Monadelphous

ANNUAL REPORT 2018

TOGETHER WE DELIVER

OUR PURPOSE

TO BUILD, MAINTAIN AND IMPROVE OUR CUSTOMERS' OPERATIONS THROUGH THE RELIABLE DELIVERY OF SAFE, COST EFFECTIVE AND CUSTOMER-FOCUSSED SOLUTIONS.

OUR VISION

Monadelphous will achieve long-term sustainable growth by being recognised as a leader in our chosen markets and a truly great company to work for, to work with and invest in.

We are committed to the safety, wellbeing and development of our people, the delivery of outstanding service to our customers and the provision of superior returns to our shareholders.

OUR COMPETITIVE ADVANTAGE

We deliver what we promise.

OUR VALUES

Safety and Wellbeing

We show concern and actively care for others. We always think and act safely.

Integrity

We are open and honest in what we say and what we do. We take responsibility for our work and our actions.

Achievement

We are passionate about achieving success for our customers, our partners and each other. We seek solutions, learn and continually improve.

Teamwork

We work as a team in a cooperative, supportive and friendly environment. We are open-minded and share our knowledge and achievements.

Loyalty

We develop long-term relationships, earning the respect, trust and support of our customers, partners and each other. We are dependable, take ownership and work for the Company as our own.

ABOUT THIS REPORT

The purpose of this Annual Report is to provide Monadelphous' stakeholders, including shareholders, customers, employees, suppliers and the wider community, with information about the Company's performance during the 2018 financial year.

References in this Report to 'the year', 'the reporting period' and 'the period' relate to the financial year 1 July 2017 to 30 June 2018, unless otherwise stated. All dollar figures are expressed in Australian currency, unless otherwise stated.

Monadelphous Group Limited (ABN 28 008 988 547) is the parent company of the Monadelphous group of companies. In this Report, unless otherwise stated, references to 'Monadelphous', 'the Company', 'the division', 'we', 'its', 'us' and 'our' refer to Monadelphous Group Limited and its subsidiaries.

COVER IMAGES

Top Tie-in conveyors at BHP's Mining Area C mine, Pilbara region, Western Australia.

Left Middle A Monadelphous employee assisting with the shutdown of Dragline 102 at Yancoal's Mount Thorley Warkworth open cut mines, Mount Thorley, New South Wales.

Right Middle 270MW Sapphire Wind Farm, New England region, New South Wales.

Left Bottom A Monadelphous employee inspecting the polymer dosing skid, part of the biosolids treatment system, at the Bondi Waste Water Treatment Plant, Sydney, New South Wales.

Right Bottom Monadelphous employees at BHP's Olympic Dam mine near Roxby Downs in South Australia.

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ANNUAL GENERAL MEETING Shareholders are advised that the Monadelphous Group Limited 2018 Annual General Meeting (AGM) will be held at The University Club, University of Western Australia, Crawley, Western Australia, on Tuesday, 20 November 2018 at 10am (AWST).

IMAGE Monadelphous' 400 tonne crane jib.

ABOUT MONADELPHOUS

Monadelphous is an Australian engineering group headquartered in Perth, Western Australia, providing construction, maintenance and industrial services to the resources, energy and infrastructure sectors.

The Company builds, maintains and improves its customers' operations through safe, reliable, innovative and cost effective service solutions. It aims to be recognised as a leader in its chosen markets and a truly great company to work for, work with and invest in.

OUR HISTORY

Monadelphous emerged from a business which started in 1972 in Kalgoorlie, Western Australia, providing general mechanical contracting services to the mining industry.

The name Monadelphous was adopted in 1978 and by the mid-1980s the Company had expanded into a number of markets, both interstate and overseas, and its shares were traded on the second board of the Australian Stock Exchange.

In the late 1980s, a major restructure of the Company took place with the business refocussing on maintenance and construction services in the resources industry. Monadelphous' shares were relisted on the main board of the stock exchange during the 1990 financial year and the Company established the foundation for sustained growth with a new management team.

The Company has continued to diversify and extend its reputation as a supplier of multidisciplinary construction, maintenance and industrial services to many of the largest companies in the resources, energy and infrastructure sectors.

Monadelphous' shares are included in the S&P/ASX 200 index.

OUR OPERATIONS

Monadelphous has two operating divisions working predominately in Australia, with overseas operations in New Zealand, China, Papua New Guinea, Mongolia and the United States.

Engineering Construction

The Engineering Construction division provides large-scale multidisciplinary project management and construction services. These include fabrication, modularisation, offsite pre-assembly, procurement and installation of structural steel, tankage, mechanical and process equipment, piping, plant commissioning, demolition, water and wastewater asset construction and maintenance, irrigation services, heavy lift and specialist transport, remediation works, electrical and instrumentation services, and engineering, procurement and construction services.

Maintenance and Industrial Services

The Maintenance and Industrial Services division specialises in the planning, management and execution of mechanical and electrical maintenance services, shutdowns, fixed plant maintenance services, access solutions, specialist coatings and sustaining capital works.

The division provides an important source of recurring revenue through its long-term contracts with major customers.

IMAGES

Left Monadelphous employees accessing Cape Lambert A Wharf, Pilbara region, Western Australia.

Right Top A 42 tonne water tank, pre-fabricated by SinoStruct, being transported for installation at BHP's Mining Area C, Newman, Western Australia.

Right Bottom Monadelphous employees assisting with the shutdown of Dragline 102 at Yancoal's Mount Thorley Warkworth open cut mines, Mount Thorley, New South Wales.

