Your directors submit their report for the year ended 30 June 2011.

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
45 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
32 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
19 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

Lead Independent Non-Executive Director
Appointed 30 May 2003
Civil Engineer, Fellow of the Institution of Engineers Australia
39 years experience in the construction industry
Also a non-executive director of two other publicly listed entities, Becton Property Group Limited (ASX: BEC) - appointed 25 July 2008 and Service Stream Limited (ASX: SSM) - appointed 1 November 2010

Christopher Percival Michelmore

Independent Non-Executive Director
Appointed 1 October 2007
Civil Engineer, Fellow of the Institution of Engineers Australia
Member Institution of Structural Engineers, UK
39 years experience in the construction industry

COMPANY SECRETARIES

Zoran Bebic

Company Secretary and Chief Financial Officer
Appointed 24 August 2009
Certified Practising Accountant, Member of CPA Australia
18 years experience in the construction and engineering services industry

Philip Trueman

Company Secretary and General Manager, Human Resources
Appointed 21 December 2007
Chartered Accountant, Member Institute of Chartered Accountants in Australia and the South African Institute of Chartered Accountants
11 years experience in the construction and engineering services industry

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	2,004,000	Nil
R. Velletri	2,125,000	375,000
I. Tollman	667,586	Nil
P. J. Dempsey	78,000	Nil
C. P. Michelmore	18,597	Nil

EARNINGS PER SHARE

	Cents
Basic Earnings Per Share	108.84
Diluted Earnings Per Share	106.87

DIVIDENDS

	Cents	$'000
Final dividends declared		
- on ordinary shares	55.00	48,167
Dividends paid during the year:		
Current year interim		
- on ordinary shares	40.00	35,031
Final for 2010		
- on ordinary shares	48.00	42,010

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 25 in the financial report).

The registered office of Monadelphous Group Limited is located at 59 Albany Highway, Victoria Park, Western Australia, 6100.

Nature of operations and principal activities

Engineering Services

Monadelphous is a diversified services company operating in the resources, energy and infrastructure industry sectors.
Services provided:

- Fabrication, modularisation, offsite pre-assembly, procurement and installation of structural steel, tankage, mechanical and process equipment, piping, demolition and remediation works
- Multi-disciplined construction services
- Plant commissioning
- Specialist electrical and instrumentation services
- Fixed plant maintenance services
- Shutdown planning, management and execution
- Construction of transmission pipelines and facilities

Skystar Airport Services

Provides aviation support services.

General

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

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

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

Employees

The consolidated entity employed 5,649 employees as of 30 June 2011 (2010: 5,424 employees).

OPERATING AND FINANCIAL REVIEW

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

Operating results for the year were:

	2011 $'000	2010 $'000
Revenue from services	**1,443,896**	1,275,420
Profit after income tax expense	**95,067**	83,217

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 1 July 2011, Monadelphous Group Limited acquired 100% of the voting shares of asset management company, PearlStreet Energy Services Pty Ltd ('PearlStreet'). PearlStreet manages two long term operations and maintenance contracts in the power sector in Western Australia. The acquisition forms part of Monadelphous's markets and growth strategy. The consideration comprised an initial cash payment of $4,130,000 and a subsequent cash adjustment to the purchase price on finalisation of the completion accounts at the date of acquisition.

At the date the Financial Statements were authorised for issue, the initial accounting for the business combination was incomplete with the fair value assessments of the identifiable assets and liabilities acquired at acquisition and the calculation of the adjustment to the purchase price to be finalised. As a result it is not possible to disclose the carrying value or fair value of the identifiable assets and liabilities that will be recognised at 1 July 2011, the acquisition date fair value of consideration transferred or to calculate the value of goodwill.

On 14 July 2011, the company name of PearlStreet Energy Services Pty Ltd was changed to Monadelphous Energy Services Pty Ltd.

