

**MONADELPHOUS GROUP LIMITED**

**A.B.N. 28 008 988 547**

**CONDENSED FINANCIAL REPORT**

**HALF-YEAR ENDED 31 DECEMBER 2009**

**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**

Zoran Bebic (appointed 24 August 2009)  
Philip Trueman  
Charles Roland Giles Everist (resigned 24 August 2009)

**Principal Registered Office in Australia**

1- 7 Sleat Road  
Applecross  
Western Australia 6153  
Telephone: +61 8 9316 1255  
Facsimile: +61 8 9316 1950  
Website: [www.monadelphous.com.au](http://www.monadelphous.com.au)

**Postal Address**

PO Box 365  
Applecross  
Western Australia 6953

**Share Registry**

**Computershare Investor Services Pty Ltd**

Level 2, 45 St George's Terrace  
Perth  
Western Australia 6000  
Telephone: 1300 364 961  
Facsimile: +61 8 9323 2033

**ASX Code**

MND – Fully Paid Ordinary Shares

**Bankers**

**National Australia Bank Limited**

50 St George's Terrace  
Perth  
Western Australia 6000

**Westpac Banking Corporation**

109 St George's Terrace  
Perth  
Western Australia 6000

**Auditors**

**Ernst & Young**

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

**Solicitors**

**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

**Mallesons Stephen Jaques**

Level 10, Central Park  
152 St George's Terrace  
Perth  
Western Australia 6000

**DLA Philips Fox**

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

**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  
Monadelphous Group Limited Employee Share Trust

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Your directors submit their report for the half-year ended 31 December 2009.

## **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 43 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 30 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 37 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 37 years experience in the construction industry
<b>COMPANY SECRETARIES</b>	
Zoran Bebic	<i>Company Secretary and Chief Financial Officer</i> Appointed 24 August 2009 Certified Practising Accountant, 16 years experience in the resources, construction and engineering services industries
Philip Trueman	<i>Company Secretary and General Manager, Corporate Services</i> Chartered Accountant, Member Institute of Chartered Accountants in Australia and the South African Institute of Chartered Accountants 9 years experience in the construction and engineering services industry
Charles Roland Giles Everist	<i>Company Secretary and Chief Financial Officer</i> Resigned 24 August 2009 Chartered Accountant, Member Institute of Chartered Accountants in England and Wales 15 years experience in the resources, construction and engineering services industries

## **NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES**

### **Engineering Services**

Monadelphous is a diversified services company operating in the resources, energy and infrastructure industry sector.

Services provided:

- Fabrication and installation of structural steel, tankage, mechanical and process equipment and piping
- Multi-disciplined construction packages including civil and electrical disciplines
- Plant commissioning
- Specialist electrical and instrumentation and installation
- Fixed plant maintenance
- Shutdown planning, management and execution
- Specialist concrete and structural maintenance

### **Skystar Airport Services**

Provides airport ground handling services.

### **General**

The Monadelphous Group operates from major offices in Perth and Brisbane, with regional offices in Beijing and Adelaide, and a network of 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 \$40.549 million (2008: \$36.849 million).

## **DIVIDENDS PAID OR PROPOSED**

A 35.0 cent fully franked interim dividend has been approved by the directors payable on 12 March 2010 (2008: 30.0 cent interim dividend). A final fully franked dividend of \$37,762,648 was paid during the period in respect of the financial year ended 30 June 2009.

## **REVIEW OF OPERATIONS**

	<b>Consolidated 2009</b>	<b>Consolidated 2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from services	619,513	562,706
Profit after income tax	40,549	36,849

Monadelphous Group Limited has continued to deliver strong financial performance with the achievement of another record sales and earnings result for the half-year ended 31 December 2009.

Sales revenue for the period rose 10.1 per cent to \$619.5 million, net profit after tax increased 10.0 per cent to \$40.5 million and earnings per share was up 8.2 per cent to 47.3 cents per share.

The Board has declared an interim dividend of 35 cents per share fully franked, an increase of 16.7 per cent on the previous corresponding period.

Solid revenue growth was achieved from continued high activity levels in engineering construction with increasing revenue from projects in the energy and infrastructure sectors.

Although margins continued to be under pressure, strong operational performance and overhead cost containment resulted in EBITDA margins remaining steady at 10.4 per cent.

The company continued to win work with more than \$450 million of new contracts and contract extensions secured during the period across all key markets – resources, energy and infrastructure.

Major highlights of the first half included further expansion into energy and infrastructure markets as well as the ongoing growth in multi-disciplinary services to customers.