OUR SERVICES AND LOCATIONS

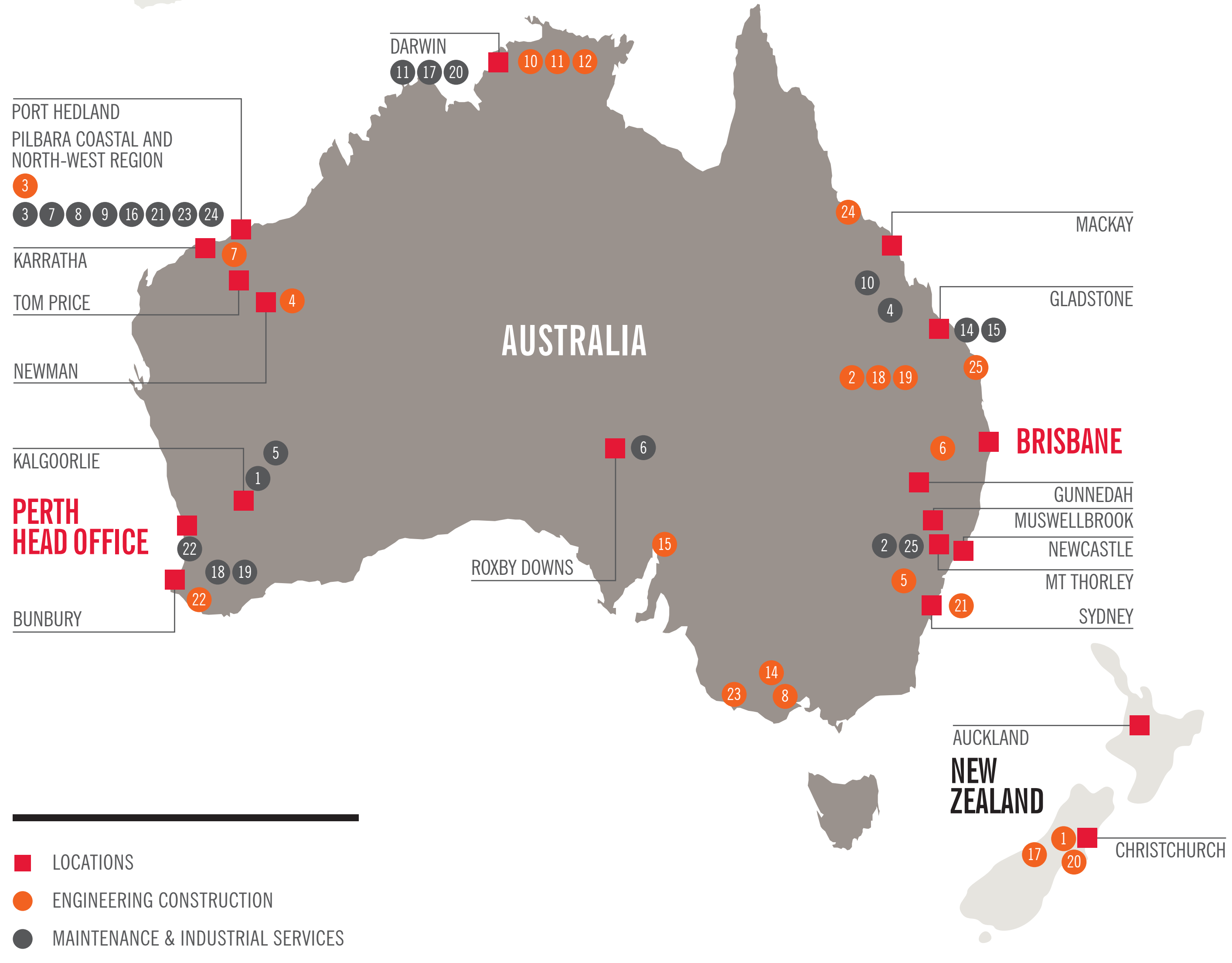
Monadelphous operates predominantly in Australia, with overseas operations in New Zealand, China, Papua New Guinea, Mongolia and the United States.

ENGINEERING CONSTRUCTION

		Market Sector
1	Amuri Irrigation Scheme - Supply, installation and commissioning of 130km water pipeline network	Water
2	Australia Pacific LNG - Wellhead Separator Skids - Supply, fabrication and assembly of wellhead separator skids and pressure vessels	Fabrication Services
3	BHP - Various structural, mechanical, piping, electrical and instrumentation integrated packages	Iron Ore
4	BHP Iron Ore - Mining Area C Water Treatment Plant upgrade	Water
5	CWP Asset Management - Crudine Ridge Wind Farm - Design and construction of civil and electrical balance of plant, transport and erection	Renewable Energy
6	CWP Asset Management - Sapphire Wind Farm - Civil and electrical balance of plant	Renewable Energy
7	Fortescue Solomon, a wholly owned subsidiary of Fortescue Metals Group - Fixed plant maintenance crane services and shutdown crane services	Iron Ore
8	Goldwind Australia - Moorabool North Wind Farm - Balance of plant works	Renewable Energy
9	Jacobs Engineering - Supply structural steel, fabricated spooling and pre-assembled modular pipe racks	Fabrication Services
10	JKC Australia LNG (JKC) - Ichthys Project Onshore LNG Facilities - Mechanical Works - Utility and offsite	Oil and Gas
11	JKC - Ichthys Project Onshore LNG Facilities - SMPE&I for completion of gas turbine generators and associated steam piping of combined cycle power plant	Oil and Gas
12	Kawasaki Heavy Industries - Ichthys Project Onshore LNG Facilities - SMPE&I on the cryogenic tanks	Oil and Gas
13	Kiewit Corporation - Structural steel and miscellaneous steel	Fabrication Services
14	Lal Lal Wind Farms - Engineering, procurement, construction and commissioning of balance of plant works	Renewable Energy
15	Structural, mechanical and piping works	Lead
16	Oyu Tolgoi LLC - Oyu Tolgoi Underground Project - Mechanical decommissioning, demolition, civil, structural, mechanical, piping and electrical and instrumentation works	Copper, Gold
17	Pukaki Irrigation Company Limited - Design, supply, installation and commissioning of gravity pressurised irrigation scheme	Water
18	Santos Ltd - Roma West Phase 2B Project - Structural, mechanical and piping works	Oil and Gas
19	Santos Ltd - Supply, fabrication, assembly and delivery of wellhead separator skids	Fabrication Services
20	Selwyn District Council - Upgrade to wastewater treatment plant	Water
21	Sydney Water Corporation - Network delivery management, delivery contractor panel for facilities and networks	Water
22	Talison Lithium - Design, construction and commissioning of new feed system to chemical grade plant	Lithium
23	Tilt Renewables - Salt Creek Wind Farm - Engineering, procurement, construction and commissioning	Renewable Energy
24	Townsville City Council - Civil, structural, mechanical and electrical works to upgrade the Cleveland Bay Purification Plant	Water
25	Unitywater - Design and construction of major upgrade to Kawana Sewage Treatment Plant	Water

