

MONADELPHOUS GROUP LIMITED

A.B.N. 28 008 988 547

CONDENSED FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2008

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 Secretaries

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

PO Box 365
Applecross
Western Australia 6953

Share Registry

Computers 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, 140 St George's Terrace
Perth
Western Australia 6000

DLA Philips Fox

Level 32, Martins Tower
44 St George's Terrace
Perth
Western Australia 6000

Minter Ellison

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

Deacons

Level 37, Bankwest Tower
108 St George's Terrace
Perth
Western Australia 6000

Freehills

345 Queen Street
Brisbane
Queensland 4000

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
Moway Austasia Steel Structures Trading (Beijing)
Company Limited

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Your directors submit their report for the half-year ended 31 December 2008.

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	<i>Chairman</i> Appointed as Director 18 January 1991 Resigned as Managing Director on 30 May 2003 and continued as Chairman 42 years experience in the construction and engineering services industry
Robert Velletri	<i>Managing Director</i> Appointed 26 August 1992 Mechanical Engineer, Corporate Member of the Institution of Engineers Australia Appointed as Managing Director on 30 May 2003 29 years experience in the construction and engineering services industry
Irwin Tollman	<i>Non-Executive Director</i> Appointed 26 August 1992 Chartered Accountant, Member Institute of Chartered Accountants in Australia 17 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	<i>Non-Executive Director</i> Appointed 30 May 2003 Civil Engineer, Fellow of the Institution of Engineers Australia 35 years experience in the construction industry
Christopher Percival Michelmore	<i>Non-Executive Director</i> Appointed 1 October 2007 Civil Engineer, Fellow of the Institution of Engineers Australia Member Institution of Structural Engineers, UK 36 years experience in the construction industry

COMPANY SECRETARIES

Charles Roland Giles Everist	<i>Company Secretary and Chief Financial Officer</i> Chartered Accountant, Member Institute of Chartered Accountants in England and Wales 14 years experience in the resources, construction and engineering services industries
Philip Trueman	<i>Company Secretary and Group Financial Controller</i> Chartered Accountant, Member Institute of Chartered Accountants in Australia and the South African Institute of Chartered Accountants 8 years experience in the construction and engineering services industry

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 electrical and instrumentation, installation, communications and construction services to heavy industry across Australasia.

Skystar Airport Services

Provides airport ground handling and logistics services.

General

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

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 \$36.849 million (2007: \$32.083 million).

DIVIDENDS PAID OR PROPOSED

A 30.0 cent fully franked interim dividend has been approved by the directors payable on 13 March 2009 (2007: 29.0 cent interim dividend). A final fully franked dividend of \$36.257 million was paid during the period in respect of the financial year ended 30 June 2008.

REVIEW OF OPERATIONS

	Consolidated 2008	Consolidated 2007
	\$'000	\$'000
Revenue from services	562,706	460,197
Profit after income tax	36,849	32,083

Monadelphous Group Limited has continued to deliver strong financial performance with the achievement of another record profit after tax of \$36.8 million for the half year ended 31 December 2008, up 14.9 per cent on the previous corresponding period.

Sales revenue was up 22.3 per cent to \$562.7 million for the period from increased levels of activity across all of the company's operations. Earnings before interest, tax and depreciation increased 11.9 per cent to \$57.5 million.

Earnings per share rose 13.1 per cent to 43.7 cents per share with the Board declaring an interim dividend of 30 cents per share fully franked, up 3.4 per cent on the previous corresponding period.

Solid revenue growth was achieved across all of the company's operations from a high value of contracts won in the previous financial year, coupled with volume growth on established contracts.

The company's workforce numbers increased in line with work levels ending the period with 4,782 employees - an increase of 26 per cent in the past 12 months.

Solid revenue growth was achieved from the high value of contracts won in the previous financial year, coupled with volume growth on established contracts. The company continued to win work with around \$400 million worth of new contracts and contract extensions secured during the period. The company is also preferred tenderer for around \$150 million worth of additional contracts going forward.