On 19 August 2011, the Company announced that it had secured major maintenance and construction contracts with a combined value of approximately $350 million. The contracts are with key customers in the Queensland coal industry and the Western Australian oil and gas and alumina industries. The contracts include:

- A three-year contract with BHP Billiton Mitsubishi Alliance (BMA) in Queensland, valued at approximately $100 million for dragline and shovel shutdown work across its Bowen Basin coal operations;
- Two contracts totalling approximately $100 million, for civil, structural, mechanical and electrical work to supply and install an overland conveyor and a drift conveyor as part of the extension project at the Rio Tinto Coal Australia–managed Kestrel Mine near Emerald, Queensland;
- Two contracts with BMA's Project Delivery Group for ongoing construction work on various sites in the northern region of the Bowen Basin in Queensland over two years;
- A new contract with Woodside to provide mechanical commissioning support to its Pluto LNG Plant on the Burrup Peninsula in Western Australia, expected to be completed in the first half of 2012; and
- A new three-year contract to provide minor capital project services for BHP Billiton Worsley Alumina's Refinery Project at Collie in Western Australia.

On 22 August 2011, the directors of Monadelphous Group Limited declared a final dividend on ordinary shares in respect of the 2011 financial year. The total amount of the dividend is $48,167,255 which represents a fully franked final dividend of 55 cents per share. This dividend has not been provided for in the 30 June 2011 Financial Statements.

Other than the items noted above, 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 3,928,500 unissued ordinary shares under options as follows:

- 2,857,500 options to take up one ordinary share in Monadelphous Group Limited at an issue price of $10.00. The options expire between 30 September 2011 and 30 September 2012.
- 460,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of $12.22. The options expire between 30 September 2011 and 30 September 2013.
- 611,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of $14.84. The options expire between 30 September 2012 and 30 September 2014.

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 1,117,500 fully paid ordinary shares at a weighted average exercise price of $9.95. All 1,117,500 shares were issued as new fully paid ordinary shares.

No options have been exercised since the end of the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the end of 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 $93,641 (2010: $125,274).

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

During or since the end of 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.*

REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the Managing Director and senior General Managers of the Parent and the Group.

Details of Key Management Personnel (including the five highest paid executives of the Company and the Group)

(i) Directors

C. G. B. Rubino	Chairman
R. Velletri	Managing Director
I. Tollman	Non-Executive Director
P. J. Dempsey	Lead Independent Non-Executive Director
C. P. Michelmore	Independent Non-Executive Director

(ii) Executives

D. Foti	Executive General Manager, Engineering Construction
A. Erdash	General Manager, Maintenance & Industrial Services Western Region
M. Jansen	General Manager, Maintenance & Industrial Services Eastern Region (resigned 1 July 2010)
C. Tabrett	General Manager, Maintenance & Industrial Services Eastern Region (appointed 1 July 2010)
Z. Bebic	Chief Financial Officer and Company Secretary
S. Murray	General Manager, Infrastructure

Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the principles of providing competitive rewards to attract high calibre executives, and the linking of executive rewards to shareholder value, in its remuneration framework.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and the executive management team.

The Remuneration Committee utilises remuneration survey data compiled by a recognised remuneration research organisation across a range of industries and geographic regions. The salary survey data is updated every 6 months and is used to assess the appropriateness of the nature and amount of remuneration of directors and the executive management team. This assessment is made with 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.

In determining the levels of remuneration of directors and executives, the Remuneration Committee takes into consideration the performance of the Group and the individual.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive management remuneration is separate and distinct.

Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The most recent determination was at the Annual General Meeting held on 27 November 2007 when shareholders approved an aggregate remuneration of $400,000 in the 'not to exceed sum' paid to non-executive directors.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executive directors have long been encouraged by the board to hold shares in the Company (purchased by the director on-market). It is considered good governance for directors to have a stake in the Company.

The non-executive directors do not receive retirement benefits, nor do they participate in any incentive programs.

The remuneration of non-executive directors for the period ending 30 June 2011 is detailed in Table 1 on page 56 of this report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Executive Remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for Group, business unit and individual performance;
- Align the interests of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee receives external survey data from a recognised remuneration research organisation and considers market levels for comparable executive roles when making its recommendations to the Board.

Remuneration consists of a fixed remuneration element and variable remuneration elements in the form of Short Term and Long Term Incentives.