MAINTENANCE AND INDUSTRIAL SERVICES

		Market Sector
1	AngloGold Ashanti - Maintenance works	Gold
2	BHP Coal - Maintenance works	Coal
3	BHP Iron Ore - Shutdowns and turnarounds and sustaining capital works	Iron Ore
4	BHP Mitsubishi Alliance (BMA) Blackwater Mine - Dragline shutdowns	Coal
5	BHP Nickel West - Maintenance and turnarounds	Nickel
6	BHP Olympic Dam - Maintenance and turnarounds	Copper, Uranium, Gold
7	Chevron Australia - Gorgon Project – LNG Facilities maintenance	Oil and Gas
8	Chevron Australia - Wheatstone Project – LNG Facilities maintenance	Oil and Gas
9	CITIC Pacific Mining - Sino Iron Project - Projects and turnarounds	Iron Ore
10	Incitec Pivot Limited - General Mechanical Contractor Services	Ammonia
11	INPEX Operations Australia - Offshore maintenance services	Oil and Gas
12	Lihir Gold - Maintenance works	Gold
13	Oil Search Limited - Field construction services / engineering, procurement and construction services	Oil and Gas
14	The Shell operated QGC project on Curtis Island	Oil and Gas
15	Queensland Alumina Limited - Maintenance and turnarounds	Alumina
16	Rio Tinto Iron Ore - Maintenance and turnarounds	Iron Ore
17	Shell Australia - Maintenance and turnaround services on Prelude FLNG facility	Oil and Gas
18	South 32 - Worsley Alumina Refinery	Alumina
19	Synergy - Operation and maintenance of Collie Basin Coal Plant Infrastructure	Power
20	TechnipFMC - Piping modification and fabrication on hook-up and commissioning of Prelude FLNG facility	Oil and Gas
21	The Pilbara Infrastructure, a wholly owned subsidiary of Fortescue Metals Group - Abrasive, cleaning and relining carbon steel ore wagons	Iron Ore
22	Tronox KMK - Cogeneration Plant operation and maintenance	Power
23	Woodside - Karratha Gas Plant Karratha Life Extension program	Oil and Gas
24	Woodside - Maintenance, turnarounds and offshore brownfields implementation	Oil and Gas
25	Yancoal - Maintenance and turnarounds	Coal



2017/18 HIGHLIGHTS

Monadelphous made good progress on its markets and growth strategy, maximising returns from core markets, securing further business in infrastructure and continuing to deliver core services to overseas markets.

The Company saw a significant improvement in its safety performance and continued to focus on improving operational productivity through the development and implementation of technological solutions and innovative work practices.

Ichthys Project Onshore LNG Facilities
Monadelphous substantially completed work on the Ichthys Project Onshore LNG Facilities in Darwin, Northern Territory. An outstanding safety record and strong overall performance resulted in a significant amount of additional work being awarded throughout the duration of the project.

Strengthened Maintenance Services Position
A significant increase in demand for maintenance and sustaining capital works services across the resources and energy sectors positioned the Company as a leading maintenance services provider.

New Maintenance Services Embedded
Services added in prior years, including corrosion management, protective coatings, marine maintenance and rope access, were successfully embedded into operations.

Offshore Oil and Gas Maintenance Contracts Ramped Up
Maintenance activity on the Company's offshore oil and gas contracts with Woodside, INPEX Operations Australia and Shell Australia ramped up substantially.

Increased Water and Irrigation Activity
The Company continued to deliver water and irrigation projects in Australia and New Zealand, and was awarded a contract with Pukaki Irrigation Company Limited for the construction of a gravity pressurised irrigation scheme in New Zealand.

Mondium Secured First EPC Contracts
Mondium secured its first two EPC contracts at Talison Lithium's Greenbushes Operations and Galaxy Lithium Australia's Mt Cattlin project, both in Western Australia.

Strong Growth in Zenviron
Zenviron substantially completed the Sapphire Wind Farm Project in New South Wales and secured four new wind farm contracts, including the Salt Creek, Lal Lal, Crudine Ridge and Moorabool North wind farms.

Geographical Expansion
The Company expanded geographically with the acquisition of Newcastle-based maintenance services business, RIG Installations, and the establishment of workshop facilities in Newman.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Commenced Work on Oyu Tolgoi in Mongolia
Secured and commenced work on the Company's first two packages of work on the Oyu Tolgoi Underground Project in Mongolia.

Significant Improvement in Safety Performance
Achieved a 23 per cent improvement in the 12-month total case injury frequency rate (TCIFR) by focussing on critical risk controls and enhancing behavioural safety.

Improving Operational Productivity
Enhanced productivity and competitiveness through the application of new technology and innovative solutions.

PERFORMANCE AT A GLANCE

SUMMARY OF 2018 PERFORMANCE

Sales revenue for the year was $1.784 billion*, up 41 per cent on the previous period, as a result of strong demand for the Company's services in its core markets in Australia, as well as growth from diversification into overseas and infrastructure markets.

The Company's strong performance was impacted by a surge in oil and gas construction activity and strengthened demand for maintenance services across both the resources and energy sectors.

Financial

- Sales revenue of $1.784 billion*, up 41 per cent
- NPAT of $71.5 million, up 24 per cent
- EPS of 76.1 cents, DPS of 62 cents fully franked

Operations

- Oil and gas construction revenues strong
- Maintenance and Industrial Services achieved record result
- Growth in water and renewables

Safety and Wellbeing

- Significant improvement in safety performance
- Focus on critical risk controls and behavioural safety
- Maturing operations in new markets and environments

Markets and Growth

- Embedded new maintenance services and expanded geographically
- Mondium successfully delivered its first EPC contract and secured further work
- Zenviron awarded four new wind farm contracts
- Commenced work on two packages on the Oyu Tolgoi Underground Project in Mongolia

People and Culture

- 5,828 people at year-end
- Continued focus on developing and retaining people
- Retention to remain a focus as employment market tightens

Productivity and Innovation

- New technologies implemented to improve operational productivity
- Focussed on creation of innovative solutions for customers
- Offshore support services centre in Manila continued to provide cost effective, project related services

SALES REVENUE* [$M]	
2018	**1,784.0**
2017	1,264.7
2016	1,364.7
2015	1,865.0
2014	2,329.6

NET CASH AT 30 JUNE [$M]	
2018	**187.8**
2017	228.1
2016	186.0
2015	186.6
2014	180.8

EBITDA^ [$M]	
2018	**119.0**
2017	98.2
2016	113.6
2015	168.0
2014	221.2

EARNINGS PER SHARE# [C]	
2018	**76.1**
2017	61.4
2016	71.8
2015	113.9
2014	159.1

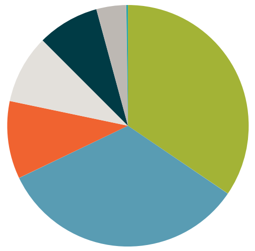
NET PROFIT AFTER TAX# [$M]	
2018	**71.5**
2017	57.6
2016	67.0
2015	105.8
2014	146.5

