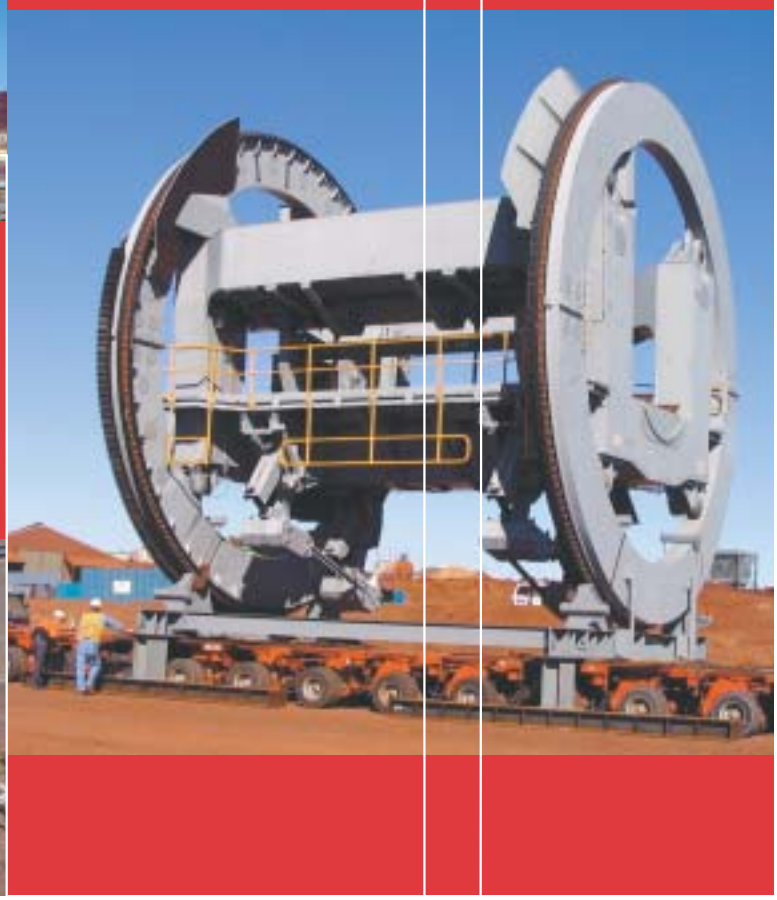
Monadelphous

Annual Report 2004



Monadelphous is a leading national engineering group providing extensive engineering construction, maintenance and industrial services to the resources, energy and infrastructure industry sectors.

The company has operated for over 30 years and has a solid track record in the safe and reliable delivery of major multi-disciplinary construction projects and maintenance and industrial services for customers throughout Australia.

Recognised as a highly customer-focused organisation, Monadelphous is uniquely capable of providing value solutions for a diversity of customer requirements.

The company operates from major offices located in Perth and Brisbane with local engineering support services provided through fully equipped regional operations located in key resource industry centres around Australia.

Our Purpose

"To deliver safe and reliable construction, maintenance and industrial service solutions to Australian industry"

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Board of Directors

John Rubino
Chairman
- Appointed to board 18 January 1991
- Over 35 years experience in the construction and engineering services industry

Peter Dempsey
Non-Executive Director
- Appointed to board 30 May 2003
- Over 30 years experience in the construction industry

Irwin Tollman
Non-Executive Director
- Appointed to board 26 August 1992
- Chartered Accountant, Member Institute of Chartered Accountants in Australia
- Over 10 years experience in the construction and engineering services industry

Robert Velletri
Managing Director
- Appointed to board 26 August 1992
- Mechanical Engineer, Corporate Member of the Institute of Engineers Australia
- Over 25 years experience in the construction and engineering services industry

Monadelphous

The year saw the company consolidate on the gains made in the previous 12 months, whilst delivering improved margins from a strong operational performance and a better quality of earnings.

John Rubino - Chairman

I am happy to report to shareholders that Monadelphous Group Limited has recorded a strong financial performance for the year ended June 30, 2004, with another record profit result.

The year saw the company consolidate on the gains made in the previous 12 months, whilst delivering improved margins from a strong operational performance and a better quality of earnings.

Importantly, and as forecast in the half yearly report, the company has been able to capitalise on its increasingly dominant position in a buoyant resources market by securing a record number of new major engineering construction and maintenance services contracts which will underpin the business going forward.

The year was hallmarked by the following financial highlights:

- Profit after tax for the year increased 20.6 percent to $8.53 million ($7.07 million for the previous corresponding period).
- Sales revenue was down 9.4 percent to $220.8 million ($243.7 million previously).
- Earnings before interest, tax, depreciation and amortisation (EBITDA) were up 5.3 percent to $16.13 million ($15.32 million previously).
- Earnings per share (EPS) were up 16.5 percent to 44.5 cents per share (38.2 cents previously).
- Cash at balance date was down 1.2 percent to $15.9 million ($16.1 million previously).
- Total assets were up 19.6 percent to $86.1 million ($72 million previously).
- Shareholders' equity was up 15.2 percent to $39.3 million ($34.1 million previously).
- The Board approved a final dividend of 19 cents per share fully franked. This took the full year's dividend to 30 cents per share fully franked – a 20 percent increase (25 cents for the previous corresponding period).
- Capital investment increased to meet future demand.

With the forward workload at record levels and a positive medium to long-term outlook, the company has moved to increase the capabilities of our construction plant and equipment to better meet future demand.

In June, the company committed to increase its heavy lift crane fleet with the investment of $6 million in two new crawler cranes – one of 350 tonne capacity and one 275 tonne capacity. (This capital commitment was partly offset by the sale of older plant and equipment during the year which reaped over a million dollars in proceeds.)

The investment in the latest state-of-the-art cranage will be utilised on existing and future contracts. This will provide the capability to maximise work efficiency, improve safety and increase market competitiveness, plus also improve the company's ability to win larger contracts. More new equipment is on order.

Labour market and management challenges

The capacity of Monadelphous, and the contracting industry generally, to deal with the forecast workload in 2004/05 will be challenged by a shortage of skilled labour already becoming evident.

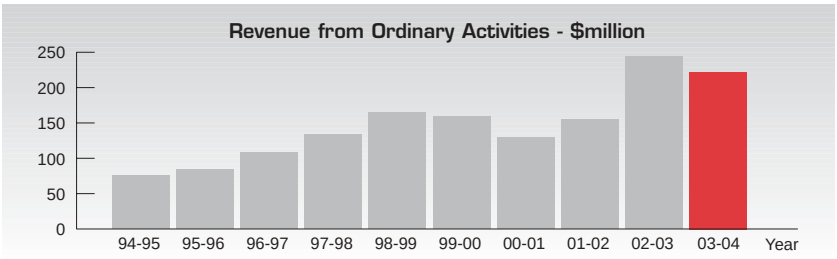
As part of its growth strategy, the company has increased its focus in the area of organisational and people management. Late in 2003/04, the company appointed a General Manager, Human Resources to implement our people strategy aimed at improving our ability to attract, recruit, retain and develop the right people for our growing organisation. A key strategic objective as we go forward is to ensure we build and develop the talent within the organisation for sustainable growth.

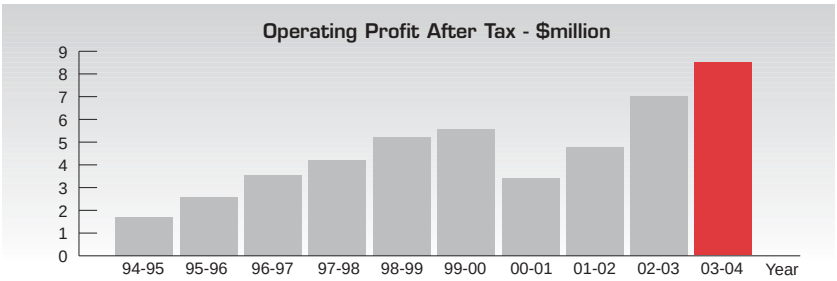
Prudent management of the company's growth to ensure long-term sustainability will continue to be a major focus. Initiatives to further develop the company's leadership and management capabilities, particularly with respect to organisational efficiency and effectiveness and risk management, will be key features of internal development programs.

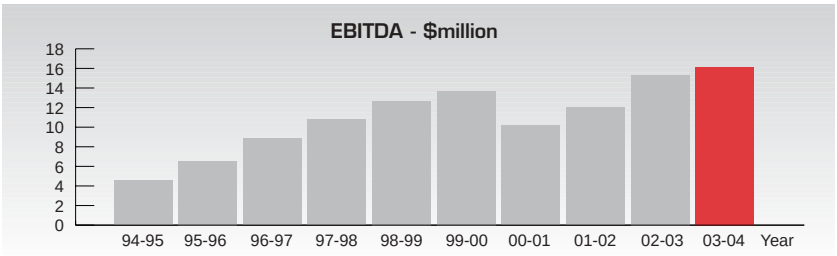
Financial Summary 1999-2004

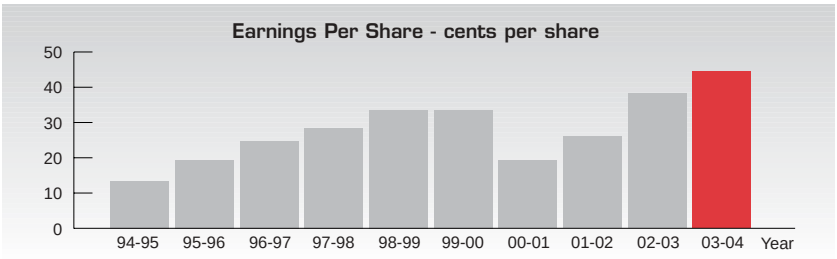
	2004 $'000	2003 $'000	2002 $'000	2001 $'000	2000 $'000	1999 $'000
Revenue from ordinary activities	**223,415**	244,891	155,622	130,820	161,188	165,258
Profit from ordinary activities before income tax expense	**12,153**	10,130	6,848	5,608	9,297	8,240
Income tax expense	**3,625**	3,060	2,075	2,218	3,716	3,012
Profit from ordinary activities after income tax expense	**8,528**	7,070	4,773	3,390	5,581	5,228
Basic earnings per share	**44.5c**	38.2c	26.0c	19.2c	33.6c	33.5c
Interim dividends per share (fully franked)	**11.0c**	8.0c	5.5c	5.5c	13.0c	12.0c
Proposed final dividends per share (fully franked)	**19.0c**	17.0c	8.5c	4.0c	27.0c	15.0c
Net tangible asset backing per share	**$2.01**	$1.83	$1.52	$1.40	$1.20	$1.22
Total equity and reserves	**39,271**	34,100	27,795	25,589	20,049	19,775
Depreciation	**4,230**	5,236	5,152	4,454	4,431	3,776
Return on equity (%)	**21.7**	20.7	17.2	13.2	27.8	26.4
EBITDA margin (%)	**7.3**	6.3	7.8	7.7	8.6	7.6

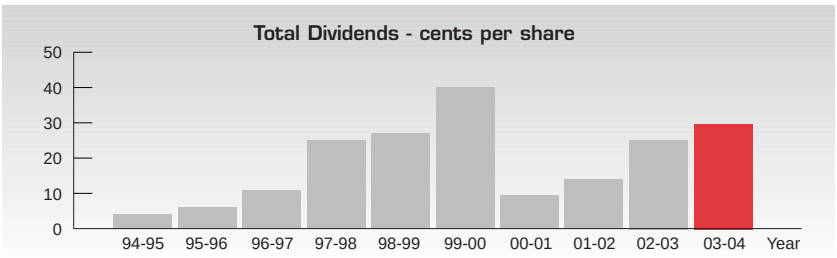
Chairman's Report to Shareholders (continued)

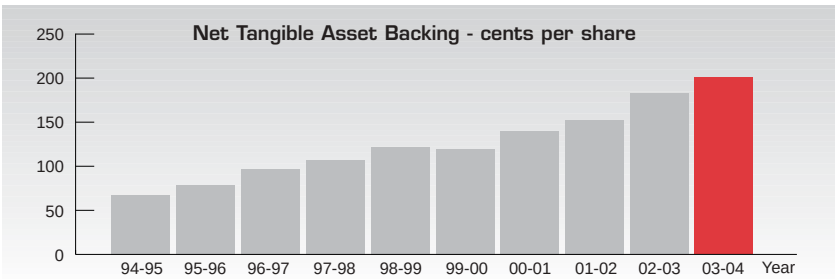












Outlook

The company is confident of growing its sales revenue in 2004/05.

The market outlook continues to be very positive with Australian resources in high demand, particularly fuelled by demand from China. A wealth of major resource development projects are in the pipeline over the next few years, including ongoing developments in iron ore, oil and gas, alumina, nickel and coal industries.

Whilst the more immediate opportunities for organic growth are in the engineering construction business, the company will continue to pursue the longer term aim of growing a more sustainable revenue base from its maintenance and industrial services business, particularly in eastern states markets.

Our success is very much attributable to the support of our highly valued customers, partners and suppliers. We have forged excellent long-term relationships with them and I thank them for their ongoing support.

I also take the opportunity to thank and acknowledge the efforts of the drivers of our success – our people. We have a growing pool of highly talented and dedicated people. I congratulate them on their achievements in another terrific year.

John Rubino
Chairman

The 2003/04 financial year was a period of consolidation, with revenues stabilising at historically high levels and with a pleasing improvement in margins delivering record profits.

The 2003/04 financial year was a period of consolidation, with revenues stabilising at historically high levels and with a pleasing improvement in margins delivering record profits.

Most of the year was focussed on building capability and forward workload and we entered the 2004/05 financial year looking ahead to another year of substantial growth. The latter end of the year produced a string of major contract wins reflecting our continuing success at developing a more prominent position in a growing market.

Operational Review

Engineering Construction

Operational highlights for the reporting period for the Engineering Construction division included successful completion of three major contracts associated with the expansion of BHP Billiton's iron ore operations in the Pilbara region of Western Australia, valued at over $80 million. In particular:

- The successful completion of structural, mechanical and electrical works for the iron ore handling plant for the Mining Area C project.
- The successful completion of civil, structural and mechanical works for the Products and Capacity Expansion Project at Nelson Point in Port Hedland.
- The successful completion of structural and mechanical works at Finucane Island for the Products and Capacity Expansion Project in Port Hedland.

All contracts were executed on budget and schedule, with an excellent safety record and a high level of client satisfaction.

Supported by its long track record of exceptional operational performance, the company also secured and substantially completed a number of additional contracts associated with iron ore expansions in the Pilbara during the reporting period valued at approximately $50 million. These included:

- Structural, mechanical and electrical works for the Yandi 24 million tonne iron ore expansion project for Rio Tinto Iron Ore (RTIO)/Hamersley Iron.
- Structural and mechanical works associated with the upgrade of RTIO/Robe River's iron ore handling plant at Cape Lambert.
- Structural and mechanical works at BHP Billiton's Nelson Point iron ore operations in Port Hedland.
- Structural and mechanical works at BHP Billiton's Mining Area C iron ore operations.

During the second half of the reporting period the company announced a record number of major engineering construction contract wins:

- In January, the company was awarded a major construction contract associated with the expansion of Comalco's bauxite operations at Weipa in northern Queensland. The contract is valued at approximately $20 million and is scheduled for completion in November 2004.
- In April, the company announced it had signed a Heads of Agreement to execute a contract in relation to structural, mechanical and commissioning works associated with the Burrup Fertilisers Ammonia Plant Project in Karratha, WA. The work is valued at approximately $40 million and is scheduled to be completed in July 2005.
- Also in April, the company was awarded a major construction contract associated with RTIO/Hamersley Iron's Parker Point expansion in Karratha, WA. The work is valued at approximately $30 million and is scheduled for completion in January 2005.