The proportion of fixed remuneration and variable remuneration is established for each member of the executive management team by the Remuneration Committee. Tables 1 and 2 on pages 56 and 57 of this report detail the proportion of fixed and variable remuneration for each of the executive directors and the members of the executive management team of the Company.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of Company-wide, business unit and individual performance, relevant comparative remuneration in the market and internally, and where appropriate, external advice on policies and practices.

Monadelphous has a structured approach aimed at delivering fixed remuneration which is market competitive and rewards performance. The Company participates in a number of respected remuneration surveys from which it receives quarterly or six-monthly market and forecast data, and it's remuneration system is designed to analyse detailed market and sector information at various levels.

Structure

Executive team members are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component of the executive directors and the five most highly remunerated members of the executive management team of the Company is detailed in Tables 1 and 2 on pages 56 and 57 of this report.

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Company's targets with the performance of the employee charged with meeting those targets. The total STI for executives is set at a level so as to remunerate the executives for achieving the operational targets and such that the cost to the Company is reasonable in the circumstances.

Structure

On an annual basis at the end of the financial year, after consideration of performance against KPIs, an overall performance rating for the Company and each individual business unit is approved by the Remuneration Committee. The individual performance of each executive is also rated and all three are taken into account when determining the amount, if any, of the short-term incentive payment made to each individual.

The KPIs considered in the assessment process adopt a balanced scorecard approach to measuring performance.
The following categories of performance measures are considered:

- Financial Measures: including revenue, contribution and financial administration metrics,
- Safety Measures: including lost time and total case injury frequency metrics,
- Customer Satisfaction Measures: including customer performance feedback,
- Employee Retention and Development Metrics and
- Progress being made in terms of specific long-term strategic initiatives.

The KPIs have been selected to underpin the Company's core values and ensuring performance is aligned to the strategic direction of the business.

The aggregate of annual STI payments available for executives across the Company is subject to the approval of the Remuneration Committee. Payments made are usually delivered as a cash bonus.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Executive Remuneration (continued)

Variable Remuneration – Short Term Incentive (STI) (continued)

In the 2010 financial year, 100% of the cash bonus previously accrued in that period vested and was paid in the 2011 financial year. The amount payable for the 2011 financial year in relation to executives is $590,000 which has been fully accrued at 30 June 2011. This amount was fully paid in July 2011 on approval by the Remuneration Committee.

Variable Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to retain and reward key employees in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure

LTI grants to executives are delivered at the discretion of the Remuneration Committee in the form of options. The individual performance rating of each executive and the annual cost to the Company, on an individual basis, of any issue is taken into account when determining the amount, if any, of options granted. During the year ended 30 June 2011, there were 631,000 options granted under the Monadelphous Group Limited Employee Option Plan. No Directors or Key Management Personnel included in Table 1 on page 56 received options during the year ended 30 June 2011. All executives are eligible to participate in the Monadelphous Group Limited Employee Option Plan.

In accordance with the rules of the Monadelphous Group Limited Employee Option Plan, options may only be exercised in specified window periods (or at the discretion of the directors in particular circumstances):

25% 2 years after the options were issued

25% 3 years after the options were issued

50% 4 years after the options were issued

In addition, for options issued under the Monadelphous Group Limited Employee Option Plan during the years ended 30 June 2009, 30 June 2010 and 30 June 2011, the ability to exercise options during each applicable window period is subject to the financial performance of the Company during the option vesting period. The options shall only be capable of exercise during that window period where the Company's Earnings Per Share (EPS) metric is growing at a rate of at least 10% per year on average. If, however, this hurdle is not achieved for a particular window period, rather than lapsing, the options will be re-tested during all later window periods in respect of that issue and may become exercisable at that later date.

Hedging of Equity Awards

The Company prohibits executives from entering into arrangements to protect the value of unvested LTI awards. The prohibition includes entering into contracts to hedge their exposure to options awarded as part of their remuneration package.

Adherence to the policy is monitored on an annual basis and involves each KMP signing an annual declaration of compliance with the hedging policy.

Employment Contracts

All executives have non-fixed term employment contracts. The Company or executive may terminate the employment contract by providing 1 to 3 months written notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred.