The company's strategies in recent years to diversify outside traditional resources markets, focus on organic growth and strengthen relationships with blue chip customers have translated into strong results in the latest period.

Total workforce numbers rose steadily in line with work volumes during the period, ending the reporting period with 4,632 employees.

The company's ongoing investment in health, safety and environment (HSE) systems and training has continued to support the safe and sustainable development of the business. During the period, the company's safety performance continued to improve with total case injury frequency rates (TCIFR) improving 23.6 per cent to 7.4 incidents per million hours worked compared to the prior corresponding period.

A club financing facility was signed with National Australia Bank and Westpac Banking Corporation to provide greater capacity for performance bonding to support ongoing growth.

The company also committed to acquire two large heavy-lift site cranes to increase productivity and capacity. The cranes, valued at approximately \$17 million, are scheduled to be delivered in March.

### **Engineering Construction**

The Engineering Construction division recorded sales revenue of \$438.3 million, an increase of 17.4 per cent.

Record activity levels during the period reflected a healthy forward workload entering the 2009/10 period as well as scope extensions on a number of construction contracts.

Major projects under way during the period included:

- Structural, mechanical and piping works associated with Woodside's Pluto Liquefied Natural Gas (LNG) Project in the north west of Western Australia (WA);
- Construction of the onshore gas treatment plant associated with Eni's Blacktip Development Project in the Northern Territory;
- Structural, mechanical, piping, electrical and instrumentation works as part of Worsley Alumina's Efficiency and Growth Expansion Project in WA;

- Structural, mechanical and electrical works associated with Ports Corporation of Queensland's Abbot Point Coal Terminal X50 Expansion Project;
- Installation of an Automated Alumina Delivery System and ancillary infrastructure associated with Rio Tinto's Boyne Smelter Development Project in Queensland (Qld);
- Construction of the Burpengary East Sewerage Treatment Plant Upgrade for the Moreton Bay Regional Council in Qld;
- Construction of a Coal Handling Preparation Plant as part of Rio Tinto's Clermont Mine Project in Qld; and
- Structural and mechanical pre-works at Nelson Point associated with BHP Billiton Iron Ore's Rapid Growth Project 6 (RGP6) in WA.

The division continued to expand its provision of higher value, vertically integrated packages of work including structural, mechanical, piping, and electrical and instrumentation components. During the reporting period, electrical and instrumentation services revenue increased 75.7 per cent to \$85.9 million representing one-fifth of the division's total sales revenue.

During the period, the division was awarded more than \$250 million in new construction contracts across a broad base of resources, energy and infrastructure sectors.

The award of a \$25 million contract as part of Woodside's Pluto Offshore HUC (Hook-Up and Commissioning) project represented a significant milestone contract win during the period. This project reinforces the company's strong position in the delivery of multi-disciplinary services in the oil and gas market, including offshore works.

Another highlight was the record number of water project awards during the period. In total, three water contracts were awarded by water authorities in Queensland and NSW totalling \$40 million.

Other major projects won during the period included:

- Structural, mechanical, piping, electrical and instrumentation works associated with Phase I of Rio Tinto's Brockman 4 development in the north west of WA;
- Structural, mechanical and piping works at the Yandi Hub associated with BHP Billiton Iron Ore's Rapid Growth Project 5 (RGP5) in WA;
- Structural, mechanical and piping works as part of Rio Tinto Iron Ore's Cape Lambert Mesa A Dust Suppression Works in WA;
- Design, construction and commissioning of fluoridation dosing systems for SEQWater in Qld;
- Construction, testing and commissioning of the Nambucca Heads Sewerage Treatment Plant for the Nambucca Shire Council in New South Wales (NSW); and
- Civil, mechanical and electrical construction of the Cowra Sewage Treatment Plant for the Cowra Shire Council in NSW.

The Engineering Construction division's healthy forward workload, including new major construction contracts awarded during the first half, provide ongoing momentum for the division in the second half of the financial year.

### **Maintenance and Industrial Services**

The Maintenance and Industrial Services division recorded sales revenue of \$176.9 million, down 7.0 per cent on the previous corresponding period.

Sales revenue trended upwards after the Global Financial Crisis which impacted the second half of last financial year. On a sequential six monthly period basis, sales revenue trended up 9.4 per cent.

Importantly, the division retained all existing customers and contracts while securing a number of additional contracts. In total, the division was awarded approximately \$200 million in new contracts and contract re-competes over the period. These included:

- Two new three-year contracts for the provision of shutdown and maintenance services for Rio Tinto Iron Ore's Coastal and Inland West Operations in WA;
- A new three-year facilities management services contract associated with the construction of the Gorgon LNG Project on Barrow Island in WA;
- A new maintenance contract for the provision of dragline shutdown services for Xstrata at its Bulga Coal Complex in NSW; and
- Contract extensions for Rio Tinto Alcan's Yarwun Alumina Refinery and W.A. Oil (Chevron) at Barrow Island and Thevenard Island.