While the global financial crisis and falls in commodity prices had rapidly changed market conditions, with a number of customers deferring projects and cutting back capital expenditure, the vast majority of the company's committed projects are proceeding as planned.

The direct business impact of the global financial environment has to date not been of sufficient significance to revise the second half outlook. Monadelphous continues to expect to deliver on its forecast for double digit growth in normalised full year profit after tax, as stated at the Annual General Meeting in November 2008.

Cash flow from operations for the first half was a healthy \$74.5 million, resulting in a net cash position of \$129.7 million - up from \$45.1 million for the previous corresponding period. Net cash was \$101.6 million at 30 June 2008.

Monadelphous' strong balance sheet provides the company with significant strength to pursue consolidation and acquisition opportunities which may arise from the current market.

Engineering Construction

The Engineering Construction division recorded sales revenue of \$324.5 million, an increase of 22.3 per cent on the previous corresponding period.

Major projects substantially completed during the period included:

- 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; and
- Structural, mechanical and piping works associated with OZ Minerals' Prominent Hill Copper/Gold project in South Australia.

In October 2008, the company announced that it had been awarded a \$140 million structural, mechanical, piping, electrical and instrumentation (SMPE&I) package of work associated with the Worsley Alumina Efficiency and Growth Expansion Project (E&G Project) in Western Australia.

In November 2008, the company also announced the award of \$76 million worth of multidisciplinary packages of work associated with the Abbott Point Coal Terminal (APCT) X50 Expansion Project in Queensland.

These contract wins highlight the company's growing capability in undertaking large scale multi-disciplinary projects and reinforce the decision to expand the operations of MIE, the company's electrical and instrumentation services arm.

The company also continued to successfully push into infrastructure markets when, late in the period, the company was also awarded a \$30 million contract to upgrade the Burpengary East Sewerage Treatment Plant in Queensland. The award of this project continues to build on the company's growing presence in the water market and follows on from a number of successful water projects in Western Australia and Queensland.

Other major projects which were in progress at the end of the period included:

- Structural, mechanical and piping works associated with Newmont's Boddington Gold Mine Expansion in Western Australia.
- Construction of the onshore gas treatment plant associated with Eni's Blacktip Development Project in the Northern Territory.
- Structural, mechanical and piping works at the Newman Hub associated with BHP Billiton Iron Ore's Rapid Growth Project 4 (RGP4) in Western Australia.
- Construction of the Lake Cathie / Bonnie Hills Sewerage Treatment Plant for the Port Macquarie-Hastings Council in New South Wales.

The Engineering Construction division's healthy forward workload, including over \$250 million in new major construction contracts awarded during the interim 2008/09 period, underpins the company's expectation across the remainder of 2008/09.

Maintenance and Industrial Services

The Maintenance and Industrial Services division continued its long standing growth trend, recording sales revenue of \$190.2 million for the period, an increase of 18.6 per cent on the previous corresponding period.

The major highlight for the period was the award of new contracts and contract re-competes valued at over \$150 million. These include:

- A new three year maintenance services contract for the provision of maintenance and shutdown services for the ConocoPhillips Darwin LNG Plant in the Northern Territory. This contract follows on from an initial two year contract established in 2006.
- An alliance contract with Incitec Pivot for shutdown services until December 2010 across their operations in Queensland.
- A new two year contract with two one year options for the provision of structural integrity works for Rio Tinto at their operations at Tom Price, Paraburdoo and Cape Lambert in Western Australia. This contract follows an initial three year contract established in 2005.

- A two year contract extension for the provision of maintenance services at BHP Billiton's Olympic Dam Operations in South Australia.
- A contract for the provision of specialist services for the erection of three new coal reclaimers for Sandvik Mining and Construction associated with Port Waratah Coal Services (PWCS) coal terminal in Newcastle, NSW.

Other highlights for the period include the successful completion of major shutdown and turnarounds at the BP Kwinana Refinery for BP Australia and at the Kalgoorlie Nickel Smelter for BHP Billiton Nickel West in Western Australia.