Company Performance

The profit after tax for the Group for the last six years is as follows:

	2011 $'000	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
Profit after income tax expense	**95,067**	83,217	74,241	69,543	60,418	29,396

A review of the Company's performance over the last six years has been provided on page 43 of this report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of Key Management Personnel and the Five Highest Paid Executives of the Company and the Group

Table 1: Remuneration for the year ended 30 June 2011

	Short Term Benefits			Post Employment		Long Term Benefits	Share-based Payments	Total	Total Performance Related	Total Options Related
	Salary & Fees	Non Monetary	Cash STI	Super-annuation	Retirement Benefits	Long Service Leave	Options LTI			
	$	$	$	$	$	$	$	$	%	%
Non-Executive Directors										
I. Tollman	60,000	768	-	-	-	-	-	60,768	-	-
P. J. Dempsey	100,917	1,292	-	9,083	-	-	-	111,292	-	-
C. P. Michelmore	90,000	1,152	-	-	-	-	-	91,152	-	-
Subtotal Non-Executive Directors	**250,917**	**3,212**	**-**	**9,083**	**-**	**-**	**-**	**263,212**	**-**	**-**
Executive Directors										
C. G. B. Rubino	366,270	4,094	-	14,030	-	8,853	-	393,247	-	-
R. Velletri	747,356	17,205	220,000	15,199	-	43,733	138,966	1,182,459	30.36	11.75
Subtotal Executive Directors	**1,113,626**	**21,299**	**220,000**	**29,229**	**-**	**52,586**	**138,966**	**1,575,706**	**22.78**	**8.82**
Other Key Management Personnel										
D. Foti	567,941	11,704	140,000	15,199	-	20,797	77,821	833,462	26.13	9.34
A. Erdash	395,145	11,236	70,000	15,199	-	10,195	38,910	540,685	20.14	7.20
M. Jansen*	-	-	-	-	-	-	-	-	-	-
C. Tabrett #	305,500	8,637	35,000	15,199	-	8,479	38,910	411,725	17.95	9.45
Z. Bebic	378,316	8,219	75,000	15,199	-	14,958	38,910	530,602	21.47	7.33
S. Murray	301,922	6,268	50,000	15,199	-	9,085	26,349	408,823	18.68	6.45
Subtotal Other Key Management Personnel	**1,948,824**	**46,064**	**370,000**	**75,995**	**-**	**63,514**	**220,900**	**2,725,297**	**21.68**	**8.11**
Total	**3,313,367**	**70,575**	**590,000**	**114,307**	**-**	**116,100**	**359,866**	**4,564,215**	**20.81**	**7.88**

C. Tabrett met the definition of Key Management Personnel from the date of his appointment as General Manager, Maintenance & Industrial Services Eastern Region on 1 July 2010. Remuneration received from the date of appointment is disclosed in Table 1.
* M. Jansen resigned as General Manager, Maintenance & Industrial Services Eastern Region, effective from 1 July 2010.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of Key Management Personnel and the Five Highest Paid Executives of the Company and the Group (continued)

Table 2: Remuneration for the year ended 30 June 2010

	Short Term Benefits			Post Employment		Long Term Benefits	Share-based Payments	Total	Total Performance Related	Total Options Related
	Salary & Fees	Non Monetary	Cash STI	Super-annuation	Retirement Benefits	Long Service Leave	Options LTI			
	$	$	$	$	$	$	$	$	%	%
Non-Executive Directors										
I. Tollman	40,000	551	-	-	-	-	-	40,551	-	-
P. J. Dempsey	70,000	963	-	-	-	-	-	70,963	-	-
C. P. Michelmore	70,000	963	-	-	-	-	-	70,963	-	-
Subtotal Non-Executive Directors	**180,000**	**2,477**	**-**	**-**	**-**	**-**	**-**	**182,477**	**-**	**-**
Executive Directors										
C. G. B. Rubino	334,862	8,491	-	14,461	-	10,005	-	367,819	-	-
R. Velletri	649,771	18,318	240,000	14,461	-	12,608	204,144	1,139,302	38.98	17.92
Subtotal Executive Directors	**984,633**	**26,809**	**240,000**	**28,922**	**-**	**22,613**	**204,144**	**1,507,121**	**29.47**	**13.55**
Other Key Management Personnel										
D. Foti	550,328	15,005	150,000	14,461	-	27,751	114,321	871,866	30.32	13.11
A. Erdash	393,441	11,061	70,000	14,461	-	10,639	57,160	556,762	22.84	10.27
M. Jansen	374,563	10,354	-	14,461	-	6,826	57,160	463,364	12.34	12.34
Z. Bebic #	344,320	8,932	60,000	12,236	-	21,080	48,704	495,272	21.95	9.83
S. Murray	229,351	7,282	40,000	12,236	-	10,432	46,996	346,297	25.12	13.57
G. Everist *	260,276	1,901	-	3,930	-	(43,218)	(38,107)	184,782	(20.62)	(20.62)
Subtotal Other Key Management Personnel	**2,152,279**	**54,535**	**320,000**	**71,785**	**-**	**33,510**	**286,234**	**2,918,343**	**20.77**	**9.81**
Total	**3,316,912**	**83,821**	**560,000**	**100,707**	**-**	**56,123**	**490,378**	**4,607,941**	**22.79**	**10.64**