Subsequent to the reporting date, in July, two more major contracts were secured:

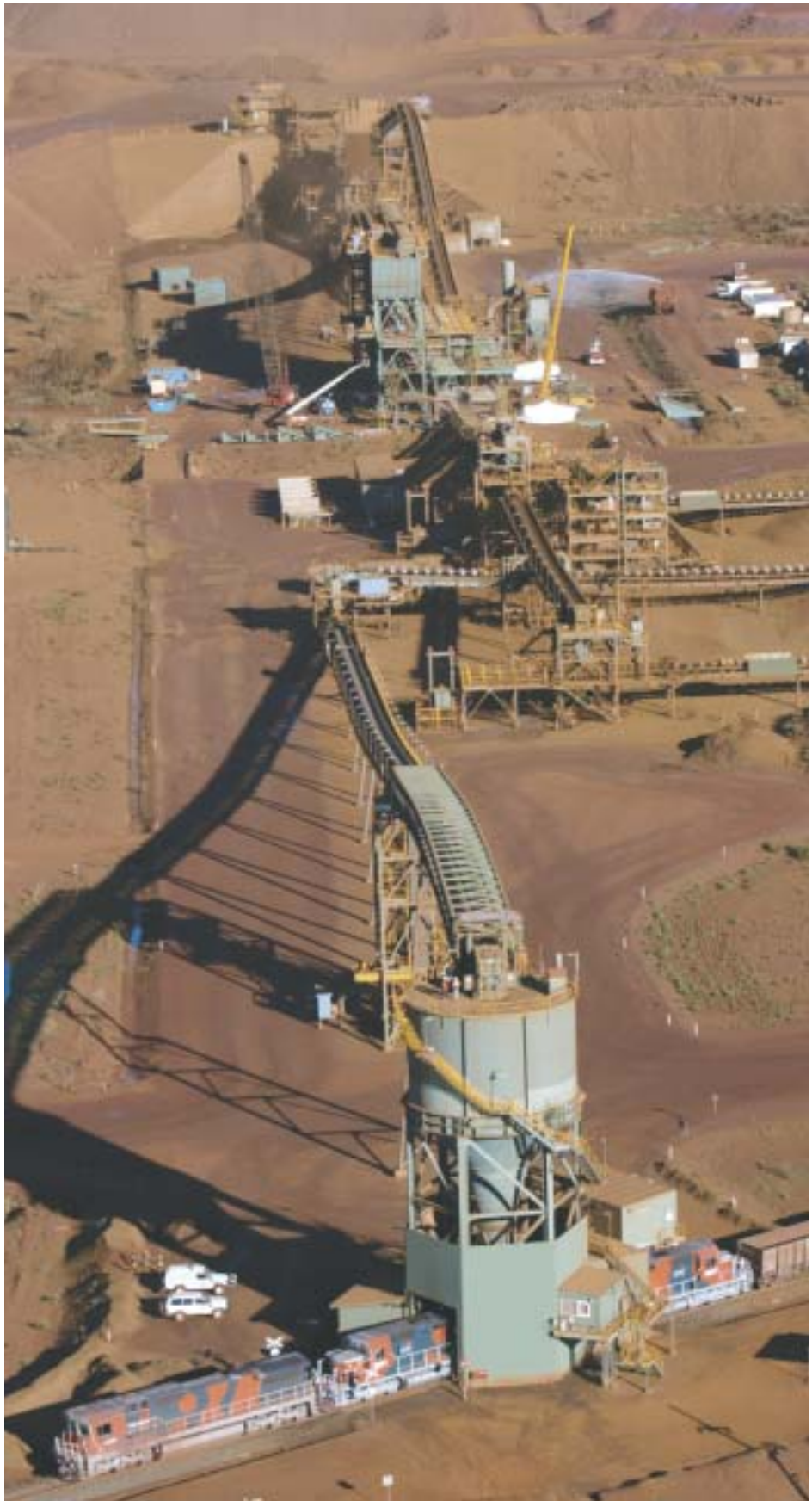
- The company was awarded a contract valued at approximately $25 million for the design and construction of the coal handling facilities associated with the Rolleston Coal Project for Xstrata Coal in the Bowen Basin in central Queensland. The contract is due for completion in October 2005.
- The company was successful in securing further iron ore expansion work when it was awarded its largest ever lump sum contract. The contract is for works associated with the expansion of Hamersley Iron's Yandi iron ore plant in WA's Pilbara region. The contract is valued at approximately $50 million and is scheduled for completion in January 2005.

Maintenance and Industrial Services

Revenues from the Maintenance and Industrial Services division were reduced this year following the closure of marginally performing regional operations at Mount Magnet and Karratha in WA early in the year and the termination in November 2003 of the maintenance contract at the Lennard Shelf operations of Western Metals Zinc NL following the liquidation of the customer, as previously reported. Importantly, however, the division secured a number of new contracts which will strengthen revenues going forward.

The company completed the implementation of its previously announced restructure with the establishment of the Maintenance and Industrial Services division headquarters in Brisbane during the year. The restructure, which was aimed at placing a stronger focus on growing the company's presence in the eastern states markets, paid early dividends when Monadelphous – in joint venture with Fluor Australia – was awarded a five-year reliability services contract for Comalco's new alumina refinery in Gladstone, Queensland.

The Fluor Monadelphous Services (FMS) joint venture has been contracted to work in an alliance with Comalco to provide integrated maintenance and shutdown services to the Comalco Alumina Refinery (CAR). The services are designed to effectively and efficiently manage its long-term reliability support, in particular during periods of peak workload and ramp up of the plant, as well as provide an effective mechanism for supplying ongoing shutdown and routine maintenance support services.



The company also recorded another major contract win late in the reporting period when Monadelphous in joint venture with Fluor Australia and Broadspectrum, a South Australian electrical and instrumentation services company, was awarded a three-year comprehensive multi-disciplinary maintenance services contract by WMC Resources at their copper, uranium mine and processing facilities at Olympic Dam in South Australia.

The Monadelphous Broadspectrum Fluor joint venture (MBFjv) is contracted to provide maintenance services support at Olympic Dam, including planning, execution and supervision of maintenance work orders and management of contracted services.

Monadelphous has been providing services to the operations at Olympic Dam for over ten years and the latest contract has secured its long-term position as the major provider of maintenance services at this world class facility.

Other operational highlights for the division during the period included:

- Successful substantial completion of the General Services contract associated with Woodside Energy's North West Shelf LNG4 expansion project in WA.
- Successful completion of two major contracts for shutdown works for WMC Resources at their Olympic Dam Operations in SA and at their Kwinana Nickel Refinery in WA.
- Extension of the maintenance services contract with ChevronTexaco's oil production facilities at Barrow and Thevenard Islands off the north west coast of WA.
- Extension of the capital works services contract and expansion of the contract to include civil and building works for Alcan at their Gove alumina refinery in the Northern Territory.

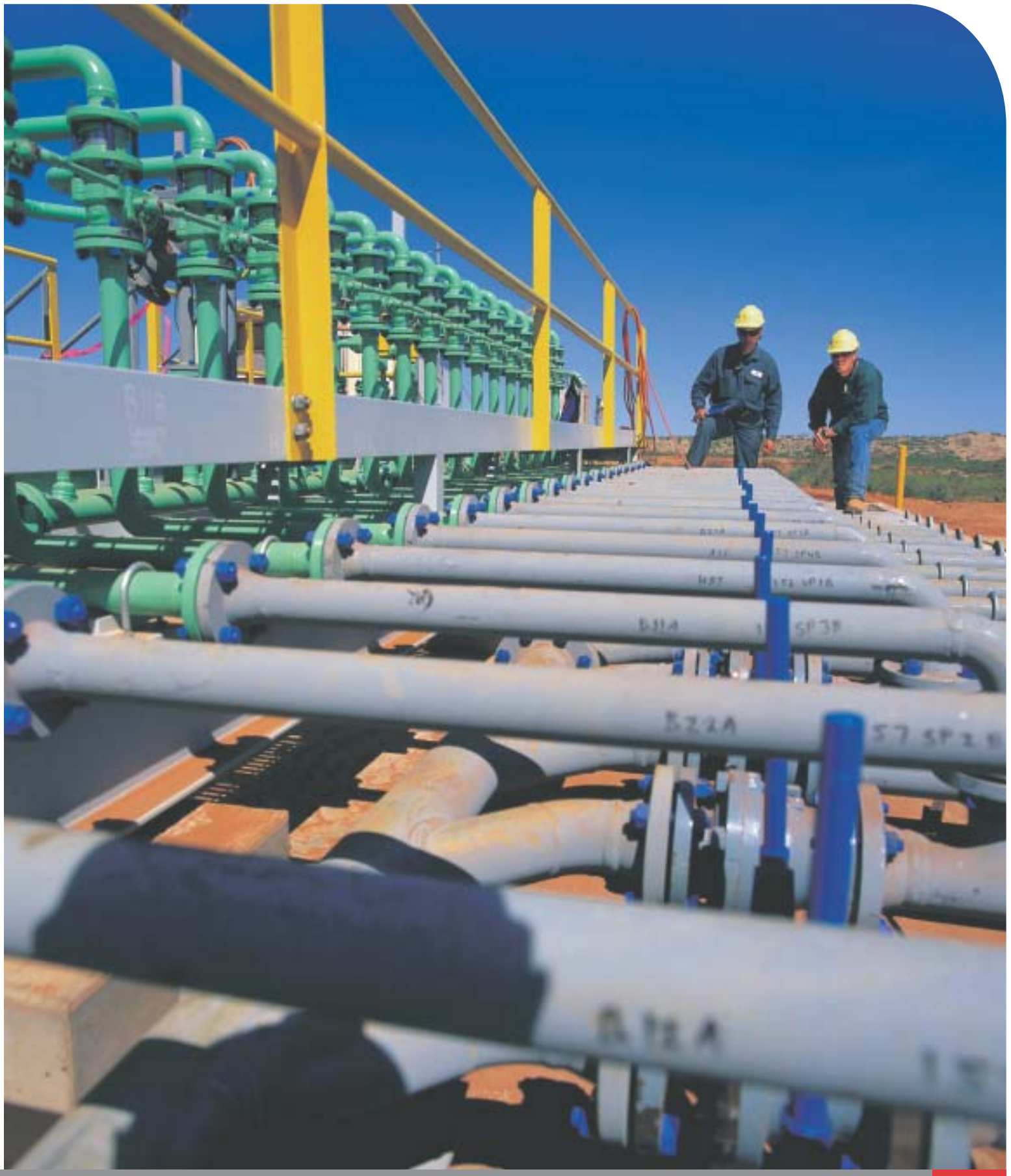
Additional ground handling contracts secured by Skystar Airport Services with Royal Brunei in Perth and with Qantas group operator Jetstar at the north Queensland airports of Proserpine and Hamilton Island.

Health and Safety

Health and Safety management is a major priority for the company with 'zero harm' our goal. Whilst our total recordable injury rate and severity rate for the year was our best ever performance, long-term trends indicate a plateauing of performance. A development program aimed at achieving more significant improvement is planned in 2004/05.

Following completion of the restructure, the company also completed a revamp and upgrade of its quality management system and secured third party accreditation to the latest ISO 9001: 2000 standard.

Robert Velletri
Managing Director



Engineering Construction

The Engineering Construction division provides large-scale, multi-disciplinary project management and construction services.

The Engineering Construction division provides large-scale, multi-disciplinary project management and construction services, including:

- Structural, mechanical, tankage and piping construction
- Complete design and construction services
- Turnkey packages.

The division has an extensive track record in the mineral resources sector and is becoming increasingly active in the energy and manufacturing sectors.

The strategic organisational restructure completed in 2002 provided a solid foundation for growth for the company in 2003/2004. As one of two operating divisions created within the new structure, Engineering Construction was better placed to strengthen its multi-disciplinary capabilities, build on its position in the marketplace, and target larger-scale projects across a more diverse range of industry sectors.

2003/2004 saw a remarkable acceleration in the division's contracting activities on both sides of Australia. China, with its huge demand for iron ore and coal, was the primary stimulus for this business growth.

By the end of July 2004, Monadelphous had won a number of major resource-related projects. Among the largest were Comalco's NeWeipa project in north Queensland; the Xstrata Rolleston Coal Project in the Bowen Basin, central Queensland; the Burrup Fertilisers Ammonia Plant; and the Yandi 36 Mt/a expansion project for Rio Tinto Iron Ore/Hamersley Iron, both in the Pilbara region of Western Australia.

The award of these contracts was the culmination of intensive business development efforts earlier in the year, coupled with a high level of customer satisfaction from previous projects. Keeping a watchful eye on the resources sector, the Engineering Construction division focused on marketing and client relationship-building, and it was rewarded when the predicted upturn arrived.

Several major projects were successfully completed during the year, including the Rio Tinto Iron Ore/Hamersley Iron Yandi 24 Mt/a expansion and the BHP Billiton Iron Ore structural and mechanical works on Finucane Island.

The Engineering Construction division had an active finish to 2003/2004, with internal project teams established to deliver substantial new programs, and an intensive recruitment drive underway to attract and retain the best possible talent required for the upcoming large and complex engineering projects.

Safety planning and training has intensified across the division, with site supervisors identified as a priority target, due to the positive influence they exert across their teams.

Monadelphous has always maintained a policy of being self-sufficient in plant and equipment. With major new projects on the horizon, the company made several key equipment purchases during the year including new 350 and 275 tonne crawler cranes.

It is predicted that the current high level of activity in the resources sector will be sustained for the foreseeable future, making this an exciting time – an era of opportunity and challenge – for the Engineering Construction division.

Major Projects

BHP Billiton Iron Ore Pty Ltd
Area C

The BHP Billiton Iron Ore Area C mine is located about 130 km north west of Newman in the Pilbara region of Western Australia.

In March 2004, Monadelphous completed a 16 month-long, multi-disciplinary project to construct and pre-commission the structural, mechanical and electrical elements of the primary and secondary crushing, screening, sampling, conveying and train load out components of the ore handling plant.

The project was completed on schedule, on budget, with an excellent health and safety record and to the client's satisfaction.

BHP Billiton Iron Ore Pty Ltd
Structural/Mechanical Works, Finucane Island

Awarded to Monadelphous in December 2002, this contract required the supply and installation of structural steel, platework and minor mechanical items for the expansion of the iron ore facilities at Nelson Point and Finucane Island.

Monadelphous completed the original contract scope in December 2003, however the company was awarded a new contract for additional work, which it successfully completed, assisting the client to meet its deadline for the first iron ore load out in January 2004.

Burrup Fertilisers Pty Ltd
Burrup Fertiliser Project

In the latter part of the 2003/2004 financial year, Monadelphous was pleased to announce it would play a key role in the construction of a liquid ammonia plant.

The plant, a $630 million total investment from Burrup Fertilisers Pty Ltd, is being built on the Burrup Peninsula, near Karratha, in Western Australia's north west. This is one of the biggest projects for Monadelphous and represents significant new business for the company's West Australian operations.

With a projected workforce of over 300, Monadelphous will provide structural, mechanical and piping construction services along with commissioning support services for the plant.

The project is scheduled for completion in the third quarter of 2005.

Rio Tinto Iron Ore/Hamersley Iron
Car Dumper Project

As part of the overall Dampier Port Upgrade project, in Dampier, Western Australia, RTIO/Hamersley Iron is expanding its ore handling capabilities at the port, which includes provision of a new car dumper for greater capacity and increased efficiency when unloading ore freight carriages. Monadelphous was awarded a significant contract to provide mechanical, structural and electrical installation services for the new car dumper with work commencing in June, 2004.

A major factor in securing this contract was Monadelphous' directly related experience, from the successful completion of a similar car dumper project at Cape Lambert in Western Australia's north west in April 2002.

The project is planned for completion in January 2005.