Electrical and Instrumentation Services

The company's electrical and instrumentation services company, MIE also experienced solid growth during the period, capitalising on its recent expansion into the Western Australian market. The division recorded sales revenue of \$48.9 million, up 21.5 per cent on the previous corresponding period.

Major highlights for the period included:

- Substantial successful progress on a major electrical and instrumentation installation contract associated with Newmont's Boddington Gold Mine Expansion in Western Australia.
- The award of major electrical and instrumentation works associated with the Worsley Alumina E&G Project in Western Australia.
- The award of a major contract for the high voltage electrical works for the Abbot Point Coal Terminal X50 Expansion Project in Queensland.

Skystar Airport Services

The company's aviation ground handling business Skystar Airport Services recorded sales revenue for the period of \$4.9 million, up 46.6 per cent on a normalised basis on the previous corresponding period after removing the effect of the part divestment of the business to Toll Dnata in January 2008.

The period has been one of consolidation, focussing on exploring growth opportunities with our key customer, the Qantas group and highlighted by the award of a new contract with Jetstar at Perth International Airport.

Health and Safety

The company has a long history of ongoing reductions in injury rates as it continues to strive for zero injuries in the workplace. However, after a number of years of continuous improvement, health and safety performance showed an increase in total case injury frequency rate from 8.6 to 9.6 during the period. This disappointing result followed a reduction in the rate by about half over the previous two years.

During the period a comprehensive third party audit and review of the company's health and safety management practices was undertaken. Recommendations arising from the review will form the basis for the next phase of the company's health and safety improvement program going forward.

Capital Management

The company's strong net cash position, low ongoing capex requirements and prudent financial management provides flexibility to take advantage of opportunities in the prevailing market environment.

In November 2008, the company announced its intention to buy-back up to two million shares over the coming 12 month period.

The on-market buy-back forms part of Monadelphous Group's ongoing commitment to maintain an optimal capital structure for the benefit of shareholders. It will not impact on any special cash requirements, or the company's capacity to continue to pay fully franked dividends for the foreseeable future.

Outlook

As previously announced, the company entered the 2008/09 financial year with a strong forward workload and in a solid position to deliver another year of growth.

Whilst the global financial crisis has created significant uncertainty as to growth prospects in the medium term, there remains customer confidence in long term resources and energy demand with a number of core customers continuing with their development plans. This has been evident in the bulk commodity markets of oil and gas, coal and iron ore. BHP Billiton's recent announcement committing to their next iron ore expansion, Rapid Growth Project 5 (RGP5), is particularly encouraging.

With the broader minerals sector slowing, the company will also be accelerating efforts to grow its recurring revenue base and expand further into the oil and gas and infrastructure markets. In particular, the company's strengthening position in the water market will provide ongoing revenue growth opportunities.

In response to the new business climate, the company has embarked on a strategic review aimed at dealing with the challenges of a more uncertain outlook.

The review reflects the rapid change in the economic environment and recognises the need to change the company's focus from expanding capacity to maximising efficiency.

Current market financial realities dictate that pressure was likely to be placed on operating margins. In response, with the significant easing in labour and supply constraints, the review would be aimed at reducing operating and fixed costs and improving productivity. The review would also focus on opportunities to consolidate the organisational structure, with the goal of improving operating efficiencies.

In closing, a solid forward workload with an expanding quality customer base, together with market leading reputation and balance sheet places the company in a strong position to successfully deal with the challenges and opportunities ahead.

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	2,000,000	500,000
I Tollman	667,586	Nil
P J Dempsey	78,000	Nil
C P Michelmore	9,794	Nil

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 9 February 2009, as a result of the exercise of 2,190,000 employee options, 1,724,926 fully paid ordinary shares were issued with a total consideration of \$4.491 million. 465,074 shares owned by the Monadelphous Group Limited Employee Share Trust were also utilised for the option exercise.

On 16 February 2009, Monadelphous Group Limited declared an interim dividend on ordinary shares in respect of the 2009 financial year. The total amount of the dividend is \$25.785 million, which represents a fully franked interim dividend of 30 cents per share. This dividend has not been provided for in the 31 December 2008 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 2008 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 2008.