Other highlights of the period included the successful completion of major shutdowns and turnarounds at a number of BHP Billiton Nickel West sites in WA, BHP Billiton Mitsubishi Alliance (BMA) at its Blackwater Mine in the Bowen Basin in Queensland and at various Rio Tinto Iron Ore's Coastal and Inland West operations in WA.

### **Skystar**

The company's aviation ground handling business Skystar Airport Services (Skystar) continued to deliver healthy underlying business growth during the period.

Sales revenue was up 32.7 per cent to \$6.5 million, driven by strong underlying volume growth and full period contributions from new contract wins awarded in 2008/09.

Skystar continued its core focus on service delivery excellence to its key customer, the Qantas group, while delivering strong safety and on time performance across its operations.

### **Outlook**

As previously announced, the company entered the 2009/10 financial year in a strong position with a healthy forward workload.

Across the first half period, the company continued to experience stronger levels of business activity driven by increasing levels of customer confidence.

Current business activity and forward workload levels remain healthy and are anticipated to result in second half sales revenue and earnings similar to those of the first half.

With the resources sector strengthening and the outlook for energy and infrastructure markets remaining positive, the company is in a strong position to continue to capitalise on a healthy pipeline of project opportunities.

Over recent months industry capacity issues have started to re-emerge. In particular, skilled labour shortages within the engineering and construction industry have once again become apparent. In responding to these challenges, the company has begun to renew its focus on capacity expansion and people recruitment and retention strategies.

The company will also continue to pursue its long term market growth strategy with ongoing expansion in energy and infrastructure markets together with the maximising of returns from core resource sector markets.

**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:-

	<b>Monadelphous Group Limited</b>	
	<b>Ordinary Shares</b>	<b>Options</b>
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	16,237	Nil

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

On 2 February 2010, as a result of the exercise of 212,500 employee options, 88,251 fully paid ordinary shares were issued for a total consideration of \$1,142,250. 124,249 shares owned by the Monadelphous Group Limited Employee Share Trust were also utilised for the option exercise.

On 15 February 2010, Monadelphous Group Limited declared an interim dividend on ordinary shares in respect of the 2010 financial year. The total amount of the dividend is \$30,112,845, which represents a fully franked interim dividend of 35 cents per share. This dividend has not been provided for in the 31 December 2009 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 2009 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 7 and forms part of the Directors' Report for the half-year ended 31 December 2009.

**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, 15 February 2010

## 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 2009, 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 Pavlovich  
Partner  
15 February 2010

To the members of Monadelphous Group Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Monadelphous Group Limited, which comprises the statement of financial position as at 31 December 2009, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 2009 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.

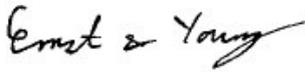
### Independence

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 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 2009 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 Pavlovich  
Partner  
Perth  
15 February 2010

**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 2009 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, 15 February 2010

**INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Notes	Consolidated Half-year ended 31 December 2009 \$'000	Consolidated Half-year ended 31 December 2008 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	2	621,454	565,675
Cost of services rendered		(545,406)	(495,538)
<b>GROSS PROFIT</b>		76,048	70,137
Other income	2	487	936
Business development and tender costs		(5,838)	(5,601)
Occupancy costs		(855)	(831)
Administrative costs		(12,403)	(11,931)
Finance costs		(928)	(936)
Share of net profits of joint ventures accounted for using the equity method		-	542
<b>PROFIT BEFORE INCOME TAX</b>		56,511	52,316
Income tax expense		(15,962)	(15,467)
<b>PROFIT AFTER INCOME TAX</b>		<b>40,549</b>	<b>36,849</b>
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF MONADELPHOUS GROUP LIMITED</b>		<b>40,549</b>	<b>36,849</b>
Basic earnings per share for the half-year (cents per share)		47.3	43.7
Diluted earnings per share for the half-year (cents per share)		46.6	42.7
Franked interim dividend per share (cents per share)		35.0	30.0

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<b>Consolidated Half-year ended 31 December 2009 \$'000</b>	<b>Consolidated Half-year ended 31 December 2008 \$'000</b>
<b>NET PROFIT FOR THE PERIOD</b>	<b>40,549</b>	<b>36,849</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Net fair value gains on available-for-sale financial assets	7,589	-
Foreign currency translation	(46)	362
Income tax on items of other comprehensive income	(2,277)	-
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>5,266</b>	<b>362</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF MONADELPHOUS GROUP LIMITED</b>	<b>45,815</b>	<b>37,211</b>