Rio Tinto Iron Ore/Hamersley Iron
Yandi 24 Mt/a Expansion and 600k/t Stockyard Project

Hamersley Iron's Yandicoogina iron ore mine, located 250km north west of Newman, in the Pilbara region of Western Australia, is a single pit, open mine originally designed to produce 16 million tonnes per annum.

An increased demand for ore and ore products from Asia, in particular China, created the need for an overall plant expansion to bring its capacity up to 24 million tonnes per annum. Monadelphous was awarded a significant contract to provide structural, mechanical and electrical works and project management support, as part of the overall expansion program.

The Monadelphous team completed the work on schedule in March 2004, with an excellent health and safety record, and to the client's satisfaction. An on-time completion meant the client could process more ore, and meet its customers' demand.

Rio Tinto Iron Ore/Hamersley Iron

Yandi 36 Mt/a Expansion Project

Based upon its success with the previous expansion of the Yandi mine, Monadelphous was awarded a new contract – the largest lump sum contract in the company's history – as part of an additional expansion program to increase the mine's output to 36 million tonnes per annum. Monadelphous is contracted to supply, fabricate and install:

- A primary sizing building
- Scrubbing and screening building with thickener, various tanks and piping
- Secondary crusher
- Overland conveyors
- Product screening building
- Tertiary crushing building
- Associated conveyors linking the various facilities

In total, the installations will require 4,000 tonnes of steel, reflecting the large scale of the project.

The project is scheduled for completion in January 2005.

Comalco Aluminium Limited

NeWeipa Project
– Andoom & Lorim Point Facilities

Comalco's expansion of its bauxite operations at Weipa – about 900 kms north, north-west of Cairns, Queensland – is called the NeWeipa project and involves the construction of a beneficiation plant for processing and crushing ore to enable the processing facilities to operate continuously to meet increased customer demand.

Monadelphous was awarded two contracts to provide structural, mechanical and electrical works for the Andoom and Lorim Point facilities. The Andoom contract is for the beneficiation facility, which includes a new dump station, crushing station and associated conveyor, piping and pump works. The Lorim Point works include a new stacker, new and modified conveyors and electrical and piping requirements.

The Monadelphous team, in cooperation with Bechtel and Comalco project management, conducted intensive pre-planning to help ensure smooth, safe and timely works on the projects. The client, independent site auditor and the Mines Inspector have complimented the team on its planning efforts.

The NeWeipa project commenced in January 2004 and is scheduled for completion by the end of 2004. To date the project has achieved an excellent health, safety and environmental record.

Maintenance and Industrial Services

The Maintenance and Industrial Services Division is ideally placed to build on its successful year, expand its capacity to take on larger projects, and broaden its horizons into other industry sectors.

The Maintenance and Industrial Services division offers 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
- Airport ground handling services (through wholly-owned subsidiary Skystar Airport Services)

The organisational restructure of 2002/2003, and implementation of the company's five-year strategic plan, has had a positive impact on the division.

One recommendation of the strategic plan was to establish a Maintenance and Industrial Services presence in Eastern Australia. Within nine months, this goal was achieved.

With additional resources and management strength in the East, and encouraged by an increasingly buoyant resources sector across the country, the division was primed to capitalise on new and emerging opportunities. It had a productive 12 months of organisational consolidation resulting in a number of contract wins.

Major successes for the year include a new reliability services contract for Comalco at its Alumina Refinery in Gladstone, Queensland and new Skystar airport services contracts for Royal Brunei and Jetstar (Qantas).

In WA's north west region, Monadelphous was awarded a further extension to the ChevronTexaco General Services and Maintenance contract on Barrow and Thevenard Islands, and successfully completed several plant upgrade projects for Dampier Salt at its Port Hedland operation.

Other highlights include the provision of maintenance services to WMC for two significant shutdowns, one at the Olympic Dam Operation at Roxby Downs – the largest shutdown ever conducted in Australia – and the other at WMC's Kwinana Nickel Refinery. Monadelphous' Muswellbrook operations also executed a major shutdown for Rio Tinto Coal Australia's Hunter Valley operations.

The division attributes its successful year to a strong commitment to client relationships and customer satisfaction. It is this intense customer focus that has led to organic growth for the division, as it secures repeat business with existing satisfied customers.

Improved safety systems and staff development are high priorities for the Maintenance and Industrial division. The company-wide quality accreditation to ISO 9001:2000 was another major achievement for the year, further strengthening the systems and standards that underpin the division's contracting activities.

The Maintenance and Industrial Services division is ideally placed to build on its successful year, expand its capacity to take on larger projects, and broaden its horizons into other industry sectors.

Major Contracts

Alcan Gove

Capital Works Contract

The award of a Civil and Building Maintenance contract to Monadelphous in May 2004 expanded the company's involvement in the Alcan Gove bauxite mining and alumina production facility.

Monadelphous has provided structural and mechanical minor capital works to Alcan Gove in the Northern Territory since 1996. This original contract was awarded for a three-year period and has been extended annually. The contract is based on an open-book arrangement and is evergreen in nature.

The longevity of the original contract, and the inclusion of civil and building maintenance services into the work scope, reflects the client's continued satisfaction with Monadelphous' consistently sound performance.

ChevronTexaco Australia Pty Ltd

General Services & Maintenance Contract

At the end of June 2004, Monadelphous completed its third year of service provision to ChevronTexaco's oil and gas operations at Barrow and Thevenard Islands.

Monadelphous provides a comprehensive maintenance service to all above-sea facilities on both islands, including:

- Project management, engineering and planning support from Perth
- On-site supervision and planning
- General maintenance and welding services
- Heavy and light vehicle maintenance
- Painting and blasting
- Road maintenance
- Supply and operation of cranage and other plant and equipment
- Project management of operational and capital improvement works.

The scope of the contract was extended during the year with the appointment of Monadelphous as principal contractor for the GRE (Glass Reinforced Epoxy) Pipeline Project on Barrow Island. As principal contractor, Monadelphous is responsible for the project management, planning, installation and testing of over 700km of GRE piping and the removal of a similar quantity of Carbon Steel Piping.

The scope of work also includes the replacement of high-pressure waterflood piping with the project due for completion in 2006.

Comalco Alumina Refinery

Reliability Support Services

In April 2004 Monadelphous, in joint venture with Fluor Australia, was awarded a five-year integrated Reliability Support Services contract for the Comalco Alumina Refinery (CAR) in Gladstone, Queensland.

The refinery is located on a greenfield site and will be developed in three stages. The plant initially will produce nearly 1.5 million tonnes of alumina per year.

The reliability services at CAR will be uniquely delivered under an alliance contract between Fluor Monadelphous Services (FMS), Transpacific Industrial Solutions and Comalco. The services provided by FMS will enable the refinery to effectively and efficiently manage its long-term reliability support, especially during times of peak workload.

FMS integrated the resources of the two partners and established a fully cooperative working relationship. The partners have adopted key management principles such as openness and sharing of best practice methods. The complementary strengths of each partner will be strategically deployed to achieve optimum performance.

Western Power

Light Vehicle Maintenance Contract

This evergreen contract was first awarded in September 2001. Monadelphous continued to deliver excellent customer service to Western Power during the 2003/2004 financial year, providing preventative maintenance and breakdown services to over 900 passenger, light commercial and four-wheel drive vehicles.

Flexibility is a hallmark of this contract, with services provided in a number of locations, including Western Power's metropolitan depots and in regional locations through a network of subcontractors. Monadelphous also maintains a fully-equipped, three-bay workshop in Kewdale to service vehicles for Western Power and other clients.

Woodside Energy Limited

LNG 4 General Services Contract

Awarded to the Brambles Monadelphous Joint Venture (BMJV) in January 2002, the General Services contract was distinguished by an exemplary safety record and high level of client satisfaction.

BMJV provided a comprehensive range of on-site services and support, including: warehousing and logistics, the provision of heavy lift cranage up to 800 tonne capacity, pipe-spool and structural steel modifications in the on-site workshop, facilities maintenance, civil works and dust suppression, cleaning, waste disposal, and pre-commissioning support.

After more than 600,000 man-hours on the project, the team incurred no lost time and only two medical treatment injuries - an outstanding result for BMJV.

The contract was extended at the client's request until August 2004 and enabled BMJV to continue to provide on-site services (on a reduced scale) throughout the commissioning phase to start-up.

WMC Resources Olympic Dam Operations - Roxby Downs

Maintenance Services Contract

WMC Resources is a major global copper and uranium producer and its Olympic Dam operations near Roxby Downs in South Australia produces high quality refined copper, uranium oxide, gold and silver. The site includes the sixth largest known copper ore body and the largest uranium ore body in the world.

Monadelphous has provided maintenance and construction support to the Olympic Dam project since 1988. Towards the end of the 2003/2004 financial year the Monadelphous BroadSpectrum Fluor joint venture (MBFjv) was awarded a new three-year contract to provide maintenance support services, including planning, execution and supervision of maintenance work orders and management of contracted services. The contract has an extension option for an additional three years.

The team at Roxby Downs set a new record during the year when it achieved 1.8 million man-hours lost time injury free over the past six years.

Monadelphous is diversifying its customer base in central Queensland by expanding operations into the Bowen Basin.

Regional Operations

With a focus on key projects and the servicing of specific clients in regional areas across the country, the Regional Operations group provides maintenance services, construction services, workshop fabrication, labour hire, and cranage, plant and equipment hire. Operations are located in Darwin, Gladstone, Kalgoorlie, Mount Isa, Muswellbrook and Roxby Downs.

Kalgoorlie Operations

The Kalgoorlie operation continues to provide one-stop facilities by successfully utilising its four operating divisions: Projects, Mobile Equipment, Corrosion Protection and Labour Hire. The team successfully completed the St. Ives overland conveyor project and an upgrade to the Black Swan Mine in the past year.

The 2003/2004 financial year has seen the branch consolidate and focus on core capabilities and client relationships, enabling clear and decisive direction, and growth opportunities for the coming years.

Roxby Downs Operations

For a second year Monadelphous has achieved record levels of business at the Olympic Dam Operations at Roxby Downs, in South Australia with a number of major projects and shutdown operations undertaken throughout the year.

A highlight for this region was the award of the three-year WMC Resources General Maintenance Services contract to the MBFjv.

Gladstone Operations

The Gladstone operation continues to provide maintenance support services and undertake minor capital projects to the local industry in the immediate Gladstone area, including Queensland Alumina (QAL), Comalco's Boyne Smelter, the Gladstone Port Authority and Cement Australia's Gladstone plant.

The 2003/2004 financial year saw the branch consolidate its position to capitalise on significant growth opportunities for the coming years.

Additionally Monadelphous is diversifying its customer base in central Queensland by expanding operations into the Bowen Basin. The Company has made in-roads into this new regional market by winning and successfully executing a number of projects for Anglo Coal Australia at its Moranbah North operation.

Mount Isa Operations

Monadelphous achieved record levels of business for the 2003/2004 financial year at its Mount Isa operations with continued support for Xstrata's operations in central Queensland. In the forthcoming year a number of new projects for Xstrata and the potential to expand our client base provides significant opportunities for our Mount Isa operations.

Muswellbrook Operations

Due to an increased demand for coal and an improved long-term outlook, significant growth opportunities have arisen for the Muswellbrook operation in the Hunter Valley region of New South Wales. In the second half of the 2003/2004 financial year Monadelphous consolidated its position in this region and developed working relationships with several key customers in the area.

Following a successful shutdown project for Rio Tinto Coal and Allied at its Hunter Valley coal handling preparation plant, Monadelphous has been invited to provide ongoing maintenance support services. Other major customers in this region include BHP Billiton at its Mt Arthur Coal operations and the Rio Tinto Coal and Allied operations at the Bengalla Mine.

Darwin Operations

During the past year, Monadelphous provided support services from its Darwin operations to a number of offshore oil and gas facilities, including Woodside's Northern Endeavour FPSO and the Conoco Phillips Bayu-Undan facility. Additionally, the company completed works on the Darwin to Alice Springs railway line and on the new East Arm Wharf Stage 2 Development project.

The Darwin operation continues to focus on growth opportunities in the energy and infrastructure industries.

Monadelphous Workforce is a specialist supplier of personnel to industries across Australia.

Specialist Services

Mill Relines

In 2003/2004 the Mill Reline business unit continued to expand its client base and turnover from the previous year. The business unit has established a reputation for completing these "critical path" shutdowns within tight time constraints and on budget. Safety has been exemplary, with no lost time injuries recorded during the year.

Kalgoorlie Consolidated Gold Mines continues to be the largest client for the business unit, with numerous significant mill relines completed at the Fimiston and Mt Charlotte Mines.

Concrete and Structural Maintenance

The end of the 2003/2004 financial year marked the first official year that Concrete and Structural Maintenance had operated as a separate business unit under the Maintenance and Industrial Services Division.

Major business wins from the past year include the waterproofing contract at the five-star Hotel Rendezvous Observation City, and contracts with Collie Power, Iluka, TransAlta, Jubilee, Harmony Gold and Sons of Gwalia for various structural repair works.

With the restructuring and consolidating of the business unit completed, a new seasoned industry leader on board, a healthy tendering pipeline and rapid growth plans in place, 2004/2005 looks to be an exciting and successful year.

Workforce

Monadelphous Workforce is a specialist supplier of engineering, trades and semi-skilled personnel to industries across Australia. The Workforce business unit recorded exceptional growth in 2003/2004, increasing its turnover by 33 percent in just 12 months. As well as supplying labour for projects secured by Monadelphous' own divisions, the business experienced an overall increase in demand for labour from stand alone contracts resulting from the current surge in the resources industry.

The Workforce business unit saw an increase in labour placements in the fly-in, fly-out mining sector, with major clients including Agincourt Resources Ltd, Alcoa World Alumina, Barrick Gold Australia and Newmont Mining.

Health and safety is a top priority for Workforce with team members undergoing rigorous safety education and induction courses prior to mobilising to work sites. The business unit only takes on projects where it feels the team can work safely.

Although the Workforce business unit expects continued growth over the 2004/2005 year, the current industry boom has meant a shortage of skilled labour. This is a challenge the business unit is meeting by applying best practice human resources and industrial relations principles to Workforce, and focusing on recruitment principles, development and retention efforts.

Skystar

Established just two years ago, Skystar Airport Services Pty Ltd – a Monadelphous Group wholly-owned subsidiary – has seen tremendous growth and established itself as a leader in airport ground handling services and logistics. Skystar's integrated services include check-in, baggage handling and cabin cleaning; however, with its established alliances with industry authorities and ancillary providers, Skystar has become a single point of contact for all of its customers' airport logistics.

Skystar's early success continued in the 2003/2004 year with the signing of significant long term service contracts with Royal Brunei Airlines, operating from the Perth International Airport, and Jetstar Airways (a division of Qantas) operating from Hamilton Island and Proserpine in Queensland.

These airlines join Skystar's impressive client portfolio that also includes Air Paradise International, Emirates Airlines, Skywest Airlines and several private industry charter services.

Providing unparalleled customer service is the top priority for Skystar. To ensure it meets this objective, Skystar employs the industry's best and brightest, with many employees hailing from the airline or aviation industry. All employees support Skystar's goals and objectives and continuously strive to deliver superior customer service.

With immediate and mid-term opportunities and a proven track record, Skystar is well positioned for continued growth in the next year.

SKYSTAR
airport services

Corporate Services

Corporate Services is helping transform Monadelphous into a strategically-focused organisation.

The role of Corporate Services is to fully support the operational divisions and the executive management team by providing business-driven transactional and administration services, meaningful analysis and expert advice, and appropriate management and business systems.

Corporate Services is helping transform Monadelphous into a strategically-focused organisation. To achieve this, Corporate Services aligned its structure during the year with Monadelphous' key strategic objectives. The key changes are that Health, Safety and Environment now report directly to the Managing Director, as does the newly created position of General Manager Human Resources.