DIVIDENDS PER SHARE [C]	
2018	**62.0**
2017	54.0
2016	60.0
2015	92.0
2014	123.0

OPERATING CASH FLOW [$M]	
2018	**51.6**
2017	111.2
2016	78.0
2015	117.8
2014	117.6

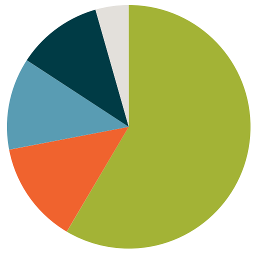
EMPLOYEE NUMBERS [#]	
2018	**5,828**
2017	6,164
2016	4,438
2015	4,536
2014	5,321

GEOGRAPHY



WA	34.5%
NT	33.4%
QLD	10.4%
Overseas	9.2%
NSW	8.3%
SA	4.0%
VIC	0.2%

END CUSTOMER



Oil and Gas	58.5%
Other Minerals	13.5%
Iron Ore	12.2%
Infrastructure	11.4%
Coal	4.4%

IMAGE A Monadelphous employee prepares for paint and blast work at BHP's Olympic Dam mine near Roxby Downs in South Australia.

*Includes Monadelphous' share of joint venture revenue – refer to reconciliation on page 16.
^ Refer to page 16 for reconciliation of EBITDA.
#Attributable to equity holders of Monadelphous Group Limited.
The financial information contained in this section should be read in conjunction with the Financial Statements and accompanying notes. Financial Statements are prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards Board and other relevant standards, as outlined on page 60.

MARKETS AND GROWTH STRATEGY

Monadelphous will grow earnings by maximising returns from its core markets, building its infrastructure business and delivering core services to overseas markets.

IMAGES

Left The Woodside-operated Goodwyn A gas platform, part of the North West Shelf Project, Western Australia.

Middle Monadelphous employees reviewing biosolids at the Bondi Waste Water Treatment Plant, Sydney, New South Wales.

Right The overland conveyor and coarse ore stockpile at Rio Tinto's Oyu Tolgoi project, Mongolia.

Image courtesy of Woodside Energy Ltd.

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MAXIMISE RETURNS FROM CORE MARKETS

PROGRESS

- Awarded significant additional oil and gas construction work due to performance and strong customer relationships
- Strengthened market position in maintenance, with work ramping up across a number of oil and gas contracts
- Mondium secured and executed first EPC contracts

PRIORITIES

- Capitalise on major construction prospects
- Continue to improve competitiveness in core markets
- Secure further EPC projects through Mondium
- Deliver broader range of services to customers

BUILD AN INFRASTRUCTURE BUSINESS

PROGRESS

- Strong growth in renewable energy market
- Water and irrigation business awarded new work in Australia and New Zealand

PRIORITIES

- Continue to grow water and irrigation business in Australia and New Zealand
- Successfully deliver renewable energy projects
- Progress options to enter other Australian infrastructure markets

DELIVER CORE SERVICES TO OVERSEAS MARKETS

PROGRESS

- Secured initial packages of work on Oyu Tolgoi in Mongolia

PRIORITIES

- Successfully deliver Oyu Tolgoi work and secure further packages
- Explore other overseas opportunities

CHAIRMAN'S REPORT

Monadelphous continued to progress its markets and growth strategy throughout the year, substantially growing revenues in its core markets, expanding its geographical reach, embedding new services and strengthening its position in the infrastructure market.

Sales revenue for the year was $1.784 billion*, an increase of 41.1 per cent on the previous year, as a result of a strong demand for the Company's services in its core resources and energy markets in Australia, and growth from diversification into overseas and infrastructure markets. Construction revenues were particularly strong on the back of a surge in activity on the Company's oil and gas projects, while demand for maintenance services strengthened across both the resources and energy sectors.

Net profit after tax attributable to equity holders of the parent was $71.5 million, an increase of 24.2 per cent on the previous year, with the Company experiencing moderating margins resulting from continued high levels of competition.

Earnings per share was 76.1 cents. The Board of Directors announced a final dividend of 32 cents per share, taking the full year dividend to 62 cents per share fully franked, giving a payout ratio of 82 per cent of net profit after tax. The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the final dividend.

The Company ended the year with a healthy cash balance of $208.8 million and a cash flow from operations of $51.6 million. Increased activity levels and working capital requirements resulted in a cash flow conversion rate for the period of 69.4 per cent.

The total workforce at year end was 5,828, a slight decrease on 12 months earlier due to declining Engineering Construction activity towards the end of the year as a number of large contracts approached completion. This was largely offset by an increase in activity on the Company's offshore oil and gas maintenance contracts and an overall general increase in maintenance services. Throughout the period, the Company maintained its focus on employee development and key talent retention, and will continue to do so as market conditions improve and the employment market tightens.

Safety continued to be a focus across the business, and we achieved a significant improvement in safety performance.

Monadelphous secured new contracts and additional work valued at approximately $600 million over the course of the year, including several contracts in the infrastructure market and in overseas locations.

In line with the Company's markets and growth strategy, work was substantially completed on the Company's largest ever construction project, the Ichthys Project Onshore LNG Facilities in Darwin, Northern Territory, and maintenance services added in prior years were embedded into operations to support core activities. The Company also expanded geographically with the acquisition of RIG Installations, a Newcastle-based maintenance services business, and the establishment of workshop facilities in Newman.

Mondium, which was established in conjunction with Lycopodium, continued to pursue opportunities in the mining and mineral processing market and secured its first two contracts during the year.

The Company's push into the infrastructure sector continued with increasing levels of activity in both the renewable energy and water and irrigation markets. Zenviron, the Company's renewable energy business, secured a number of new wind farm contracts during the period and substantially completed work on the Sapphire Wind Farm. The Company also secured a contract for the Pukaki Irrigation Project in New Zealand and focussed on the delivery of the large number of water and irrigation contracts awarded in the prior year.