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2009

	Notes	Consolidated as at 31 December 2009 \$'000	Consolidated as at 30 June 2009 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		158,617	152,235
Trade and other receivables		112,486	110,604
Inventories		21,721	15,360
<b>Total current assets</b>		<u>292,824</u>	<u>278,199</u>
<b>Non-current assets</b>			
Available-for-sale financial assets	4	16,882	8,951
Property, plant and equipment		74,548	70,075
Deferred tax assets		9,454	13,455
Goodwill		2,551	2,551
<b>Total non-current assets</b>		<u>103,435</u>	<u>95,032</u>
<b>TOTAL ASSETS</b>		<u>396,259</u>	<u>373,231</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		194,268	170,322
Interest bearing loans and borrowings		10,096	10,703
Income tax payable		2,117	6,629
Provisions		38,031	45,145
Derivative financial instruments		-	327
<b>Total current liabilities</b>		<u>244,512</u>	<u>233,126</u>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings		16,391	14,205
Provisions		1,797	3,018
Deferred tax liabilities		218	317
<b>Total non-current liabilities</b>		<u>18,406</u>	<u>17,540</u>
<b>TOTAL LIABILITIES</b>		<u>262,918</u>	<u>250,666</u>
<b>NET ASSETS</b>		<u>133,341</u>	<u>122,565</u>
<b>EQUITY</b>			
Contributed equity		28,941	28,941
Reserves		17,686	9,696
Retained earnings		86,714	83,928
<b>TOTAL EQUITY</b>		<u>133,341</u>	<u>122,565</u>

STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Consolidated	<i>Attributable to equity holders</i>					Total \$'000
	Issued Capital \$'000	Net Unrealised Gains Reserve \$'000	Share- Based Payment Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	
At 1 July 2009	28,941	3,559	6,271	(134)	83,928	122,565
Other comprehensive income	-	5,312	-	(46)	-	5,266
Profit for the period	-	-	-	-	40,549	40,549
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>5,312</b>	<b>-</b>	<b>(46)</b>	<b>40,549</b>	<b>45,815</b>
<b>Transactions with owners in their capacity as owners</b>						
Share-based payments	-	-	1,044	-	-	1,044
Deferred tax asset recognised on Employee Share Trust	-	-	1,680	-	-	1,680
Dividends paid	-	-	-	-	(37,763)	(37,763)
<b>At 31 December 2009</b>	<b>28,941</b>	<b>8,871</b>	<b>8,995</b>	<b>(180)</b>	<b>86,714</b>	<b>133,341</b>

Consolidated	<i>Attributable to equity holders</i>					Total \$'000
	Issued Capital \$'000	Net Unrealised Gains Reserve \$'000	Share- Based Payment Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	
At 1 July 2008	28,678	-	1,759	(311)	71,691	101,817
Other comprehensive income	-	-	-	362	-	362
Profit for the period	-	-	-	-	36,849	36,849
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>362</b>	<b>36,849</b>	<b>37,211</b>
<b>Transactions with owners in their capacity as owners</b>						
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)
<b>At 31 December 2008</b>	<b>28,094</b>	<b>-</b>	<b>5,142</b>	<b>51</b>	<b>72,283</b>	<b>105,570</b>

**STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<b>Consolidated Half-year ended 31 December 2009 \$'000</b>	<b>Consolidated Half-year ended 31 December 2008 \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	723,824	644,904
Payments to suppliers and employees	(651,446)	(554,588)
Income tax paid	(17,169)	(18,137)
Other income	402	245
Interest received	1,900	2,969
Borrowing costs	(928)	(936)
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<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>56,583</b>	<b>74,457</b>
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<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	345	887
Purchase of property, plant and equipment	(5,366)	(5,398)
Purchase of available-for-sale financial assets	(343)	-
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<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(5,364)</b>	<b>(4,511)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share buyback	-	(584)
Dividend paid	(37,763)	(36,257)
Repayment of borrowings	(86)	(84)
Payment of finance leases	(6,361)	(7,411)
	<hr/>	<hr/>
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(44,210)</b>	<b>(44,336)</b>
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>7,009</b>	<b>25,610</b>
Opening cash and cash equivalents brought forward	152,235	126,447
Net foreign exchange difference	(627)	848
	<hr/>	<hr/>
<b>CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>158,617</b>	<b>152,905</b>
	<hr/>	<hr/>

**NOTES TO AND FORMING PART OF THE HALF-YEAR FINANCIAL STATEMENTS  
31 DECEMBER 2009**

**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 2009.

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 2009, 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 and available-for-sale financial assets 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 2009, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2009, as described in Note 1 (c).

