

On 28 November 2007, Monadelphous Group Limited obtained ownership of Moway International Limited a company incorporated in Hong Kong and is now a 100% owned subsidiary of Monadelphous Group Limited. In addition, SinoStruct Pty Ltd was incorporated in Australia on 20 December 2007 and is a 100% owned subsidiary of Monadelphous Group Limited.

8. EVENTS AFTER BALANCE SHEET DATE

Subsequent to the reporting period, on 4 January 2008 Monadelphous Group Limited divested part of the operations of its wholly owned subsidiary Skystar Airport Services Pty Ltd to Toll Dnata Airport Services Pty Ltd. The sale covered all contracts, staff, equipment and facilities in the passenger and ramp aircraft handling business carried out at Perth Domestic and International Airports and Brisbane International Airport. The sale will result in a one off pre-tax profit of approximately \$4.5 million which will be booked in the second half of the financial year.

On 1 February 2008, as a result of employee options being exercised, 1,265,000 shares were issued with a total consideration of \$2.661m.

On 18 February 2008, Monadelphous Group Limited declared an interim dividend on ordinary shares in respect of the 2008 financial year. The total amount of the dividend is \$24.452m, which represents a fully franked interim dividend of 29 cents per share. This dividend has not been provided for in the 31 December 2007 Financial Statements.

Other than the items noted above, there are no matters or circumstances that have arisen since the end of the half year ending 31 December 2007 which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.