While supporting the operational divisions through the past year's rapid growth, Corporate Services also accomplished many internal goals, including the well received design and implementation of the Monadelphous Executive Development Program; the migration to a single quality system resulting in ISO 9001:2000 certification; successful completion of the ERP system rollout to all business units; and the implementation of a balanced scorecard performance management system aligned to the strategic and business plans.

The biggest challenge facing the operating divisions is the shortage of available skilled personnel. This has arisen due to the sudden increase in demand in the resources sector, and is affecting all organisations within the industry. As a result, Monadelphous' Corporate Services Division will place an increased emphasis on the implementation of a people strategy to recruit, develop and retain quality personnel, while maintaining its existing developmental programs.

While the market outlook for the Australian resources industries continues to be strong, the company continues to look for other revenue sources to sustain its growth. Consequently in the coming year Corporate Services will focus on identifying new markets and opportunities and on developing diversification strategies.

Monadelphous

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Corporate Directory

Year ended 30 June 2004

Directors

Calogero Giovanni Battista Rubino
Chairman

Robert Velletri
Managing Director

Irwin Tollman
Non-Executive Director

Peter John Dempsey
Non-Executive Director

Company Secretary

Charles Roland Giles Everist

Principal Registered Office in Australia

1-4 Sleat Road
Applecross
Western Australia 6153

Telephone: 08 9316 1255
Facsimile: 08 9316 1950
Website: www.monadel.com.au

Postal Address

PO Box 365
Applecross
Western Australia 6953

Share Registry

Computershare Registry Services Pty Ltd

Level 2, Reserve Bank Building
45 St George's Terrace
Perth
Western Australia 6000

Telephone: 08 9323 2000
Facsimile: 08 9323 2033

Auditors

Ernst & Young

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

Solicitors

Mallesons Stephen Jaques

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

Freehills

Level 22, AMP Building
140 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

Monadelphous Workforce Pty Ltd

Skystar Airport Services Pty Ltd

Monadelphous Properties Pty Ltd

Genco Pty Ltd

MBF Workforce Pty Ltd

Your directors submit their report for the year ended 30 June 2004.

DIRECTORS

The names and details of the directors of the company in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities:

Calogero Giovanni Battista Rubino
Chairman

Appointed 18 January 1991
Resigned as Managing Director on 30 May 2003 and continued as Chairman
38 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
25 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
13 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
31 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
10 years experience in the resources, construction and engineering services industries

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 Monadelphous Group Limited were:

	ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES
C. G. B. Rubino	2,001,000	Nil
R. Velletri	350,000	150,000
I. Tollman	189,038	Nil
P. J. Dempsey	6,000	Nil

	CENTS	$'000
EARNINGS PER SHARE		
Basic Earnings Per Share	44.5	
Diluted Earnings Per Share	43.5	
DIVIDENDS PAID OR PROPOSED		
Final dividends proposed		
• on ordinary shares	19.0	3,721
Dividends paid in the year:		
Current year interim		
• on ordinary shares	11.0	2,150
Final for 2003 shown as recommended in the 2003 report		
• on ordinary shares	17.0	3,284

CORPORATE INFORMATION

Corporate structure

Monadelphous Group Limited is a company limited by shares that is incorporated and domiciled in Australia. Monadelphous Group Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year (refer note 9(b) in the financial report).

The registered office of Monadelphous Group Limited is located at:

1-4 Sleat Road
Applecross
Western Australia 6153

Nature of operations and principal activities

Engineering Construction

Providing larger-scale multi-disciplinary project management and construction services, including:

- structural, mechanical, tankage and piping construction
- design and construct
- turnkey packages

Maintenance and Industrial Services

Providing comprehensive, single-source support services to operating facilities, including:

- maintenance of above and below ground mining and mineral processing facilities and mobile plant
- maintenance of oil and gas production and processing facilities
- shutdown planning, management and execution
- specialist concrete and structural repairs
- mill reline services
- labour and equipment hire
- 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, Gove, Roxby Downs, Gladstone, Mt Isa and Muswellbrook.

The consolidated entity's revenue is earned predominantly from the mining and resources sector.

There have been no significant changes in the nature of those activities during the year.

Employees

The consolidated entity employed 1,539 employees as of 30 June 2004 (2003: 1,376 employees).

REVIEW AND RESULTS OF OPERATIONS

Review

A review of operations of the consolidated entity during the financial year, the results of those operations, the changes in the state of affairs and the likely developments in the operations of the consolidated entity are set out in the Chairman's Report.

Operating results for the year

	2004 $'000	2003 $'000
Revenue from services	**220,760**	243,735
Profit from ordinary activities after income tax	**8,528**	7,070

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the chief entity or the consolidated entity during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There are no matters or circumstances that have arisen since the end of the financial year 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Other than as referred to in this report, further information as to likely developments in the operations of the consolidated entity would, in the opinion of the directors, be likely to result in unreasonable prejudice to the consolidated entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Monadelphous Group Limited is subject to a range of environmental regulations.

During the financial year Monadelphous Group Limited met all reporting requirements under any relevant legislation. There were no incidents which required reporting.

The company aims to continually improve its environmental performance.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 692,500 unissued ordinary shares under options as follows:

- 592,500 options to take up one ordinary share in Monadelphous Group Limited at an issue price of $1.69. The options expire between 31 January 2005 and 31 January 2006.
- 50,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of $2.82. The options expire between 31 January 2005 and 31 January 2007.
- 50,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of $4.54. The options expire between 31 January 2006 and 31 January 2008.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest issue of any other registered scheme.

Shares issued as a result of the exercise of options

During the financial year, employees and directors have exercised the option to acquire 902,000 fully paid ordinary shares at a weighted average exercise price of $2.30. Since the end of the financial year, a further 41,000 options have been exercised at a weighted average exercise price of $3.09.

Shares forfeited as a result of the failure to exercise options

Since the end of the financial year no shares have been forfeited as a result of the failure to exercise options.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums in respect of a contract insuring all the directors of Monadelphous Group Limited against a liability incurred in their role as directors of the company, except where:

(a) the liability arises out of conduct involving a wilful breach of duty; or
(b) there has been a contravention of Sections 182 or 183 of the Corporations Act 2001.

The total amount of insurance contract premiums paid was $40,591 (2003: $33,650).

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

During or since the financial year, no director has had any interest in a contract or proposed contract with the company being an interest the nature of which has been declared by the director in accordance with Section 300(11)(d) of the Corporations Act 2001.

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

Remuneration policy

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in the form of cash and fringe benefits such as motor vehicles.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance.

Details of the nature and amount of each element of the emoluments of each director and the executive officers of the company and the consolidated entity are as follows:

	ANNUAL EMOLUMENTS			LONG TERM EMOLUMENTS					
	BASE FEE $	BONUS $	OTHER $	TERMINATION & SIMILAR $	NUMBER OF OPTIONS GRANTED	OPTIONS AMORTISED COST $	% OF REMUNERATION	SUPER-ANNUATION $	OTHER $
Emoluments* of directors of Monadelphous Group									
C. G. B. Rubino	289,999	-	-	-	-	-	-	11,000	-
R. Velletri	269,596	-	28,000	-	-	35,865	11.6%	11,000	-
I. Tollman	22,917	-	-	-	-	4,198	18.3%	-	-
P. J. Dempsey	40,000	-	-	-	-	-	-	-	-
Emoluments* of the six most highly paid executive officers# of the company and the consolidated entity									
D. Foti	207,153	-	21,996	-	-	17,933	7.5%	11,000	-
D. M. Gray	118,388	-	21,996	-	-	8,966	4.4%	62,118	-
D. J. Mutch	154,384	-	43,576	-	-	17,933	8.6%	11,000	-
A. Erdash	189,705	-	22,000	-	-	19,695	8.8%	11,000	-
M. Jansen	150,879	-	33,600	-	-	17,933	9.2%	11,000	-
G. Everist	161,923	-	21,996	-	50,000	2,524	1.3%	11,000	-

Notes

The terms 'directors' and 'officers' have been treated as mutually exclusive for the purpose of this disclosure

* The elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.

Executives are those directly accountable and responsible for the operational management and strategic direction of the company and the consolidated entity.

The company uses the fair value measurement provisions of AASB 1046 "Director and Executive Disclosures for Disclosing Entities" and the pending AASB 2 "Share-based Payment" prospectively for all options granted to directors and relevant executives, which have not vested as at 1 July 2003. The fair value of such grants is being amortised and disclosed as part of director and executive emoluments on a straight-line basis over the vesting period. No adjustments have been or will be made to reverse amounts previously disclosed in relation to options that never vest (ie., forfeitures).

From 1 July 2003, options granted as part of director and executive emoluments have been valued using a Binomial option-pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. See below for further details.

Fair values of options

The fair value of each option issued during the current year is estimated on the date of grant using a Binomial option-pricing model. For all previous years the Black-Scholes option pricing model was utilised, with the following weighted average assumptions used for grants made on 30 June 2004, 2003 and 2002:

	2004	2003	2002
Dividend yield	5.73%	N/A	N/A
Expected volatility	18.61%	46.8%	46.8%
Historical volatility	18.61%	46.8%	46.8%
Risk-free interest rate	5.65%	5.8%	5.8%
Expected life of option	25% - 2 years	25% - 2 years	25% - 2 years
	25% - 3 years	25% - 3 years	25% - 3 years
	50% - 4 years	50% - 4 years	50% - 4 years

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which also may not necessarily be the actual outcome.

Currently, the fair values of options are not recognised as expenses in the financial statements. However, should these grants be expensed, they would be amortised over the vesting periods resulting in an increase in employee benefits expense of $125,047 for the 2004 financial year (2003: $160,274). Note that no adjustments to these amounts have been made to reflect estimated or actual forfeitures (ie, options that do not vest).

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

		MEETINGS OF COMMITTEES		
	DIRECTORS' MEETINGS	AUDIT	REMUNERATION	NOMINATION
Number of meetings held	10	2	1	1
Number of meetings attended				
C. G. B. Rubino	10	2	1	1
R. Velletri	10	-	1	1
I. Tollman	10	2	1	-
P. J. Dempsey	10	2	-	1

COMMITTEE MEMBERSHIP

As at the date of this report, the company had an Audit Committee, a Remuneration Committee and a Nomination Committee.

Members acting on the committees of the board during the year were:

Audit	Remuneration	Nomination
P. J. Dempsey (c)	C. G. B. Rubino (c)	C. G. B. Rubino (c)
C. G. B. Rubino	R. Velletri	R. Velletri
I. Tollman	I. Tollman	P. J. Dempsey

Note: (c) Designates the chairman of the committee.

ROUNDING

The amounts contained in this report and in the 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.

TAX CONSOLIDATION

Effective 1 July 2003, for the purposes of income taxation, Monadelphous Group Limited and its 100% owned controlled entities formed a tax consolidated group. The head entity of the tax consolidated group is Monadelphous Group Limited. Members of the tax consolidated group have not entered into a tax sharing agreement and as a result the head entity of the tax consolidated group recognises all income tax expense, future tax benefits and current and deferred tax liabilities of the group.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Monadelphous Group Limited support and have adhered to the principles of Corporate Governance.

The company's Corporate Governance Statement is contained in the additional Australian Stock Exchange information section of this annual report.

Signed in accordance with a resolution of the directors

C. G. B. Rubino
Chairman
Perth, 23 August 2004

INDEPENDENT AUDIT REPORT TO MEMBERS OF MONADELPHOUS GROUP LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Monadelphous Group Limited the company and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

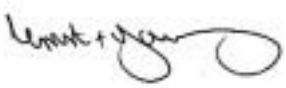
In our opinion, the financial report of Monadelphous Group Limited is in accordance with:

(a) the Corporations Act 2001, including:

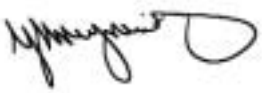
(i) giving a true and fair view of the financial position of Monadelphous Group Limited and the consolidated entity at 30 June 2004 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.



Ernst & Young
Perth, 23 August 2004



G H Meyerowitz
Partner

Directors' Declaration

Year ended 30 June 2004

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

1) In the opinion of the directors:

   (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and

      (ii) complying with Accounting Standards and 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.

2) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 9 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

C. G. B. Rubino

Chairman

Perth, 23 August 2004

Statement of Financial Performance

Year ended 30 June 2004

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
REVENUES FROM OPERATING ACTIVITIES	2	**220,760**	243,735	**-**	-
Cost of services rendered	3(a)	**199,250**	224,658	**-**	-
GROSS PROFIT		**21,510**	19,077	**-**	-
Other revenue from ordinary activities	2	**2,655**	1,156	**16,080**	1,542
Borrowing costs	3(a)	**482**	405	**-**	-
Business development and tender costs		**3,166**	2,885	**-**	-
Occupancy costs		**473**	409	**-**	-
Administrative costs		**7,891**	6,404	**556**	41
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		**12,153**	10,130	**15,524**	1,501
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	**3,625**	3,060	**3,625**	3
PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE ATTRIBUTABLE TO MEMBERS OF MONADELPHOUS GROUP LIMITED	16(c)	**8,528**	7,070	**11,899**	1,498
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF MONADELPHOUS GROUP LIMITED		**8,528**	7,070	**11,899**	1,498
Basic earnings per share (cents per share)	22	**44.5**	38.2		
Diluted earnings per share (cents per share)	22	**43.5**	36.7		
Franked dividends per share (cents per share)	5	**30.0**	25.0		

Statement of Financial Position

Year ended 30 June 2004

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
CURRENT ASSETS					
Cash assets		**15,864**	16,094	**15,853**	16,081
Receivables	6	**45,164**	22,943	**-**	-
Inventories	7	**1,141**	9,130	**-**	-
Other	8	**486**	305	**-**	-
TOTAL CURRENT ASSETS		**62,655**	48,472	**15,853**	16,081
NON-CURRENT ASSETS					
Receivables	6	**-**	-	**88,652**	58,143
Other financial assets	9	**332**	300	**5,699**	5,667
Property, plant and equipment	10	**19,567**	19,711	**-**	-
Deferred tax assets	4	**3,548**	3,479	**3,548**	54
TOTAL NON-CURRENT ASSETS		**23,447**	23,490	**97,899**	63,864
TOTAL ASSETS		**86,102**	71,962	**113,752**	79,945
CURRENT LIABILITIES					
Payables	11	**28,084**	19,055	**244**	43
Interest bearing liabilities	12	**2,786**	2,326	**-**	-
Current tax liabilities	4	**1,271**	1,993	**1,271**	-
Provisions	13	**9,158**	8,736	**-**	-
TOTAL CURRENT LIABILITIES		**41,299**	32,110	**1,515**	43
NON-CURRENT LIABILITIES					
Interest bearing liabilities	12	**4,472**	5,011	**-**	-
Non-interest bearing liabilities	14	**-**	-	**84,988**	61,532
Provisions	13	**723**	741	**-**	-
Deferred tax liabilities	4	**337**	-	**337**	-
TOTAL NON-CURRENT LIABILITIES		**5,532**	5,752	**85,325**	61,532
TOTAL LIABILITIES		**46,831**	37,862	**86,840**	61,575
NET ASSETS		**39,271**	34,100	**26,912**	18,370
EQUITY					
Contributed equity	15	**18,304**	16,227	**18,304**	16,227
Reserves	16	**1,293**	1,293	**3,907**	3,907
Retained profits/(accumulated losses)	16	**19,674**	16,580	**4701**	(1,764)
TOTAL EQUITY		**39,271**	34,100	**26,912**	18,370

Statement of Cash Flows

Year ended 30 June 2004

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**197,295**	241,374	**-**	-
Payments to suppliers and employees		**(174,886)**	(215,890)	**(1,313)**	(11)
Interest received		**738**	447	**50**	-
Borrowing costs		**(482)**	(405)	**-**	-
Other income		**245**	204	**-**	-
Goods and services tax paid		**(12,255)**	(10,332)	**-**	-
Income tax paid		**(4,079)**	(2,270)	**(4,079)**	-
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	17(a)	**6,576**	13,128	**(5,342)**	(11)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments		**596**	-	**596**	-
Proceeds from sale of property, plant and equipment		**1,076**	505	**-**	-
Purchase of property, plant and equipment		**(2,002)**	(2,635)	**-**	-
Purchase of investments		**(506)**	-	**(506)**	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(836)**	(2,130)	**90**	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from controlled entities		**-**	-	**8,381**	8,551
Dividend paid		**(5,434)**	(3,051)	**(5,434)**	(3,051)
Proceeds from issue of shares		**2,077**	727	**2,077**	727
Proceeds from borrowings		**-**	-	**-**	-
Repayment of borrowings		**(75)**	(74)	**-**	-
Payment of finance leases		**(2,538)**	(2,400)	**-**	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(5,970)**	(4,798)	**5,024**	6,227
NET (DECREASE)/INCREASE IN CASH HELD		**(230)**	6,200	**(228)**	6,216
Opening cash brought forward		**16,094**	9,894	**16,081**	9,865
CLOSING CASH CARRIED FORWARD	17(b)	**15,864**	16,094	**15,853**	16,081

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention.

b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Monadelphous Group Limited (the parent entity) and all entities, which Monadelphous Group Limited controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. 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 the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

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 which may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

d) Cash and cash equivalents

Cash on hand and in banks is stated at nominal value. Cash is available at call.