**c) Changes in Accounting Policies**

Australian Accounting Standards and Interpretations that have recently been issued or amended and are effective 1 July 2009 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 2009.

Monadelphous Group Limited and its subsidiaries ("the Group") has adopted all Australian Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2009, including:

• **AASB 8 Operating Segments**

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments. Adoption of this Standard did not have any effect on the financial position or performance of the Group.

## AND CONTROLLED ENTITIES

## NOTES TO AND FORMING PART OF THE HALF-YEAR FINANCIAL STATEMENTS

31 DECEMBER 2009

**c) Changes in Accounting Policies (continued)**

## • AASB 101 Presentation of Financial Statements (Revised)

The revised Standard introduces the requirement to produce a statement of comprehensive income that presents all items of recognised income and expense.

## • AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments

The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs. Adoption of this Standard did not have any effect on the financial position or performance of the Group.

**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 2009.

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.

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.

	<b>Consolidated 31 December 2009 \$'000</b>	<b>Consolidated 31 December 2008 \$'000</b>
<b>2. REVENUE AND EXPENSES</b>		
<b>(a) Specific Items</b>		
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:		
<b>(i) Revenue</b>		
Rendering of services	619,513	562,706
Finance income	1,941	2,969
	621,454	565,675
<b>(ii) Other income</b>		
Gain on disposal of property, plant and equipment	85	691
Other income	402	245
	487	936

## AND CONTROLLED ENTITIES

## NOTES TO AND FORMING PART OF THE HALF-YEAR FINANCIAL STATEMENTS

31 DECEMBER 2009

	Consolidated 31 December 2009 \$'000	Consolidated 31 December 2008 \$'000
<b>2. REVENUE AND EXPENSES (continued)</b>		
<b>(b) Expenses</b>		
Depreciation of non-current assets	8,659	7,210
<b>3. DIVIDENDS PAID AND PROPOSED</b>		
(a) Fully franked dividends declared and paid during the half-year	37,763	36,257
(b) Dividends proposed and not yet recognised as a liability	30,113	25,785

**4. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Available-for-sale financial assets consists of investments in ordinary shares at fair value in Norfolk Group Limited (ASX Code: NFK).

**5. NON-CASH FINANCING AND INVESTING ACTIVITIES**

During the half-year the consolidated entity acquired plant and equipment with an aggregate fair market value of \$8,025,897 (2008: \$5,844,035) by means of finance leases and hire purchase agreements.

**6. OPERATING SEGMENTS**

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 2009 the Engineering Construction division contributed revenue of \$438.3 million, Maintenance and Industrial Services division contributed revenue of \$176.9 million and Skystar Airport Services contributed revenue of \$6.5 million. Included in these amounts is \$2.2 million of inter-entity revenue. The Engineering Construction and Maintenance and Industrial Services divisions are exposed to similar risks and rewards from operations, and are only segmented to facilitate appropriate management structures.

The directors believe that the aggregation of the Engineering Construction and Maintenance and Industrial Services divisions is appropriate for segment reporting purposes for the following reasons:

- The Engineering Construction and Maintenance and Industrial Services divisions have similar economic characteristics;
- The significant divisions perform similar services for the same industry sector;
- The core operational business processes are similar for each division;
- The divisions both provide a diversified range of similar engineering services to a large number of common clients;
- The divisions utilise a centralised pool of engineering assets and shared services in their service delivery models, and the services provided to customers allow for the effective migration of employees between divisions; and
- The consolidated entity operates predominately in one geographical area, namely Australia.

Skystar Airport Services is not considered material for segment reporting purposes.

**7. 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:

	<b>Consolidated 31 December 2009 \$'000</b>	<b>Consolidated 31 December 2008 \$'000</b>
Guarantees given to various clients for satisfactory contract performance	134,683	136,616

**8. EVENTS AFTER BALANCE SHEET DATE**

On 2 February 2010, as a result of the exercise of 212,500 employee options, 88,251 fully paid ordinary shares were issued for a total consideration of \$1,142,250. 124,249 shares owned by the Monadelphous Group Limited Employee Share Trust were also utilised for the option exercise.

On 15 February 2010, Monadelphous Group Limited declared an interim dividend on ordinary shares in respect of the 2010 financial year. The total amount of the dividend is \$30,112,845, which represents a fully franked interim dividend of 35 cents per share. This dividend has not been provided for in the 31 December 2009 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 2009 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.