Monadelphous' strategy to deliver core services to overseas markets was bolstered by the award of two packages of work on the Oyu Tolgoi Underground Project in Mongolia and, in support of this project and to assist in upskilling and developing the local workforce, Monadelphous established a registered training organisation in Ulaanbaatar.

A strong balance sheet provides the capacity to invest in the right opportunities, and enables the Company to continue to progress its markets and growth strategy. Productivity improvements will maintain priority as competition levels remain high and customers continue to focus on cost competitive solutions.

On behalf of the Board, I would like to take this opportunity to thank our shareholders, customers and employees for their ongoing loyalty and support.

John Rubino
Chairman

*Includes Monadelphous' share of joint venture revenue – refer to page 16 for reconciliation.

MANAGING DIRECTOR'S REPORT

The Company experienced strong revenue growth with an increase in oil and gas construction activity, growth in water and renewables and strengthened demand for maintenance services across all sectors.

Monadelphous experienced a surge in activity on the Company's oil and gas projects, in particular on the Ichthys Onshore Project LNG Facilities in Darwin, Northern Territory. Demand for maintenance services strengthened across both the resources and energy sectors, and work ramped up on the Company's offshore oil and gas contracts with Woodside, INPEX Operations Australia and Shell Australia.

The Company achieved strong growth in infrastructure, particularly renewables and water and irrigation, securing a further four wind farm contracts through Zenviron, and continued to deliver various water and irrigation projects in both Australia and New Zealand.

During the year, Monadelphous focussed on its critical risk controls and the enhancement of behavioural safety to improve safety performance across the business. This, combined with a number of other safety improvement initiatives, as well as the growing maturity of operations in the new markets and environments in which it entered in previous years, contributed to a 23.2 per cent improvement in its 12-month total case injury frequency rate (TCIFR) to 3.28 incidents per million man-hours worked. The lost time injury frequency rate (LTIFR) was 0.19 incidents per million man-hours worked.

Improvements in productivity continued to be driven by a strong focus on developing and implementing technological solutions, and was supported by the ongoing development of the Company's Innovation Framework, designed to enhance collaboration across the business and with its customers. In addition, the Company's offshore support service centre in Manila continued to play a key role in driving cost effective business and project related services.

Monadelphous' greatest asset continues to be its people. The Company remains committed to attracting, developing and retaining high calibre employees who live its values and actively contribute to its growth. During the period, Monadelphous' Graduate Development Program was again recognised as one of Australia's top ranking graduate programs, and the Company's commitment to creating a more diverse and inclusive workplace, with equal opportunity for all, was bolstered by the launch of its third Reconciliation Action Plan. Subsequent to the end of the year, Monadelphous launched a Senior Leadership Capability Framework and Gender Diversity and Inclusion Plan.

ENGINEERING CONSTRUCTION

The Engineering Construction division reported sales revenue of $949.9 million*, an increase of 54.4 per cent on the previous year, reflecting an increase in oil and gas construction activity and growth in water and renewables.

A significant focus on behavioural safety and enhancing partnerships with subcontractors contributed to an improved safety performance, with a 51 per cent reduction in the division's TCIFR.

The Company's largest construction contract to date, the Ichthys Project Onshore LNG Facilities in Darwin, Northern Territory, neared completion at year end. The division achieved an outstanding safety record on the project and its strong overall performance resulted in the award of a significant amount of additional work throughout the duration of the project.

Zenviron, the Company's renewable energy business, secured four new wind farm contracts in Victoria and New South Wales during the period, and will continue to pursue further opportunities in the renewable energy sector. In addition, Monadelphous' water and irrigation business continued to grow, performing work for Sydney Water Corporation, Townsville City Council and Unitywater. In New Zealand, it continued to execute key irrigation projects and was awarded a new contract on the Pukaki Irrigation Project in the Mackenzie Basin.

The Company expanded its heavy lift capability and customer base, investing in its fleet to support current projects and future opportunities.

MAINTENANCE AND INDUSTRIAL SERVICES

The Maintenance and Industrial Services division continued to strengthen its position as a leading maintenance services provider, securing a number of new contracts and contract extensions, and reporting record sales revenue of $841.1 million, up 28.9 per cent on the previous year.

Activity increased significantly on the division's three offshore oil and gas maintenance contracts, coupled with a growing presence in the Pilbara, which was largely attributed to a high demand for its core services and services added in prior years, including corrosion management, specialist coatings, marine maintenance and rope access.

The division focussed on maintaining strong relationships with key, long-term customers in the resources sector, which contributed to the award of contracts for fixed plant maintenance services for BHP and Rio Tinto's inland operations, both located in the Pilbara, WA.

The division's safety performance remained on par with the prior year, and the division successfully managed the risk associated with a 26 per cent increase in man-hours.

As always, safety remains a priority and the division continues to invest in a range of safety initiatives and programs to drive improvement.

Throughout the period, the division maintained its focus on innovation and continuous improvement with the establishment of dedicated innovation teams, the deployment of a range of technologies across its operations and the continued use of the Company's offshore services capability in Manila.

OUTLOOK

The outlook for Monadelphous looks good as conditions in the resources and energy sectors strengthen.

Project pipeline visibility continues to improve with several major iron ore projects having entered the early stages of development, and an increasing number of opportunities in the base metals and lithium markets.

Maintenance activity is forecast to increase as production volumes remain high and essential maintenance works are undertaken. Oil and gas services revenue is expected to grow as LNG projects ramp up production and offshore work volumes increase.

Investment in infrastructure remains healthy, with good prospects in the water and irrigation market in Australia and New Zealand, while the Australian renewables market is expected to remain buoyant for the foreseeable future.

In summary, Monadelphous is in good shape and well positioned to capitalise on the upcoming market conditions.

Rob Velletri
Managing Director

IMAGES

Left Cryogenic tanks at INPEX Operations Australia's Ichthys Project Onshore LNG Facilities, Darwin, Northern Territory.

Below A Monadelphous rope access technician assisting with a fender chain replacement on a Cape Lambert Dolphin, Pilbara region, Western Australia.