For the purpose of the statement of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts.

e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

f) Inventories

Construction work-in-progress is stated at cost plus profit recognised to date less progress billings. Costs include all costs directly related to specific contracts and an allocation of overhead costs attributable to contract activity in general.

g) Investments

All non-current investments are carried at the lower of cost and recoverable amount.

h) Recoverable amount

Non-current assets are not carried at an amount above their recoverable amount and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cash flows have not been discounted to their present value using a market determined risk adjusted discount rate.

i) Property, plant and equipment

Cost

All classes of property, plant and equipment are measured at cost.

Depreciation

Depreciation is provided on a reducing balance method on all plant and equipment acquired before 1 July 1996 and straight line basis for all acquisitions on or after 1 July 1996, and a straight line basis on all property other than freehold land.

Major depreciation periods are:

	2004	2003
• Buildings	**40 years**	40 years
• Plant and equipment	**3 to 15 years**	3 to 15 years

j) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the consolidated entity are capitalised at the present value of the minimum lease payments. All leases are hire purchase agreements and are disclosed as property, plant and equipment under hire purchase. An interest bearing liability of equal value is also recognised.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

k) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

l) Interest bearing liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

m) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

n) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of Services (other than contracts)

Where the contract outcome can be reliably measured:
- control of a right to be compensated for the services has been attained and the stage of completion can be reliably measured.

Where the contract outcome cannot be reliably measured:
- revenue is recognised only to the extent that costs have been incurred.

Interest

Control of a right to receive the interest payment.

Dividends

Control of a right to receive the dividend payment.

p) Taxes

Income tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Monadelphous Group Limited elected to form a tax consolidated group for income tax purposes with effect from 1 July 2003. The Australian Tax Office has been formally notified of this decision. Monadelphous Group Limited as the head entity recognises all of the tax expense, deferred tax assets and liabilities of the tax consolidated group.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

q) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and compensated absences.

Liabilities arising in respect of wages and salaries, certain compensated absences and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on the remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefits expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, and compensated absences; and
- other types of employee benefits

are charged against profits on a net basis in their respective categories.

The value of the Equity Based Compensation scheme described in note 23 is not being charged as an employee benefit expense.

r) Construction contracts

When accounting for construction contracts, the contracts are either combined or disaggregated if this is deemed necessary to reflect the substance of the agreement.

Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. Stage of completion is agreed with the customer on a work certified to date basis, as a percentage of the overall contract.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of fee earned during the financial year.

s) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

t) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
2. REVENUES FROM ORDINARY ACTIVITIES					
Revenues from operating activities					
Revenue from services		**220,760**	243,735	**-**	-
Revenues from non-operating activities					
Proceeds on disposal of non current assets					
- Land and buildings		**257**	-	**-**	-
- Plant and equipment		**819**	505	**-**	-
Interest received					
- Wholly owned controlled entity		**-**	-	**50**	50
- Other		**738**	447	**-**	-
Dividend received					
- Wholly owned controlled entity		**-**	-	**15,434**	1,492
Other income		**245**	204	**-**	-
Proceeds from disposal of listed investments		**596**	-	**596**	-
		2,655	1,156	**16,080**	1,542
Total revenues from ordinary activities		**223,415**	244,891	**16,080**	1,542

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
3. EXPENSES AND LOSSES/(GAINS)					
(a) Expenses					
Cost of services rendered		**199,250**	224,658	-	-
Depreciation of non current assets					
- Buildings		**257**	262	-	-
- Plant and equipment		**3,973**	4,974	-	-
Total depreciation of non current assets		**4,230**	5,236	-	-
Borrowing costs expensed					
- Hire purchase charges		**467**	385	-	-
- Interest expense					
- Other persons/corporations		**15**	20	-	-
Total borrowing costs expensed		**482**	405	-	-
Bad and doubtful debts					
- Trade debtors		**1,116**	759	-	-
Operating lease rental					
- Minimum lease payments		**1,584**	1,557	-	-
Employee benefits expensed		**(199)**	1,737	-	-
Diminution in the value of investments expensed		**174**	-	**174**	-
Write down in the value of buildings		**-**	150	-	-
(b) Losses/(Gains)					
Net gain on disposal of property, plant and equipment					
- Land and buildings		**(10)**	-	-	-
- Plant and equipment		**(613)**	(300)	-	-
Net gain on disposal of listed investment		**(296)**	-	**(296)**	-

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
4. INCOME TAX					
The prima facie tax on operating profit is different to the income tax provided in the financial statements as follows:					
Prima facie tax on profit from ordinary activities at 30%		**3,646**	3,039	**4,657**	450
Add/(less) tax effect of permanent differences:					
- Dividends received from subsidiary		**-**	-	**(4,630)**	(448)
- Other items (net)		**23**	28	**-**	-
- Exempt income		**(4)**	(7)	**-**	-
- Transfer of tax consolidation balances to head entity		**-**	-	**3,598**	-
- (Over)/under provision of previous year		**(40)**	-	**-**	1
Income tax expense attributable to ordinary activities		**3,625**	3,060	**3,625**	3
Deferred tax assets and liabilities					
Current tax payable		**1,271**	1,993	**1,271**	-
Future income tax benefit – non-current		**3,548**	3,479	**3,548**	54
Provision for deferred income tax – non-current		**337**	-	**337**	-

Tax Consolidation

Effective 1 July 2003, for the purposes of income taxation, Monadelphous Group Limited and its 100% owned controlled entities formed a tax consolidated group. The head entity of the tax consolidated group is Monadelphous Group Limited. Members of the tax consolidated group have not entered into a tax sharing agreement. As a result, the head entity of the tax consolidated group recognises all income tax expense, future tax benefits and current and deferred tax liabilities of the group.

There was no material effect on the provision for deferred tax liabilities or the future income tax benefit as a result of the revised tax legislation other than the transfer of these attributes from subsidiaries to the head company. Monadelphous Group Limited formally notified the Australian Tax Office of its adoption of the tax consolidation regime when lodging its 30 June 2003 consolidated tax return.

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES					
(a) Dividends paid during the year					
(i) *Current year interim* Franked dividends (11 cents per share) (2003: 8 cents per share)		**2,150**	1,479	**2,150**	1,479
(ii) *Previous year final* Franked dividends (17 cents per share) (2003: 8.5 cents per share)		**3,284**	1,572	**3,284**	1,572
(b) Dividends proposed and not recognised as a liability					
Franked dividends (19 cents per share) (2003: 17 cents per share)		**3,721**	3,182	**3,721**	3,182
(c) Franking credit balance					
The amount of franking credits available for the subsequent financial year are:					
- franking account balance as at the end of the financial year		**10,143**	8,393	**10,143**	285
- franking credits that will arise from the payment of income tax payable as at the end of the financial year		**1,271**	1,993	**1,271**	-
- franking credits that will arise from the receipt of dividends from subsidiary companies		-	-	-	1,364
- franking debits that will arise from the payment of dividends as at the end of the financial year		**(1,595)**	(1,364)	**(1,595)**	(1,364)
		9,819	9,022	**9,819**	285

The tax rate at which paid dividends have been franked is 30% (2003: 30%).
Dividends proposed will be franked at the rate of 30% (2003: 30%).

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
6. RECEIVABLES					
CURRENT					
Trade debtors	6(a)	**40,760**	22,800	-	-
Less allowance for doubtful debts		**(987)**	(1,114)	-	-
		39,773	21,686	-	-
Other debtors	6(a)	**5,391**	1,257	-	-
		45,164	22,943	-	-
NON-CURRENT					
Amounts other than trade debts, receivable from related parties					
Wholly owned group - controlled entities	6(a), 26	-	-	**88,652**	58,143

(a) Terms and conditions

Terms and conditions relating to the above financial instruments

(i) Credit sales are normally on 30 day terms

(ii) Other debtors are non-interest bearing and have repayment terms between 30 days and 60 days

(iii) Details of the terms and conditions of related party receivables are set out in note 26

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
7. INVENTORIES (CURRENT)					
Construction work in progress					
Cost to date plus profit recognised		**159,870**	155,606	-	-
Progress billings to date		**(155,200)**	(147,317)	-	-
Retentions		**(337)**	(23)	-	-
Advances received	7(a),11	**(12,037)**	(3,706)	-	-
Consideration received and receivable as progress billings		**(167,574)**	(151,046)	-	-
Amounts due from/(to) customers yet to be billed		**(7,704)**	4,560	-	-
Work in progress					
- at cost		**8,845**	4,570	-	-
		1,141	9,130	-	-

(a) Advances received for construction work not yet commenced is recognised as a current liability. Refer note 11.

8. OTHER (CURRENT)

Prepayments	**486**	305	-	-

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
9. OTHER FINANCIAL ASSETS (NON-CURRENT)					
Shares					
- listed at cost	9(a)	**506**	480	**506**	480
Allowance for diminution		**(174)**	(180)	**(174)**	(180)
	9(c)	**332**	300	**332**	300
Controlled entities at cost	9(b)	**-**	-	**5,367**	5,367
		332	300	**5,699**	5,667
(a) Quoted market value of shares listed on a prescribed stock exchange at balance date:					
Listed shares		**332**	300	**332**	300

There would be no capital gains tax payable if these assets were sold at their market values at the reporting date. Listed shares are readily saleable with no fixed terms.

(b) Particulars relating to controlled entities:

	Country of Incorporation	Percentage held by Consolidated Entity		Parent Entity Investment	
		2004 %	2003 %	**2004 $'000**	2003 $'000
Chief Entity: Monadelphous Group Limited					
Controlled entities of Monadelphous Group Limited:					
* Monadelphous Engineering Associates Pty Ltd	Australia	**100**	100	**3,187**	3,187
* Skystar Airport Services Pty Ltd	Australia	**100**	100	**-**	-
* Monadelphous Properties Pty Ltd	Australia	**100**	100	**1,788**	1,788
* Monadelphous Engineering Pty Ltd	Australia	**100**	100	**-**	-
* Genco Pty Ltd	Australia	**100**	100	**342**	342
* Monadelphous Workforce Pty Ltd	Australia	**100**	100	**50**	50
** MBF Workforce Pty Ltd	Australia	**100**	-	**-**	-
				5,367	5,367

* Pursuant to a Class Order 98/1418, relief has been granted to these controlled entities of Monadelphous Group Limited from the Corporations Act 2001 requirements for preparation, audit and publication of accounts. As a condition of the Class Order, Monadelphous Group Limited and the controlled entities (with the exception of MBF Workforce Pty Ltd) subject to the Class Order, entered into a deed of indemnity on 12 April 1995 and 3 July 2001. The effect of the deed is that Monadelphous Group Limited has guaranteed to pay any deficiency in the event of winding up of these controlled entities. The controlled entities have also given a similar guarantee in the event that Monadelphous Group Limited is wound up. The Statements of Financial Performance and Position of the Closed Group are not materially different from the consolidated entity.

** Incorporated on 30 April 2004.

(c) Listed shares at cost is the following investment:

Environmental Solutions International Limited (ESI Ltd).
ESI Ltd is a specialist company providing practical engineering solutions for waste treatment.

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
10. PROPERTY, PLANT AND EQUIPMENT					
Freehold land					
- At cost	10(c)	**1,909**	1,995	-	-
Building on freehold land					
- At cost		**6,620**	6,834	-	-
- Accumulated depreciation		**(2,263)**	(2,194)	-	-
	10(c)	**4,357**	4,640	-	-
Leasehold improvements					
- At cost		**-**	86	-	-
- Accumulated depreciation		**-**	(22)	-	-
	10(c)	**-**	64	-	-
Total land and buildings	10(a)	**6,266**	6,699	-	-
Plant and equipment					
- At cost		**29,047**	28,740	-	-
- Accumulated depreciation		**(23,550)**	(23,151)	-	-
	10(c)	**5,497**	5,589	-	-
Plant and equipment under hire purchase					
- At cost		**10,316**	8,809	-	-
- Accumulated depreciation		**(2,512)**	(1,386)	-	-
	10(c)	**7,804**	7,423	-	-
Total plant and equipment		**13,301**	13,012	-	-
Total property, plant and equipment		**19,567**	19,711	-	-
(a) Recent valuations					
As at 30 June 2004, based on current market conditions, the directors have valued interests in land and buildings as follows:					
Freehold land		**2,500**	2,500	-	-
Buildings		**6,500**	6,700	-	-

These valuations have been based upon independent valuations previously obtained. Such valuations are performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the valuation date.

These interests are recorded in the accounts at cost. If these assets were sold at balance date at the valuation amounts, the capital gains tax payable would be approximately $410,000 (2003: $420,000) for the consolidated entity.

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
(b) Assets pledged as security					
Assets under hire purchase are pledged as security for the associated hire purchase liabilities.					
Assets pledged as security		**7,804**	7,487	**-**	-
(c) Reconciliations					
Reconciliations of the carrying amounts of freehold land and buildings on freehold land, plant and equipment, leasehold improvements and plant and equipment under hire purchase at the beginning and end of the current and previous financial year.					
Freehold land					
Carrying amount at the beginning of the year		**1,995**	1,995	**-**	-
Additions		**-**	-	**-**	-
Disposals		**(86)**	-	**-**	-
		1,909	1,995	**-**	-
Buildings on freehold land					
Carrying amount at the beginning of the year		**4,640**	4,933	**-**	-
Additions		**72**	102	**-**	-
Write down		**-**	(150)	**-**	-
Disposals		**(110)**	-	**-**	-
Depreciation expense		**(245)**	(245)	**-**	-
		4,357	4,640	**-**	-
Plant and equipment					
Carrying amount at the beginning of the year		**5,589**	6,295	**-**	-
Additions		**1,930**	2,533	**-**	-
Assets transferred		**512**	433	**-**	-
Disposals		**(205)**	(205)	**-**	-
Depreciation expense		**(2,329)**	(3,467)	**-**	-
		5,497	5,589	**-**	-
Leasehold improvements					
Carrying amount at the beginning of the year		**64**	81	**-**	-
Disposals		**(52)**	-	**-**	-
Depreciation expense		**(12)**	(17)	**-**	-
		-	64	**-**	-
Plant and equipment under hire purchase					
Carrying amount at the beginning of the year		**7,423**	3,322	**-**	-
Additions		**2,537**	6,041	**-**	-
Assets transferred		**(512)**	(433)	**-**	-
Depreciation expense		**(1,644)**	(1,507)	**-**	-
		7,804	7,423	**-**	-

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
11. PAYABLES (CURRENT)					
Trade creditors	11(a)	**13,260**	11,914	-	-
Advances on construction work in progress	7	**12,037**	3,706	-	-
Sundry creditors and accruals	11(a)	**2,787**	3,435	**244**	43
		28,084	19,055	**244**	43

(a) Terms and conditions

Terms and conditions relating to the above financial instruments

(i) Trade liabilities are non-interest bearing and are normally settled on 30 day terms.