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, 16 February 2009



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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 2008, 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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to be 'C B Pavlovich'.

C B Pavlovich
Partner
Perth

16 February 2009

To the members of Monadelphous Group Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Monadelphous Group Limited, which comprises the balance sheet as at 31 December 2008, 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 Interim and Other Financial Reports 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 2008 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*. 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.

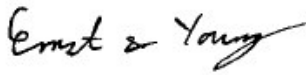
Independence

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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 2008 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*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, likely belonging to C B Pavlovich.

C B Pavlovich
Partner
Perth

16 February 2009

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) giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying 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, 16 February 2009

**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Notes	Consolidated Half-year ended 31 December 2008 \$'000	Consolidated Half-year ended 31 December 2007 \$'000
CONTINUING OPERATIONS			
REVENUE	2	565,675	462,265
Cost of services rendered		<u>(497,264)</u>	<u>(402,817)</u>
GROSS PROFIT		68,411	59,448
Other income	2	936	834
Business development and tender costs		(4,738)	(3,953)
Occupancy costs		(831)	(525)
Administrative costs		(11,068)	(9,656)
Finance costs		(936)	(964)
Share of net profits of joint ventures accounted for using the equity method		<u>542</u>	<u>1,065</u>
PROFIT BEFORE INCOME TAX		52,316	46,249
Income tax expense		<u>(15,467)</u>	<u>(14,166)</u>
PROFIT AFTER INCOME TAX		<u>36,849</u>	<u>32,083</u>
PROFIT ATTRIBUTABLE TO MEMBERS OF MONADELPHOUS GROUP LIMITED		<u>36,849</u>	<u>32,083</u>
Basic earnings per share for the half-year (cents per share)		43.7	38.6
Diluted earnings per share for the half-year (cents per share)		42.7	37.2
Franked interim dividend per share (cents per share)		30.0	29.0

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Consolidated as at 31/12/2008 \$'000	Consolidated as at 30/06/2008 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	152,905	126,447
Trade and other receivables	110,755	204,867
Inventories	9,758	6,571
Other	589	-
Total current assets	<u>274,007</u>	<u>337,885</u>
Non-current assets		
Property, plant and equipment	65,761	61,924
Deferred tax assets	15,379	9,396
Investments accounted for using the equity method	153	176
Goodwill	2,551	2,551
Total non-current assets	<u>83,844</u>	<u>74,047</u>
TOTAL ASSETS	<u>357,851</u>	<u>411,932</u>
LIABILITIES		
Current liabilities		
Trade and other payables	173,936	240,441
Interest bearing loans and borrowings	10,756	11,758
Income tax payable	11,204	11,590
Provisions	40,936	30,436
Derivative financial instruments	-	345
Total current liabilities	<u>236,832</u>	<u>294,570</u>
Non-current liabilities		
Interest bearing loans and borrowings	12,474	13,124
Provisions	2,016	2,265
Deferred tax liabilities	959	156
Total non-current liabilities	<u>15,449</u>	<u>15,545</u>
TOTAL LIABILITIES	<u>252,281</u>	<u>310,115</u>
NET ASSETS	<u>105,570</u>	<u>101,817</u>
EQUITY		
Issued capital	28,094	28,678
Reserves	5,193	1,448
Retained earnings	72,283	71,691
TOTAL EQUITY	<u>105,570</u>	<u>101,817</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Attributable to equity holders

Consolidated	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
At 1 July 2008	28,678	1,448	71,691	101,817
Currency translation differences	-	362	-	362
Total income/(expense) for the period recognised directly in equity	-	362	-	362
Profit for the period	-	-	36,849	36,849
Total income/(expense) for the period	-	362	36,849	37,211
Share Buy-back	(584)	-	-	(584)
Share-based payments	-	486	-	486
Deferred tax asset recognised on Employee Share Trust	-	2,897	-	2,897
Dividends paid	-	-	(36,257)	(36,257)
At 31 December 2008	28,094	5,193	72,283	105,570