*Includes Monadelphous' share of joint venture revenue

COMPANY PERFORMANCE

A review of the Company's performance over the last five years is as follows:

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Statutory revenue	**1,737,632**	1,249,085	1,368,849	1,869,505	2,332,960
EBITDA	**119,046**	98,184	113,630	167,975	221,242
Profit before income tax expense	**102,845**	82,664	95,610	147,041	205,203
Income tax expense	**30,570**	24,144	28,702	41,216	58,693
Profit after income tax expense attributable to equity holders of the parent	**71,479**	57,563	67,014	105,825	146,510
Basic earnings per share	**76.11c**	61.41c	71.77c	113.91c	159.05c
Interim dividends per share (fully franked)	**30.00c**	24.00c	28.00c	46.00c	60.00c
Final dividends per share (fully franked)	**32.00c**	30.00c	32.00c	46.00c	63.00c
Net tangible asset backing per share	**415.86c**	398.23c	390.64c	391.75c	387.22c
Total equity and reserves attributable to equity holders of the parent	**394,481**	377,393	368,995	368,098	362,665
Depreciation	**17,222**	17,892	21,094	22,932	25,656
Debt to equity ratio	**5.3%**	3.6%	4.8%	6.3%	10.2%
Return on equity	**18.1%**	15.3%	18.2%	28.7%	40.4%
EBITDA margin	**6.7%**	7.8%	8.3%	9.0%	9.9%

EBITDA is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. This measure is important to management as an additional way to evaluate the Company's performance.

Reconciliation of profit before income tax to EBITDA (unaudited):

	2018 $'000	2017 $'000
Profit before income tax	**102,845**	82,664
Interest expense	**452**	734
Interest revenue	**(2,573)**	(3,848)
Depreciation expense	**17,222**	17,892
Amortisation expense	**625**	562
Share of interest, depreciation, amortisation and tax of joint ventures #	**475**	180
EBITDA	**119,046**	98,184

Reconciliation of Statutory Sales Revenue:

	2018 $'000	2017 $'000
Total sales revenue including joint ventures	**1,783,999**	1,264,747
Share of revenue from joint ventures ~	**(49,118)**	(19,564)
Statutory sales revenue	**1,734,881**	1,245,183

#Represents Monadelphous' proportionate share of the interest, depreciation, amortisation and tax of joint ventures accounted for using the equity method.
~Represents Monadelphous' proportionate share of the revenue of joint ventures accounted for using the equity method.

BOARD OF DIRECTORS

JOHN RUBINO

Chairman

John was appointed to the Board on 18 January 1991. John was the founder of United Construction which later became diversified services company UGL. Initially serving as Managing Director and Chairman of Monadelphous Group Limited, John resigned as Managing Director on 30 May 2003 and continued as Chairman. John has 52 years of experience in the construction and engineering services industry.

ROB VELLETRI

Managing Director

Rob was appointed to the Board on 26 August 1992 and commenced as Managing Director on 30 May 2003. He joined Monadelphous in 1989 as General Manager after serving a 10 year career in engineering and management roles at Alcoa. Rob is a mechanical engineer with 39 years of experience in the construction and engineering services industry and is a Corporate Member of the Institution of Engineers Australia.

PETER DEMPSEY

Lead Independent Non-Executive Director

Peter was appointed to the Board on 30 May 2003. During his 30 year career at Baulderstone, now part of the multinational group Lendlease, Peter held several management positions prior to serving as Managing Director for five years. He is a civil engineer with 46 years of experience in the construction and engineering services industry throughout Australia, Papua New Guinea, Indonesia and Vietnam. Peter is a Fellow of the Institution of Engineers Australia and a member of the Australian Institute of Company Directors.

CHRIS MICHELMORE

Independent Non-Executive Director

Chris was appointed to the Board on 1 October 2007. He was formerly a Director of Connell Wagner, having served 36 years with the company, which now trades globally as Aurecon. Chris is a civil and structural engineer with 46 years of experience in the construction and engineering services industry throughout Australia, South East Asia and the Middle East. Chris is a Fellow of the Institution of Engineers Australia.

DIETMAR VOSS

Independent Non-Executive Director

Dietmar was appointed to the Board on 10 March 2014. During his career, Dietmar has worked for a number of global mining and engineering businesses, including BHP, Bechtel and Hatch throughout Australia, the United States, Europe, the Middle East and Africa. He is a chemical engineer with 44 years of experience in the oil and gas, and mining and minerals industries. Dietmar holds a Master of Business Administration in addition to science and law degrees and is a member of the Australian Institute of Company Directors.

HELEN GILLIES

Independent Non-Executive Director

Helen was appointed to the Board on 5 September 2016 and has previously served as a Director of global engineering company Sinclair Knight Merz and the Australian Civil Aviation Safety Authority. She has a strong background in risk, law, governance and finance, as well as extensive experience in mergers and acquisitions, and has 22 years of experience in the construction and engineering services industry. Helen holds a Master of Business Administration and a Master of Construction Law, as well as degrees in commerce and law. She is a Fellow of the Australian Institute of Company Directors.

ENGINEERING CONSTRUCTION

The Engineering Construction division, which provides large scale multi-disciplinary project management and construction services, continued to deliver key contracts in its core markets, expand its global footprint and strengthen its position in the infrastructure market.

The division reported sales revenue of $949.9 million*, up 54.4 per cent on the prior year, reflecting an increase in oil and gas construction activity and growth in the water and renewables sectors. New contracts to the value of approximately $300 million were secured during the period.

Safety performance improved significantly across the division, with a 51 per cent reduction in the total case injury frequency rate (TCIFR) compared to the previous period. This can be attributed to a strong focus on safety culture and significant improvements across markets entered in more recent periods.

Safety cultural initiatives included the development and implementation of a new safety leadership coaching program, which sets clear safety expectations for leaders and focusses on driving behavioural change, as well as increased engagement with frontline employees through an inaugural Engineering Construction Safety Forum.

The division had, by year end, substantially completed its work on the Ichthys Project Onshore LNG Facilities in Darwin, Northern Territory, achieving an outstanding safety record. Strong operational performance resulted in the award of a significant amount of additional work throughout the duration of the project.

Highlighting the continuing expansion of core services overseas, the division secured its first packages of work on the Oyu Tolgoi Underground Project in Mongolia and, through SinoStruct, provided procurement and logistics support to the project.

The Company's engineer, procure and construct (EPC) joint venture with Lycopodium, Mondium, successfully delivered its first project during the year. The project included the design, construction and commissioning of a new feed system to the existing chemical grade plant at Talison Lithium's Greenbushes Operations, in the south west of Western Australia (WA).

Towards the end of the year, Mondium secured its second EPC contract with Galaxy Lithium Australia for the design, engineering, construction and upgrade of four circuits at the Mt Cattlin project in Ravensthorpe, WA. The contract, which includes the design and construction of concrete, structural, platework and electrical and instrumentation works, is expected to be completed towards the end of the 2018 calendar year.