(ii) Sundry creditors and accruals are non interest bearing and have an average term of 45 days.

12. INTEREST BEARING LIABILITIES

CURRENT					
Hire purchase liability - secured	12(a),18	**2,693**	2,233	-	-
Bank loan - secured	12(a)	**93**	93	-	-
		2,786	2,326	-	-
NON-CURRENT					
Hire purchase liability - secured	12(a),18	**4,390**	4,851	-	-
Bank loan - secured	12(a)	**82**	160	-	-
		4,472	5,011	-	-

(a) Terms and conditions

(i) The bank loan is repayable monthly with the final instalment due in July 2006. Interest is charged at the bank's fixed rate. The bank loan is secured by way of a registered first mortgage over land and a building of a controlled entity, with an interlocking debenture from the parent entity and controlled entities.

(ii) Hire purchase agreements have an average term of 3 years. The average discount rate implicit in the hire purchase is 6.39%. The hire purchase liability is secured by a charge over the hire purchase assets.

13. PROVISIONS

CURRENT					
Employee benefits	23	**3,826**	4,007	-	-
Workers compensation	13(a)	**4,902**	4,414	-	-
Public liability	13(b)	**430**	315	-	-
		9,158	8,736	-	-

13. PROVISIONS (continued)

(a) Workers Compensation

It is customary for all entities within the Construction and Engineering industry to be covered by workers compensation insurance. Payments under these policies are calculated differently depending on which state of Australia the entity is operating in. Premiums are generally calculated based on actual wages paid and claims experience. Wages are estimated at the beginning of each reporting period. Final payments are made when each policy is closed out based on the difference between actual wages and the original estimated amount. The amount of each payment varies depending on the number of incidents recorded during each period and the severity thereof. The policies are closed out after a three-year period through negotiation with the relevant insurance company. The provision has been created to cover the expected costs associated with closing out each insurance policy and is adjusted accordingly based on the actual payroll incurred and the severity of incidents that have occurred during each period.

(b) Public Liability

A public liability provision has been created as a result of the liquidation of the consolidated entity's previous workers compensation insurance company. The provision has been recognised to cover the expected loss resulting from claims for which there is currently no insurance cover. The provision is assessed at the end of each reporting period after consultation with the consolidated entity's solicitors.

	Notes	Consolidated	Monadelphous Group Limited
		2004 $'000	**2004 $'000**
(c) Movements in provisions			
(i) *Workers compensation*			
Carrying amount at the beginning of the year		4,414	-
Additional provision		2,288	-
Amounts utilised during the year		(1,800)	-
Carrying amount at the end of the financial year		4,902	-
(ii) *Public liability*			
Carrying amount at the beginning of the year		315	-
Additional provision		160	-
Amounts utilised during the year		(45)	-
Carrying amount at the end of the financial year		430	-

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
NON-CURRENT					
Employee benefits	23	723	741	-	-

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
14. NON INTEREST BEARING LIABILITIES					
Amounts payable to controlled entities	26	-	-	**84,988**	61,532
15. CONTRIBUTED EQUITY					
Issued and paid up capital					
Ordinary shares fully paid		**18,304**	16,227	**18,304**	16,227

(a) Movements in shares on issue

	2004		2003	
	Number of shares	**$'000**	Number of shares	$'000
Beginning of the financial year	**18,639,102**	16,227	**18,339,102**	15,500
Issued during the year				
- Exercise of employee options	**902,000**	2,077	**300,000**	727
End of the financial year	**19,541,102**	18,304	**18,639,102**	16,227

(b) Share options

Options over ordinary shares

During the financial year, 50,000 options were issued over ordinary shares. 25% of these options are exercisable between 1 January 2006 and 31 January 2006 at an exercise price of $4.54. A further 25% of the options are exercisable between 1 January 2007 and 31 January 2007 at the same exercise price, with the balance of 50% of these options exercisable between 1 January 2008 and 31 January 2008 at the exercise price of $4.54.

At the end of the year there were 733,500 (2003: 1,772,500) unissued ordinary shares in respect of which options were outstanding (Note 23).

(c) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
16. RESERVES AND RETAINED PROFITS/ (ACCUMULATED LOSSES)					
Capital profits reserve	16(a)	**678**	678	**-**	-
Asset revaluation reserve	16(b)	**615**	615	**3,907**	3,907
		1,293	1,293	**3,907**	3,907
Retained profits/(accumulated losses)	16(c)	**19,674**	16,580	**4,701**	(1,764)
(a) Capital profits reserve					
(i) *Nature and purpose of reserve* The capital profits reserve is used to accumulate realised capital profits. The reserve can be used to pay dividends or issue bonus shares.					
(ii) *Movements in reserve* Balance at end of year		**678**	678	**-**	-
(b) Asset revaluation					
(i) *Nature and purpose of reserve* The asset revaluation reserve was used to record increments and decrements in the value of non-current assets. The reserve can be used to pay dividends in limited circumstances.					
(ii) *Movements in reserve* Balance at end of year		**615**	615	**3,907**	3,907
(c) Retained profits/(accumulated losses)					
Balance at the beginning of the year		**16,580**	11,002	**(1,764)**	(1,770)
Net profit attributable to members of Monadelphous Group Limited		**8,528**	7,070	**11,899**	1,498
Adjustment arising from adoption of revised accounting standard: AASB 1044 "Provisions, Contingent Liabilities and Continent Assets"		**-**	1,559	**-**	1,559
Total available for appropriation		**25,108**	19,631	**10,135**	1,287
Dividends paid		**(5,434)**	(3,051)	**(5,434)**	(3,051)
Balance at end of year		**19,674**	16,580	**4,701**	(1,764)

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
17. STATEMENT OF CASH FLOWS					
(a) Reconciliation of the operating profit after tax to the net cash flows from operations					
Profit from ordinary activities after tax		**8,528**	7,070	**11,899**	1,498
Non cash items					
Depreciation of non-current assets		**4,230**	5,236	**-**	-
Charges to provisions		**402**	2,204	**-**	-
Write down in the value of investments		**174**	-	**174**	-
Profit on sale of property, plant and equipment		**(623)**	(300)	**-**	-
Profit on sale of investments		**(296)**	-	**(296)**	-
Dividends received from subsidiary		**-**	-	**(15,434)**	(1,492)
Write down in the value of buildings		**-**	150	**-**	-
Changes in assets and liabilities					
Increase in receivables		**(22,222)**	(1,603)	**-**	-
Increase in prepayments		**(181)**	(4)	**-**	-
(Increase)/decrease in inventories		**7,989**	(5,380)	**-**	-
(Increase)/decrease in deferred tax assets		**(69)**	(812)	**(3,494)**	-
Increase in payables		**9,029**	4,965	**201**	43
Increase/(decrease) in tax provision		**(722)**	1,602	**1,271**	(60)
Increase in deferred tax liability		**337**	-	**337**	-
Net cash flows from/(used in) operating activities		**6,576**	13,128	**(5,342)**	(11)

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
17. STATEMENT OF CASH FLOWS (CONTINUED)					
(b) Reconciliation of cash					
Cash balances comprises					
- Cash at bank		**15,864**	16,094	**15,853**	16,081
(c) Financing facilities available					
At balance date the following financing facilities had been negotiated and were available					
Total facilities:					
- Bank guarantee and insurance bond		**34,704**	32,000	**34,704**	32,000
- Bank overdraft		**1,800**	1,800	**1,800**	1,800
- Revolving credit		**15,860**	14,359	**15,860**	14,359
		52,364	48,159	**52,364**	48,159
Facilities used at balance date:					
- Bank guarantee and insurance bond		**16,366**	14,024	**16,366**	14,024
- Revolving credit		**7,258**	7,337	**7,258**	7,337
		23,624	21,361	**23,624**	21,361
Facilities unused at balance date:					
- Bank guarantee and insurance bond		**18,338**	17,976	**18,338**	17,976
- Bank overdraft		**1,800**	1,800	**1,800**	1,800
- Revolving credit		**8,602**	7,022	**8,602**	7,022
		28,740	26,798	**28,740**	26,798

(d) Non-cash operating, financing and investing activities

Hire purchase transactions:
During the year the consolidated entity acquired plant and equipment by means of hire purchase agreements with an aggregate fair market value of $2,536,613 (2003: $6,040,824).

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
18. EXPENDITURE COMMITMENTS					
(a) Hire purchase commitments					
Payable:					
- Not later than one year		**3,046**	2,636	-	-
- Later than one year but not later than five years		**4,592**	5,142	-	-
Minimum lease payments		**7,638**	7,778	-	-
Less future finance charges		**(555)**	(694)	-	-
		7,083	7,084	-	-
Current liability	12	**2,693**	2,233	-	-
Non-current liability	12	**4,390**	4,851	-	-
		7,083	7,084	-	-
(b) Operating leases (non-cancellable)					
Minimum lease payments					
- Not later than one year		**1,777**	1,245	-	-
- Later than one year but not later than five years		**1,988**	405	-	-
- Aggregate lease expenditure contracted for at balance date but not provided for		**3,765**	1,650	-	-
(c) Operating leases have an average lease term of 3 years, and an average commercial implicit interest rate. Assets, which are the subject of operating leases, include motor vehicles and properties.					
19. CONTINGENT LIABILITIES					
Guarantees given to various clients for satisfactory contract performance		**16,366**	14,024	**16,366**	14,024
Guarantees given to controlled entities for office and workshop property leases of controlled entities		-	-	**11,403**	9,428
Total contingent liabilities		**16,366**	14,024	**27,769**	23,452

Monadelphous Group Limited and all controlled entities marked * in Note 9 have entered into a deed of cross guarantee pursuant to the ASIC Class Order made on 12 April 1995 and 3 July 2001 whereby they covenant with a trustee for the benefit of each creditor, that they guarantee to each creditor payment in full of any debt in the event of any entity, including Monadelphous Group Limited, being wound up.

An insurer for certain types of business risks of the company was placed in liquidation during March 2001. The insurer was dealing with a number of claims on behalf of the company and as a result of the insurers' liquidation, the company may be exposed to certain claims which normally would have been fully insured. The directors are currently not in a position to quantify the total financial impact of this exposure, but believe that these would not be material. During the current year, no claims have been made against the company.

20. SEGMENT INFORMATION

Revenue is derived by the consolidated entity from construction and engineering services to the resources and petrochemical industries.

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

21. ECONOMIC DEPENDENCY

The consolidated entity does not have any economic dependency with any one client or group of clients.

22. EARNINGS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

	Notes	Consolidated 2004 $'000	Consolidated 2003 $'000
Net profit after income tax		8,528	7,070
Earnings used in calculation of basic and diluted earnings per share		8,528	7,070

	Notes	Consolidated 2004 No	Consolidated 2003 No
No. of Shares			
Weighted average number of ordinary shares on issue used in the calculation of basic EPS		19,181,657	18,507,157
Effect of dilutive securities			
Share options		422,437	771,802
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share		19,604,094	19,278,959

Conversions, calls, subscriptions or issues after 30 June 2004:

Since the end of the financial year, holders of 41,000 employee options have exercised the rights of conversion to acquire ordinary shares.

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
23. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS					
Employee benefits					
The aggregate employee benefits liability is comprised of:					
Accrued wages, salaries and oncosts		**814**	1,902	-	-
Provisions (current)	13	**3,826**	4,007	-	
Provisions (non-current)	13	**723**	741	-	-
		5,363	6,650	-	-

Equity Based Compensation Scheme

An Equity Based Compensation Scheme has been established where eligible directors and employees of the consolidated entity are issued with options over the ordinary shares of Monadelphous Group Limited. The options, issued for nil consideration, are issued in accordance with the guidelines established by the Remuneration Committee of Monadelphous Group Limited. The options issued carry various terms and exercising conditions. There are currently 1 director and 16 employees eligible for these schemes.

Information with respect to the number of options granted under the Equity Based Compensation Scheme is as follows:

		2004		2003	
	NOTES	No. OF OPTIONS	WEIGHTED AVE. EXERCISE PRICE	No. OF OPTIONS	WEIGHTED AVE. EXERCISE PRICE
Balance at the beginning of the year	23(a)	**1,772,500**	**$2.26**	2,109,000	$2.21
- Granted	23(b)	**50,000**	**$4.54**	50,000	$2.82
- Forfeited		**(187,000)**	**$2.38**	(86,500)	$3.11
- Exercised	23(c)	**(902,000)**	**$2.30**	(300,000)	$2.42
Balance at the end of the year	23(d)	**733,500**	**$2.04**	1,772,500	$2.26

As at 30 June 2004 there were 733,500 options outstanding capable of being exercised.

23. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS (CONTINUED)

(a) Options held at the beginning of the reporting period:

The following table summarises information about options held by directors and employees as at 1 July 2003:

NUMBER OF OPTIONS	GRANT DATE	VESTING DATE	EXPIRY DATE	WEIGHTED AVERAGE EXERCISE PRICE
300,000	24/11/1998	24/11/2001	24/11/2003	$2.42
150,000	24/11/1998	24/11/2001	24/11/2003	$2.42
90,000	24/11/1998	24/11/2001	24/11/2003	$2.42
60,000	24/11/1998	24/11/2001	24/11/2003	$2.42
94,000	01/07/1999	01/07/2003	31/07/2003	$3.12
39,500	01/07/2000	01/07/2003	31/07/2003	$3.09
79,000	01/07/2000	01/07/2004	31/07/2004	$3.09
227,500	31/01/2002	01/01/2004	31/01/2004	$1.69
227,500	31/01/2002	01/01/2005	31/01/2005	$1.69
455,000	31/01/2002	01/01/2006	31/01/2006	$1.69
12,500	13/01/2003	01/01/2005	31/01/2005	$2.82
12,500	13/01/2003	01/01/2006	31/01/2006	$2.82
25,000	13/01/2003	01/01/2007	31/01/2007	$2.82

(b) Options granted during the reporting period:

The following table summarises information about options granted by Monadelphous Group Limited to directors and employees during the year:

	2004	2003
Grant date	**29/01/2004**	13/01/2003
Vesting date	**25% - 01/01/2006** **25% - 01/01/2007** **50% - 01/01/2008**	25% - 01/01/2005 25% - 01/01/2006 50% - 01/01/2007
Expiry date	**25% - 31/01/2006** **25% - 31/01/2007** **50% - 31/01/2008**	25% - 31/01/2005 25% - 31/01/2006 50% - 31/01/2007
Weighted average exercise price	**$4.54**	$2.82

23. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS (CONTINUED)

(c) Options exercised

i) The following table summarises information about options exercised by directors and employees during the year ended 30 June 2004:

NUMBER OF OPTIONS	GRANT DATE	EXERCISE DATE	EXPIRY DATE	WEIGHTED AV. EXERCISE PRICE	PROCEEDS FROM SHARES ISSUED	NUMBER OF SHARES ISSUED	ISSUE DATE	FAIR VALUE OF SHARES ISSUED
300,000	24/11/1998	24/11/2003	24/11/2003	$2.42	$727,050	300,000	24/11/2003	$4.65
90,000	24/11/1998	12/11/2003	24/11/2003	$2.42	$218,115	90,000	12/11/2003	$4.88
60,000	24/11/1998	16/10/2003	24/11/2003	$2.42	$145,410	60,000	16/10/2003	$4.50
150,000	24/11/1998	11/11/2003	24/11/2003	$2.42	$363,525	150,000	11/11/2003	$4.90
62,000	01/07/1999	31/07/2003	31/07/2003	$3.12	$193,440	62,000	31/07/2003	$3.85
17,500	01/07/2000	31/07/2003	31/07/2003	$3.09	$54,075	17,500	31/07/2003	$3.85
222,500	31/01/2002	30/01/2004	31/01/2006	$1.69	$376,025	222,500	31/01/2004	$4.67

ii) The following table summarises information about options exercised by directors and employees during the year ended 30 June 2003:

NUMBER OF OPTIONS	GRANT DATE	EXERCISE DATE	EXPIRY DATE	WEIGHTED AV. EXERCISE PRICE	PROCEEDS FROM SHARES ISSUED	NUMBER OF SHARES ISSUED	ISSUE DATE	FAIR VALUE OF SHARES ISSUED
130,000	24/11/1998	30/08/2002	24/11/2003	$2.42	$315,055	130,000	30/08/2002	$2.85
20,000	24/11/1998	21/11/2002	24/11/2003	$2.42	$48,470	20,000	21/11/2002	$2.83
150,000	24/11/1998	06/03/2003	24/11/2003	$2.42	$363,525	150,000	06/03/2003	$3.35

Fair value of shares issued during the reporting period is estimated to be the market price of shares of Monadelphous Group Limited on the ASX as at close of trading on their respective issue dates.