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
Share-based payments	-	246	-	246
Dividends paid	-	-	(36,543)	(36,543)
At 31 December 2007	26,017	1,482	58,683	86,182

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Consolidated Half-year ended 31 December 2008 \$'000s	Consolidated Half-year ended 31 December 2007 \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	644,904	482,589
Payments to suppliers and employees	(554,588)	(450,369)
Income tax paid	(18,137)	(18,599)
Other income	245	164
Interest received	2,969	2,068
Borrowing costs	(936)	(964)
	<hr/>	<hr/>
NET CASH FLOWS FROM OPERATING ACTIVITIES	74,457	14,889
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	887	833
Purchase of property, plant and equipment	(5,398)	(3,206)
	<hr/>	<hr/>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(4,511)	(2,373)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share buyback	(584)	-
Dividend paid	(36,257)	(36,543)
Repayment of borrowings	(84)	(28)
Payment of finance leases	(7,411)	(6,741)
	<hr/>	<hr/>
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(44,336)	(43,312)
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	25,610	(30,796)
Opening cash and cash equivalents brought forward	126,447	101,364
Net foreign exchange difference	848	53
	<hr/>	<hr/>
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	152,905	70,621
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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 2008.

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 2008, 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 except for derivative financial instruments which have been measured at fair value. 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 2008, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2008, 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 2008 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 2008.

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 2008.

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.

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d) Basis of Consolidation (continued)

Subsidiaries (continued)

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 2008 \$'000s	Consolidated 31 December 2007 \$'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	562,706	460,197
Finance income	2,969	2,068
	565,675	462,265
(ii) Other income		
Gain on disposal of property, plant and equipment	691	670
Other income	245	164
	936	834
(b) Expenses		
Depreciation of non-current assets	7,210	6,212
3. DIVIDENDS PAID AND PROPOSED		
(a) Fully franked dividends declared and paid during the half year	36,257	36,543
(b) Dividends proposed and not yet recognised as a liability	25,785	24,452

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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 \$5,844,035 (2007: \$4,825,121) 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 2008, the Engineering Construction division contributed revenue of \$324.5 million, Maintenance and Industrial Services division contributed revenue of \$190.2 million, Electrical and Instrumentation Services contributed revenue of \$48.9 million and Skystar Airport Services contributed revenue of \$4.9 million. Included in these amounts is \$5.8 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 2008 \$'000s	Consolidated 31 December 2007 \$'000s
Guarantees given to various clients for satisfactory contract performance	136,616	88,828

7. CHANGE IN COMPOSITION OF ENTITY

On 19 November 2008, Monadelphous Group Limited announced its intention to buy back up to 2,000,000 shares on-market over the period 4 December 2008 to 3 December 2009. The decision followed a detailed review of all available capital management options. At 31 December 2008, the company had bought back 94,009 shares.

On 2 December 2008, Moway International Limited (a 100% owned subsidiary of Monadelphous Group Limited) incorporated an entity in China, Moway AustAsia Steel Structures Trading (Beijing) Company Limited.

On 18 December 2008, the company established the Monadelphous Group Limited Employee Share Trust. The trust has been established for the sole purpose of subscribing for, allocating, holding and delivering shares in the Company under the Monadelphous Group Limited Employee Option Plan for the benefit of participants to the plan.

8. EVENTS AFTER BALANCE SHEET DATE

On 9 February 2009, as a result of the exercise of 2,190,000 employee options, 1,724,926 fully paid ordinary shares were issued with a total consideration of \$4.491 million. 465,074 shares owned by the Monadelphous Group Limited Employee Share Trust were also utilised for the option exercise.

On 16 February 2009, Monadelphous Group Limited declared an interim dividend on ordinary shares in respect of the 2009 financial year. The total amount of the dividend is \$25.785 million, which represents a fully franked interim dividend of 30 cents per share. This dividend has not been provided for in the 31 December 2008 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 2008 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.