RESOURCES

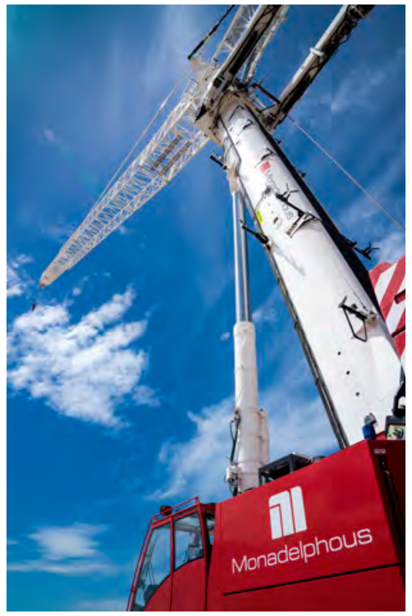
During the period, the division secured and commenced work on two contracts at the Oyu Tolgoi Underground Project, located in the South Gobi region of Mongolia. The contracts include mechanical decommissioning, demolition, civil, structural, mechanical, piping, and electrical and instrumentation works associated with Shaft 1 and 2 Surface Infrastructure and Facilities.

In support of these contracts, the division is developing project execution capability through the secondment of expatriate management and supervision, the provision of upskilling and development opportunities to local skilled employees and the establishment of relationships with local suppliers. During the period, the Company expanded its facilities in Ulaanbaatar and established a registered training organisation. By the end of the period, approximately 500 people were employed on the Company's work scopes in Mongolia.

ENERGY

Work on Monadelphous' largest ever construction contract, the Ichthys Project Onshore LNG Facilities in Darwin, Northern Territory, neared completion at year end. The MEC-2 Project for JKC Australia LNG commenced in 2014, with strong performance leading to the award of additional packages of work in June 2017. New contracts included electrical and instrumentation works for the product loading jetty, a subcontract with Kawasaki Heavy Industries for structural, mechanical,

* Includes Monadelphous' share of joint venture revenue.



IMAGES

Left INPEX Operations Australia's Ichthys Project Onshore LNG Facilities, Darwin, Northern Territory.

Above Monadelphous' GMK6400 crane.

OUR PROGRESS

Renewables business secured an additional four contracts

Overseas presence continued to grow with additional contracts secured

Mondium's first contract delivered with second contract secured piping and electrical and instrumentation work on the cryogenic tanks, and a contract for the completion of the gas turbine generators and associated steam piping of the combined cycle power plant.

The large-scale project reached a peak workforce of close to 2,000 and the Company received numerous awards from JKC Australia LNG for its excellent safety performance.

INFRASTRUCTURE

Zenviron continued to strengthen its position in the renewable energy sector.

In consortium with Vestas Australian Wind Technology, it substantially completed the civil and electrical balance-of-plant works on New South Wales' (NSW) largest wind farm, the 270MW Sapphire Wind Farm, and secured two contracts for the provision of engineering, procurement, construction and commissioning services at the Salt Creek and Lal Lal Wind Farms in regional Victoria.

In addition, Zenviron secured contracts with Goldwind Australia for the Moorabool North Wind Farm, located in regional Victoria, and, in a consortium with GE Renewable Energy, with CWP Renewables for the Crudine Ridge Wind Farm, in regional NSW.

Work on Sydney Water Corporation's Network and Facilities Renewals Program continued to gain momentum throughout the year. The contract includes mechanical, electrical and civil services for water treatment facilities, pumping stations, pipelines, reservoirs, chemical dosing facilities and odour control facilities. The unique working environment of these critical packages of work saw the division adopt an innovative approach to project delivery and safety, which included the development and implementation of a modified dumper. The specially designed dumper operates in a live sewer to remove silt and debris from the tunnels, uses 3D computer modelling to create site plans, enabling proactive community engagement, and minimises manual handling risks through the use of vacuum assisted lifting.

The division also continued work on the major upgrade to Unitywater's Kawana Sewage Treatment Plant on the Sunshine Coast, Queensland, and commenced work on the upgrade to the Cleveland Bay Purification Plant for Townsville City Council.

In New Zealand's South Island, construction of the Amuri Irrigation Scheme, located north of Christchurch, was completed and work commenced with Pukaki Irrigation Company Limited for the design, supply, installation and commissioning of a gravity pressurised irrigation scheme.

In the North Island of New Zealand, two critical contracts were completed for the Hastings District Council, located south of Auckland.

HEAVY LIFT

The division's heavy lift business continued to strengthen its position as a specialist lifting solutions provider. Throughout the period, it improved its capability, increased its customer base and expanded its transport and crane fleet, acquiring a number of all-terrain cranes ranging from 25 tonnes to 400 tonnes.

A three-year contract commenced with Fortescue Metals Group, to deliver fixed plant maintenance and shutdown crane services at Solomon Hub in the Pilbara region of WA, which expanded in scope with an increase in fixed plant requirements.

In support of its customers' evolving heavy lift requirements, the business opened a Heavy Lift Operations Centre in Port Hedland, WA.

FABRICATION SERVICES

China-based fabrication business, SinoStruct, continued to supply and fabricate wellhead skids for upstream coal seam gas developments in Queensland and secured a number of contract extensions from both Santos and APLNG. In addition, SinoStruct's procurement and logistics expertise are being utilised on the Oyu Tolgoi Underground project in Mongolia.

OUTLOOK

The Engineering Construction division is experiencing high levels of tendering activity, with planned major resources construction projects expected to generate significant revenue opportunities in the future. Prospects for the Company are positive as this major resources construction work comes to market.

In addition, the infrastructure market is expected to remain buoyant for the foreseeable future in both Australia and New Zealand, and Mongolia continues to represent strategic importance for the division internationally.

CASE STUDY

SAPPHIRE WIND FARM

Customer Representative – CWP Asset Management

Location – New England region, NSW

Sapphire Wind Farm is NSW's largest wind farm, with a capacity of 270MW. Once operational, the wind farm will power 115,000 homes and displace approximately 700,000 tonnes of carbon dioxide.

In December 2016, Zenviron, in consortium with Vestas, was awarded a $430 million contract to deliver the wind farm, with Zenviron delivering approximately 20 per cent of the works.