(d) Options held as at the end of the reporting period

The following table summarises information about options held by the employees as at 30 June 2004:

NUMBER OF OPTIONS	GRANT DATE	VESTING DATE	EXPIRY DATE	WEIGHTED AVERAGE EXERCISE PRICE
41,000	01/07/2000	01/07/2004	31/07/2004	$3.09
197,500	31/01/2002	01/01/2005	31/01/2005	$1.69
395,000	31/01/2002	01/01/2006	31/01/2006	$1.69
12,500	13/01/2003	01/01/2005	31/01/2005	$2.82
12,500	13/01/2003	01/01/2006	31/01/2006	$2.82
25,000	13/01/2003	01/01/2007	31/01/2007	$2.82
12,500	29/01/2004	01/01/2006	31/01/2006	$4.54
12,500	29/01/2004	01/01/2007	31/01/2007	$4.54
25,000	29/01/2004	01/01/2008	31/01/2008	$4.54

Superannuation Commitments

Employees and the employer contribute to a number of complying accumulation funds at varying percentages of salaries and wages. The consolidated entity's contributions are not legally enforceable other than those payable in terms of ratified award obligations required by the Occupational Superannuation Act. The assets of the fund are sufficient to satisfy all benefits that would have vested under the plan in the event of termination of the plan and voluntary or compulsory termination of employment of each employee.

24. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(i) *Specified Directors*

C. G. B. Rubino	Chairman
R. Velletri	Managing Director
I. Tollman	Director (Non-Executive)
P. J. Dempsey	Director (Non-Executive)

(ii) *Specified Executives*

D. Foti	General Manager, Engineering Construction Western Region
D. M. Gray	General Manager, Corporate Projects
D. J. Mutch	General Manager, Engineering Construction Eastern Region
A. Erdash	General Manager, Maintenance & Industrial Services Western Region
M. Jansen	General Manager, Maintenance & Industrial Services Eastern Region
G. Everist	General Manager, Commercial

(b) Remuneration of Specified Directors and Specified Executives

(i) *Remuneration Policy*

The Remuneration Committee of the Board of Directors of Monadelphous Group Limited is responsible for determining and reviewing compensation arrangements for the directors, the chief executive officer and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance. All directors and executives have the opportunity to qualify for participation in the Employee Share Option Plan which currently provides incentives where specified criteria are met.

(ii) *Remuneration of Specified Directors and Specified Executives*

	PRIMARY		POST EMPLOYMENT			EQUITY	OTHER	TOTAL
Specified Directors	SALARY & FEES	CASH BONUS	NON MONETARY BENEFITS	SUPERAN -NUATION	RETIREMENT BENEFITS	OPTIONS	BONUSES	
C. G. B. Rubino								
2004	289,999	Nil	Nil	11,000	Nil	Nil	Nil	300,999
2003	250,700	Nil	Nil	10,521	Nil	Nil	Nil	261,221
R. Velletri								
2004	269,596	Nil	28,000	11,000	Nil	35,865	Nil	344,461
2003	214,826	Nil	29,878	10,521	Nil	44,260	Nil	299,485
I. Tollman								
2004	22,917	Nil	Nil	Nil	Nil	4,198	Nil	27,115
2003	87,833	Nil	24,017	87,142	Nil	22,130	Nil	221,122
P. J. Dempsey								
2004	40,000	Nil	Nil	Nil	Nil	Nil	Nil	40,000
Total Remuneration: Specified Directors								
2004	622,512	Nil	28,000	22,000	Nil	40,063	Nil	712,575
2003	553,359	Nil	53,895	108,184	Nil	66,390	Nil	781,828

24. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

	PRIMARY		POST EMPLOYMENT			EQUITY	OTHER	TOTAL
Specified Executives	SALARY & FEES	CASH BONUS	NON MONETARY BENEFITS	SUPERAN -NUATION	RETIREMENT BENEFITS	OPTIONS	BONUSES	
D. Foti								
2004	207,153	Nil	21,996	11,000	Nil	17,933	Nil	258,082
2003	182,390	Nil	23,326	10,521	Nil	22,130	Nil	238,367
D. M. Gray								
2004	118,388	Nil	21,996	62,118	Nil	8,966	Nil	211,468
2003	115,192	Nil	23,576	59,500	Nil	11,065	Nil	209,333
D. J. Mutch								
2004	154,384	Nil	43,576	11,000	Nil	17,933	Nil	226,893
2003	142,142	Nil	42,867	10,521	Nil	22,130	Nil	217,660
A. Erdash								
2004	189,705	Nil	22,000	11,000	Nil	19,695	Nil	242,400
2003	156,986	Nil	20,774	10,521	Nil	16,429	Nil	204,710
M. Jansen								
2004	150,879	Nil	33,600	11,000	Nil	17,933	Nil	213,412
2003	134,364	Nil	25,000	10,925	Nil	22,130	Nil	192,419
G. Everist								
2004	161,923	Nil	21,996	11,000	Nil	2,524	Nil	197,443
Total Remuneration: Specified Executives								
2004	982,432	Nil	165,164	117,118	Nil	84,984	Nil	1,349,698
2003	731,074	Nil	135,543	101,988	Nil	93,884	Nil	1,062,489

24. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(c) Remuneration options: Granted and vested during the year

During the financial year, options were granted as equity compensation benefits to certain and specified executives as disclosed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price of $4.54. The options may only be exercised over a period commencing two years after grant date and expire four years after grant date. The options granted vest over a four year period based on the conditions stipulated in the Employee Option Plan.

		TERMS & CONDITIONS FOR EACH GRANT					
	Vested Number	Granted Number	Grant date	Value per option at grant date ($)	Exercise Price per share ($)	First Exercise Date	Last Exercise Date
Specified Directors							
R. Velletri	50,000						
I. Tollman	25,000						
Specified Executives							
D. Foti	25,000						
D. Mutch	25,000						
M. Jansen	75,000						
A. Erdash	12,500						
D. Gray	12,500						
G. Everist	-	12,500	29/01/2004	0.31	4.54	01/01/2006	31/01/2006
	-	12,500	29/01/2004	0.35	4.54	01/01/2007	31/01/2007
	-	25,000	29/01/2004	0.37	4.54	01/01/2008	31/01/2008
Total	225,000	50,000					

(d) Shares issued on exercise of remuneration options

	SHARES ISSUED NUMBER	PAID $ PER SHARE	UNPAID $ PER SHARE
Specified Directors			
I. Tollman	25,000	1.69	-
R. Velletri	300,000	2.42	-
R. Velletri	50,000	1.69	-
Specified Executives			
D. Foti	25,000	1.69	-
D. Foti	150,000	2.42	-
D. Mutch	25,000	1.69	-
D. Mutch	150,000	2.42	-
M. Jansen	50,000	3.12	-
M. Jansen	25,000	1.69	-
A. Erdash	12,500	1.69	-
D. Gray	12,500	1.69	-
Total	825,000		

24. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(e) Option holdings of specified directors and specified executives

	BALANCE AT BEGINNING OF PERIOD 1 JULY 2003	GRANTED AS REMUNER -ATION	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE AT END OF PERIOD 30 JUNE 2004	VESTED AT 30 JUNE 2004 TOTAL	NOT EXERCISABLE	EXERCISABLE
Specified Directors								
C. G. B. Rubino	-	-	-	-	-	-	-	-
R. Velletri	500,000	-	(350,000)	-	150,000	-	-	-
I. Tollman	100,000	-	(25,000)	(75,000)	-	-	-	-
P. J. Dempsey	-	-	-	-	-	-	-	-
Specified Executives								
D. Foti	250,000	-	(175,000)	-	75,000	-	-	-
D. M. Gray	50,000	-	(12,500)	-	37,500	-	-	-
D. J. Mutch	250,000	-	(175,000)	-	75,000	-	-	-
A. Erdash	100,000	-	(12,500)	-	87,500	-	-	-
M. Jansen	150,000	-	(75,000)	-	75,000	-	-	-
G. Everist	-	50,000	-	-	50,000	-	-	-
Total	1,400,000	50,000	(825,000)	(75,000)	550,000	-	-	-

(f) Shareholdings of specified directors and specified executives

	SHARES HELD IN MONADELPHOUS GROUP LIMITED				
	BALANCE 1 JULY 2003	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE 30 JUNE 2004
Specified Directors					
C. G. B. Rubino	3,548,238	-	-	(1,547,238)	2,001,000
R. Velletri	-	-	350,000	-	350,000
I. Tollman	164,038	-	25,000	-	189,038
P. J. Dempsey	-	-	-	6,000	6,000
Specified Executives					
D. Foti	88,700	-	175,000	-	263,700
D. M. Gray	150,000	-	12,500	-	162,500
D. J. Mutch	-	-	175,000	(108,600)	66,400
A. Erdash	-	-	12,500	(2,500)	10,000
M. Jansen	18,611	-	75,000	-	93,611
G. Everist	-	-	-	-	-
Total	3,969,587	-	825,000	(1,652,338)	3,142,249

(g) Loans to specified directors and specified executives

(i) *Details of aggregates of loans to specified directors and specified executives are as follows:*
No directors or executives had any loans during the reporting period.

(h) Other transactions and balances with specified directors and specified executives

There were no other transactions and balances with specified directors and specified executives.

	Notes	Consolidated		Monadelphous Group Limited	
		2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
25. AUDITORS' REMUNERATION					
Amounts received or due and receivable by Ernst & Young Australia for:					
- An audit or review of the financial report of the entity and any other entity in the consolidated entity		**95,400**	96,000	**5,000**	4,500
- Other services in relation to the entity and any other entity in the consolidated entity		**135,445**	65,000	-	-
		230,845	161,000	**5,000**	4,500

26. RELATED PARTY DISCLOSURES

Wholly-owned group transactions

Loans

During the year, funds have been advanced between entities within the consolidated entity for the purposes of working capital requirements only. The aggregate of amounts due from wholly owned controlled entities at balance date is $88,652,299 (2003: $58,143,319). All loans are interest free and have no fixed repayment date, except for an amount owing from Genco Pty Limited to the chief entity which has been charged interest of $50,000 (2003: $50,000). The rate of interest is based on the current 180 day bank bill rate.

The aggregate amount payable by the parent entity to wholly-owned controlled entities at the balance date is $84,987,892 (2003: $61,532,203). The amounts are interest free and have no fixed repayment date.

Ultimate parent

Monadelphous Group Limited is the ultimate Australian holding company.

27. SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since the end of the financial year 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.

On 26 July 2004, the directors of Monadelphous Group Limited declared a final dividend on ordinary shares in respect of the 2004 financial year. The total amount of the dividend is $3,720,599, which represents a fully franked dividend of 19 cents per share. This dividend has not been provided for in the 30 June 2004 Financial Statements.

28. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

	FIXED INTEREST RATE MATURING IN:													
FINANCIAL INSTRUMENT	FLOATING INTEREST RATE		1 YEAR OR LESS		OVER 1 TO 5 YEARS		MORE THAN 5 YEARS		NON-INTEREST BEARING		TOTAL		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
	2004 $'000	2003 $'000	**2004 $'000**	2003 $'000	**2004 $'000**	2003 $'000	**2004 $'000**	2003 $'000	**2004 $'000**	2003 $'000	**2004 $'000**	2003 $'000	**2004 %**	2003 %
(i) FINANCIAL ASSETS														
Cash assets	**15,864**	16,094	-	-	-	-	-	-	-	-	**15,864**	16,094	**4.75**	4.25
Listed shares	-	-	-	-	-	-	-	-	**332**	300	**332**	300	**N/A**	N/A
Other debtors	-	-	-	-	-	-	-	-	**5,391**	1,257	**5,391**	1,257	**N/A**	N/A
Receivables – trade	-	-	-	-	-	-	-	-	**39,773**	21,686	**39,773**	21,686	**N/A**	N/A
Total Financial Assets	**15,864**	16,094	-	-	-	-	-	-	**45,496**	23,243	**61,360**	39,337		
(ii) FINANCIAL LIABILITIES														
Payables	-	-	-	-	-	-	-	-	**28,084**	19,055	**28,084**	19,055	**N/A**	N/A
Interest bearing liabilities	-	-	**93**	93	**82**	160	-	-	-	-	**175**	253	**6.79**	6.79
Hire Purchase liability	-	-	**2,693**	2,233	**4,390**	4,851	-	-	-	-	**7,083**	7,084	**6.39**	6.21
Total Financial Liabilities	-	-	**2,786**	2,326	**4,472**	5,011	-	-	**28,084**	19,055	**35,342**	26,392		

28. FINANCIAL INSTRUMENTS (continued)

(b) Net fair values of financial assets and liabilities

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date, are as follows:

	Carrying Amount		Aggregate Net Fair Value	
	2004 $'000	2003 $'000	**2004 $'000**	2003 $'000
(i) FINANCIAL ASSETS				
Cash	**15,864**	16,094	**15,864**	16,094
Listed shares	**332**	300	**332**	300
Other debtors	**5,391**	1,257	**5,391**	1,257
Receivables – trade	**39,773**	21,686	**39,773**	21,686
Total Financial Assets	**61,360**	39,337	**61,360**	39,337
(ii) FINANCIAL LIABILITIES				
Payables	**28,084**	19,055	**28,084**	19,055
Interest bearing liabilities	**175**	253	**175**	253
Hire Purchase liability	**7,083**	7,084	**7,083**	7,084
Total Financial Liabilities	**35,342**	26,392	**35,342**	26,392

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Recognised financial instruments

Cash and cash equivalent: The carrying amount approximates fair value because of their short-term maturity.

Receivables, payables and interest bearing liabilities: The carrying amount approximates fair value.

Listed Shares: Fair value is the current quoted market bid price, adjusted for transaction costs necessary to realise the asset or settle the liability.

(c) Credit risk exposures

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the balance sheet.

Concentration of credit risk

The consolidated entity minimises concentrations of credit risk in relation to accounts receivable by undertaking transactions with a large number of customers within the resources and petrochemical industries. However, all of the customers are concentrated in Australia. The consolidated entity is not materially exposed to any individual customer.

29. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

Monadelphous Group Limited has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The company has allocated internal resources and engaged expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, Monadelphous has graded impact areas as either high, medium or low and has established a dedicated project team to address the areas in order of priority as represented by the gradings. An IFRS steering committee has been established to oversee the process and make necessary decisions. As Monadelphous has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when Monadelphous prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of Monadelphous. At this stage, the company has not been able to reliably quantify the impacts on the financial report.