Z. Bebic met the definition of Key Management Personnel from the date of his appointment as Chief Financial Officer on 24 August 2009. Remuneration received from the date of appointment is disclosed in Table 2.
* G. Everist resigned as Chief Financial Officer, effective from 24 August 2009 but continued in employment while working out a notice period. Options were forfeited on resignation. Any share based payment expense previously recognised in respect of the options has been reversed. Long service leave previously accrued, not vested on resignation, has been reversed.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of Key Management Personnel and the Five Highest Paid Executives of the Company and the Group (continued)

During the financial years ended 30 June 2011 and 30 June 2010, no options were granted as equity compensation benefits to Key Management Personnel.

Table 3: Shares issued on exercise of compensation options during the year ended 30 June 2011

	Options Vested Number	Options Exercised Number	Shares Issued Number	Paid $ per share
Directors				
R. Velletri ^	125,000	125,000	125,000	10.00
Executives				
D. Foti ^	70,000	70,000	70,000	10.00
A. Erdash ^	35,000	35,000	35,000	10.00
C. Tabrett ^	35,000	35,000	35,000	10.00
Z. Bebic ^	35,000	35,000	35,000	10.00
S. Murray *	25,000	25,000	25,000	9.06
S. Murray ^	17,500	17,500	17,500	10.00
Total	342,500	342,500	342,500	

^ On 8 September 2010, the date of exercise of the options, the closing share price was $14.70.

* On 6 January 2011, the date of exercise of the options, the closing share price was $18.15.

Table 4: Shares issued on exercise of compensation options during the year ended 30 June 2010

	Options Vested Number	Options Exercised Number	Shares Issued Number	Paid $ per share
Directors				
R. Velletri	-	-	-	-
Executives				
D. Foti	-	-	-	-
A. Erdash	-	-	-	-
M. Jansen	-	-	-	-
Z. Bebic	-	-	-	-
S. Murray	12,500	12,500	12,500	9.06
G. Everist	-	-	-	-
Total	12,500	12,500	12,500	

On 29 January 2010, the date of exercise of the above options, the closing share price was $12.85.

END OF REMUNERATION REPORT

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 was as follows:

	Directors' Meetings	Meetings of Committees		
		Audit	Remuneration	Nomination
Number of meetings held:	12	2	2	1
Number of meetings attended:				
C. G. B. Rubino	12	-	-	1
R. Velletri	12	-	-	-
I. Tollman	12	2	2	-
P. J. Dempsey	12	2	2	1
C. P. Michelmore	12	2	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. P. Michelmore (c)	C. G. B. Rubino (c)
I. Tollman	P. J. Dempsey	C. P. Michelmore
C. P. Michelmore	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 thousand dollars ($'000) (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

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 detailed on page 44 of this report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the following declaration from the auditor of Monadelphous Group Limited.

ERNST & YOUNG

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

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

In relation to our audit of the financial report of Monadelphous Group Limited for the financial year ended 30 June 2011 reporting date, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
22 August 2011

Liability limited by a scheme approved under Professional Standards Legislation

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	$
Tax compliance services	21,546
Assurance related	6,074
	27,620

Signed in accordance with a resolution of the directors.

C. G. B. Rubino
Chairman
Perth, 22 August 2011