Classification of Financial Instruments

Under AASB 139 *"Financial Instruments: Recognition and Measurement"*, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are: loans and receivables – measured at amortised cost; held to maturity – measured at amortised cost; held for trading measured at fair value with fair value changes taken to net profit and loss; available for sale – measured at fair value with fair value changes taken to equity; and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. Current measurement is at amortised cost. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

Impairment of Assets

Under the Australian equivalent to IAS 36 *"Impairment of Assets"* the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy, it is likely that any impairment of assets may be recognised sooner and that the amount of any write-downs may be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Share Based Payments

Under AASB 2 *"Share Based Payments"*, the company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown.

Income Taxes

Under the Australian equivalent to IAS 12 *"Income Taxes"*, the company will be required to use a balance sheet liability method with focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. The most significant impact will be the recognition of a deferred tax liability in relation to the asset revaluation reserve. Previously, the capital gains tax effects of asset revaluations were not recognised. It is not expected that there will be any further material impact as a result of adoption of this standard.

Corporate Governance Statement

Year ended 30 June 2004

The Board of Directors of Monadelphous Group Limited (Monadelphous) is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Monadelphous on behalf of the shareholders by whom they are elected and to whom they are accountable.

The format of the Corporate Governance Statement has changed in comparison to the previous year due to the introduction of the Australian Stock Exchange Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. Monadelphous' Corporate Governance Statement is now structured with reference to the Corporate Governance Council's principles and recommendations which are as follows:

Principle 1: Lay solid foundations for management and oversight

Principle 2: Structure the board to add value

Principle 3: Promote ethical and responsible decision making

Principle 4: Safeguard integrity in financial reporting

Principle 5: Make timely and balanced disclosure

Principle 6: Respect the rights of shareholders

Principle 7: Recognise and manage risk

Principle 8: Encourage enhanced performance

Principle 9: Remunerate fairly and responsibly

Principle 10: Recognise the legitimate interests of stakeholders

Monadelphous' corporate governance practices were formalised throughout the year ended 30 June 2004 and comply in all material respects with the Council's best practice recommendations.

For further information on corporate governance policies adopted by Monadelphous Group Limited refer to our website:

www.monadel.com.au

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report on page 23. Directors of Monadelphous are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, Mr P. J. Dempsey is considered to be an independent director.

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

The Board believes that while the Chairman is not independent and a majority of the directors are not independent, the current composition of the Board and its combined skills and capability, best serve the interests of the shareholders.

The term in office held by each director in office at the date of this report is as follows:

C. G. B. Rubino	14 years	(Executive Director)
R. Velletri	12 years	(Executive Director)
I. Tollman	12 years	(Non-Executive Director)
P. J. Dempsey	1 year	(Non-Executive Director)

Nomination Committee

The Board has established a nomination committee, which will meet half-yearly to ensure that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of director. The nomination committee comprises of two executive directors and one non-executive director. Members of the nomination committee throughout the year were:

C. G. B. Rubino (Chairman)

R. Velletri

P. J. Dempsey

For details of directors' attendance at meetings of the nomination committee, refer to page 28 of the Directors' Report.

Audit Committee

The Board has established an audit committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the audit committee.

The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The audit committee comprises of two non-executive directors and one executive director. The members of the audit committee during the year were:

P. J. Dempsey (Chairman)

C. G. B. Rubino

I. Tollman

Qualifications of audit committee members

P. J. Dempsey has over 30 years experience in the management of risks associated with the industry in which we operate.

C. G. B. Rubino has significant experience in the management of Monadelphous having served as the managing director of Monadelphous for 13 years.

I. Tollman has significant experience in the management of Monadelphous having served as the finance director of Monadelphous for 11 years.

For details on the number of meetings of the audit committee held during the year and the attendees at those meetings, refer to page 28 of the Directors' Report.

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, the nomination committee conducted performance evaluations which involved an assessment of the Board's and each key executive's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which the Board and executives are assessed is aligned with the financial and non-financial objectives of Monadelphous. Directors whose performance is consistently unsatisfactory may be asked to retire.

Remuneration

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the remuneration committee links the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives
- Attraction of quality management to the company
- Performance incentives which allow executives to share the rewards of the success of Monadelphous.

For details on the amount of remuneration and all monetary and non-monetary components for each of the six (non-director) executives during the year and for all directors, refer to page 27 of the Directors' Report. In relation to the issuing of options, discretion is exercised by the Board, having regard to the overall performance of Monadelphous and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the executive team. The Board has established a remuneration committee, comprising two executive directors and one non-executive director. Members of the remuneration committee throughout the year were:

C. G. B. Rubino (Chairman)

R. Velletri

I. Tollman

For details on the number of meetings of the remuneration committee held during the year and the attendees at those meetings, refer to page 28 of the Directors' Report.

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 3 September 2004.

a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share is:

CATEGORY (SIZE OF HOLDINGS)	NUMBER OF ORDINARY SHAREHOLDERS	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
1 - 1,000	552	375,283	1.92
1,001 - 5,000	987	2,616,076	13.36
5,001 - 10,000	239	1,835,718	9.37
10,001 - 100,000	172	4,227,959	21.85
100,001 and over	20	10,477,066	53.50
	1,970	19,582,182	100.00

The number of shareholders holding less than marketable parcels is 7.

b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

RANK	NAME	UNITS	% OF ISSUED CAPITAL
1	National Nominees Limited	2,810,245	14.35
2	Invia Custodian Pty Limited (Black Account)	2,099,669	10.72
3	Giovanni Nominees Pty Ltd (Giovanni Family Fund)	2,001,000	10.22
4	ANZ Nominees Limited	551,174	2.81
5	Westpac Custodian Nominees Limited	532,679	2.72
6	Mr Robert Velletri (The Velletri Family Account)	350,000	1.79
7	Mr Murray P Williams	336,191	1.72
8	J P Morgan Nominees Australia Limited	304,534	1.56
9	Frank Hadley Pty Ltd	216,176	1.10
10	Permanent Trustee Australia Limited (PVA0002 Account)	170,000	0.87
11	Mr David Mason Gray	150,000	0.77
12	D & S Ring Family Pty Ltd (The Ringmaster Account)	140,000	0.71
13	Health Super Pty Ltd	140,000	0.71
14	RBC Global Services Australia Nominees Pty Limited (BKCUST Account)	138,910	0.71
15	Wilmar Enterprises Pty Ltd	128,380	0.66
16	Miss Zoe Rubino	117,936	0.60
17	Mr Valentine Hugh Young (Shim Super Fund Account)	115,762	0.59
18	Miss Mary Carol Hughes	110,000	0.56
19	Mr Dino Foti	102,500	0.52
20	Ahrens Engineering Pty Ltd	100,000	0.51
		10,615,156	54.20

c) Substantial shareholders

The names of the substantial shareholders listed in the holding company's register are:

SHAREHOLDER	ORDINARY SHARES	% HELD
National Nominees Ltd	2,810,245	14.35
Invia Custodian Pty Ltd	2,099,669	10.72
Giovanni Nominees Pty Ltd	2,001,000	10.22

d) Voting rights

No restrictions. On a show of hands every member or proxy present shall be entitled to one vote unless a poll is called in which case every share shall have one vote.

e) Stock exchange listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

Investor Information

Year ended 30 June 2004

Annual General Meeting

The Annual General Meeting will be held at the registered office of Monadelphous Group Limited, 1-4 Sleat Road, Applecross on Tuesday 23 November 2004 at 10.00am. Full details of the meeting are contained in the Notice of the Annual General Meeting sent with this report.

Dividends

Historically, the Company has paid an interim dividend in March and a final dividend in December of each year. This year the 2004 final dividend has been paid on 17 September 2004. The record date for the 2004 final dividend was 10 September 2004. The company expects to pay the dividend in September in forthcoming years.

The following options are available regarding payment of dividends:

i) By cheque payable to the shareholder; or

ii) By direct deposit to a bank, building society or credit union account.

Lost or stolen cheques should be reported immediately to the Share Registry, in writing.

Electronic payments are credited on the dividend payment date and confirmed by a payment advice sent to the shareholder. Request forms for this service are available from the Company's Share Registry at the address shown below.

Shareholder enquiries

All enquiries should be directed to the Company's Share Registry at:

Computershare Registry Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace, Perth
Western Australia 6000

Enquiries: 1300 557 010 (Free call within Australia)
618 9615 5970 (Outside Australia)

Facsimile: (08) 9323 2033

Email: perth.services@computershare.com.au
Website: www.computershare.com

All written enquiries should include your Holder Identification Number as it appears in your Holding Statement along with your current address.

Change of address

It is very important that shareholders notify the Share Registry immediately, in writing, if there is any change to their registered address.

Lost holding statements

Shareholders should inform the Share Registry immediately, in writing, so that a replacement statement can be arranged.

Change of name

Shareholders who change their name should notify the Share Registry, in writing, and attach a certified copy of a relevant marriage certificate or deed poll.

Tax file numbers (TFN)

Although it is not compulsory for each shareholder to provide a TFN or exemption details, for those shareholders who do not provide the necessary details, the Company will be obliged to deduct tax from any unfranked portion of their dividends at the top marginal rate. TFN application forms can be obtained from the Share Registry, any Australia Post Office or the Australian Tax Office.

Monadelphous publications

The company's Annual Report is the main source of information for investors and is mailed to shareholders in October. Shareholders who do not wish to receive the Annual Report should advise the Share Registry. Monadelphous Group Limited financial reports are also available on its website (refer below).

Information about Monadelphous

Requests for specific information on the Company can be directed to the Company Secretary at the following address:

Monadelphous Group Limited
PO Box 365
Applecross WA 6953

Telephone: (08) 9316 1255
Facsimile: (08) 9316 1950

Monadelphous website

Information about Monadelphous Group Limited is available on the Internet at **www.monadel.com.au**

Contact Details

Perth

1 Sleat Road,
Applecross
Western Australia 6153

PO Box 365, Applecross
Western Australia 6953

Tel: +618 9316 1255
Fax: +618 9316 1950
Email: monadel@monadel.com.au

Brisbane

301 Coronation Drive,
Milton
Queensland 4064

PO Box 1872, Milton
Queensland 4064

Tel: +617 3368 6700
Fax: +617 3368 6777
Email: eastprojects@monadel.com.au

Kalgoorlie

Lot 45 Great Eastern Highway,
Kalgoorlie
Western Australia 6430

PO Box 2023, Boulder
Western Australia 6432

Tel: +618 9021 2111
Fax: +618 9021 2133
Email: kalmanager@monadel.com.au

Gladstone

47 Benaraby Road,
Gladstone
Queensland 4680

PO Box 891, Gladstone
Queensland 4680

Tel: +617 4979 3344
Fax: +617 4979 3331
Email: gladmanager@monadel.com.au

Gove

PO Box 145, Nhulunbuy
Northern Territory 0881

Tel: +618 8987 2550
Fax: +618 8987 2557
Email: govmanager@monadel.com.au

Mount Isa

4 Kolongo Crescent,
Mount Isa
Queensland 4825

PO Box 514, Mount Isa
Queensland 4825

Tel: +617 4743 4600
Fax: +617 4743 7622
Email: isamanager@monadel.com.au

Darwin

Muramats Road Hudson Creek,
Berrimah
Northern Territory 0828

PO Box 38057, Winnellie
Northern Territory 0821

Tel: +618 8947 1671
Fax: +618 8947 1679
Email: darmanager@monadel.com.au

Muswellbrook

Lot 111 Denman Road,
Muswellbrook
New South Wales 2333

PO Box 64, Muswellbrook
New South Wales 2333

Tel: +612 6543 2355
Fax: +612 6542 5477
Email: musmanager@monadel.com.au

Roxby Downs

7 Charlton Road,
Olympic Dam
South Australia 5725

PO Box 93, Olympic Dam
South Australia 5725

Tel: +618 8671 0020
Fax: +618 8671 0120
Email: roxmanager@monadel.com.au

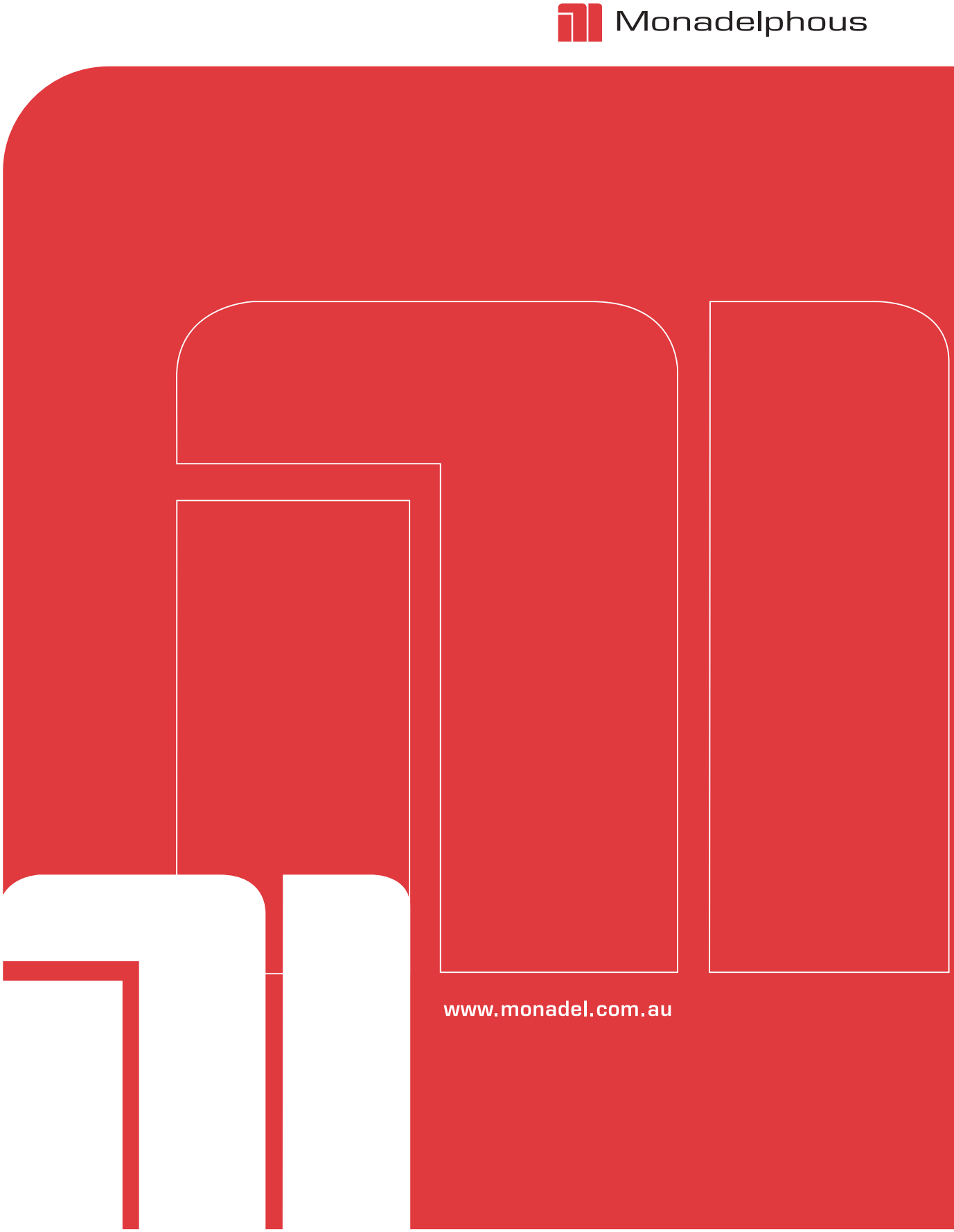
Skystar Airport Services Pty Ltd

Box 2, Perth International Airport,
Horrie Miller Drive
Newburn WA 6104

Tel: +618 9479 8100
Fax: +618 9479 8101
Email: skystar@monadel.com.au

www.skystarairportservices.com.au

www.calderdesign.com.au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