By mid-2018, Zenviron had completed all civil and electrical balance-of-plant works. Vestas is currently supplying and installing the wind turbines and is due to be completed by the end of the 2018 calendar year.

IMAGES

Above 270MW Sapphire Wind Farm, New England region, New South Wales.

Right A Monadelphous employee working at BHP's Mining Area C Water Treatment Plant, Newman, Western Australia.

MAINTENANCE AND INDUSTRIAL SERVICES

The Maintenance and Industrial Services division, which specialises in the planning, management and execution of multidisciplinary maintenance services, sustaining capital works and turnarounds, continued to strengthen its position as a leading maintenance services provider, successfully embedding new services into core operations and expanding geographically.

The division reported a record sales revenue of $841.1 million, up 28.9 per cent on the previous year, due to increased levels of demand for its services in both the resources and energy sectors. During the period, approximately $300 million of new contracts and contract extensions were awarded.

Activity increased significantly on the division's three offshore oil and gas maintenance services contracts, namely the Woodside-operated gas production facilities contract, the contract associated with the INPEX-operated Ichthys LNG Project and Shell Australia's Prelude Floating Liquefied Natural Gas (FLNG) facility.

Services added to the division's offering in prior years continued to support core activities and provide further expansion opportunities, including growing the division's presence in Port Hedland. In addition, Newcastle-based maintenance services business, RIG Installations, was acquired, providing an opportunity to leverage a diverse range of services to RIG's customer base.

The division recorded a total case injury frequency rate (TCIFR) of 3.64 incidents per million man-hours, successfully managing the risk associated with a 26 per cent increase in man-hours. The division continues to invest in a range of safety initiatives and programs to drive improvement in this area, including the development and launch of a Health, Safety and Environment Strategic Plan for each business unit to ensure market and region-specific differences are effectively managed.

Throughout the period, the division continued to focus on innovation and continuous improvement with the establishment of dedicated innovation teams, at both a divisional and business unit level and the piloting of LEAN training, before roll-out to its workforce. The Company's offshore support service centre in Manila continued to provide a range of cost effective project related services, including directly supporting its customers' operations in the areas of workforce planning and work packaging. In addition, the division developed and implemented technological solutions to improve productivity, including remote-operated inspection devices, 3D visualisation tools, new blast and paint technology, and the broader use of mobile devices to support data capture and improve the quality and timeliness of reporting and decision making.

ENERGY

With commissioning activities at several major, world-class oil and gas construction projects nearing completion, including Shell Australia's Prelude FLNG facility and the INPEX-operated Ichthys LNG Project, and a number of shutdowns completed, the division saw a significant increase in work associated with the energy sector during the period.

New contracts included a piping modification and fabrication contract on the hook-up and commissioning phase of Shell Australia's Prelude FLNG facility by TechnipFMC, and a 12-month contract extension on the Woodside-operated Karratha Gas Plant Karratha Life Extension program through the division's joint venture, MGJV, which included mechanical, electrical, access solutions, coatings and insulation services.

Significant activity during the period included a shutdown at Shell operated QGC project on Curtis Island, Queensland, in May 2018, totalling more than 66,000 man-hours over approximately 20-23 days. The shutdown included internal modifications to the propane suction drums, a change-out of the molecular sieve desiccant and socket weld repairs, HV switching activities and vessel inspections. The division was also part of the delivery team on Woodside's largest offshore turnaround in 14 years, at the Goodwyn Alpha Platform, which will extend the life of field. The scope included access solutions, and mechanical and electrical services, and was supported by concurrent train shutdown activity at Karratha Gas Plant.

IMAGES

Left Monadelphous employees inspecting a 3.3kV three phase motor to be installed at Alcoa's Pinjarra Alumina Refinery, Pinjarra, Western Australia.

Above A Monadelphous employee performing testing and commissioning of electrical installations at Alcoa's Pinjarra Alumina Refinery, Pinjarra, Western Australia.

OUR PROGRESS

- Significant increase in activity across energy market
- Acquisition of RIG Installations to expand geographical presence
- Contract extensions and new contract awards with core customers

The division also continued to provide engineering, procurement and construction services, through its joint venture with Jacobs Engineering Group on Oil Search's oil and gas production facilities in the Highlands region of Papua New Guinea.

RESOURCES

The division focussed on maintaining strong relationships with key, long-term customers in the resources sector and embedding new services, including corrosion management, specialist coatings, marine maintenance and rope access.

The division continued to provide maintenance and shutdown support for BHP's Olympic Dam operation near Roxby Downs in South Australia, including supporting a major shutdown which was undertaken during the period. In support of the customer, the division also expanded its service offering to include concrete remediation, asset integrity, blast and paint and electrical and instrumentation. Monadelphous has provided maintenance and shutdown services at Olympic Dam since 1988.

In addition, the division secured a two-year contract to continue supplying fixed plant maintenance services with long-term customer, Rio Tinto, at its coastal and inland operations in the Pilbara, WA. A more collaborative contract model delivered improvements in the areas of people, processes and systems to support increased levels of activity under the contract during the period.

New contract wins also included a three-year contract for the supply of rope access based mechanical maintenance, inspection and protective coating services for Dalrymple Bay Coal Terminal near Mackay, Queensland, a three-year contract for the operation and maintenance of the coal handling facility at the Muja Power Station for Synergy in Collie, WA, and a three-year contract to provide shutdown maintenance, breakdown and repair services, minor projects and ad hoc services for BHP at Mt Arthur Coal in the Hunter Valley, New South Wales.

A two-year contract extension was secured for the supply of mechanical services for Queensland Alumina Limited in Gladstone, Queensland.

OUTLOOK

Activity in the maintenance sector is forecast to remain positive as production ramps up on newly commissioned LNG projects, and as levels of maintenance and support required on aging resources assets continues to increase.

CASE STUDY

PRELUDE FLNG

Customer – Shell Australia

Location – Browse Basin, WA

Prelude is a Floating Liquefied Natural Gas (FLNG) project located approximately 475km north-north-east of Broome, WA. The facility, which is the first deployment of Shell's FLNG technology, extracts, liquefies and stores gas at sea, before it is exported to customers around the globe.

Monadelphous was awarded a major long-term maintenance and modification services contract for the project in 2015. The contract, with an initial seven-year term with a further two two-year extension options, includes the provision of maintenance, brownfield modifications and shutdown services to the LNG process plant, support utilities, hull and non-process infrastructure including accommodation and control rooms.

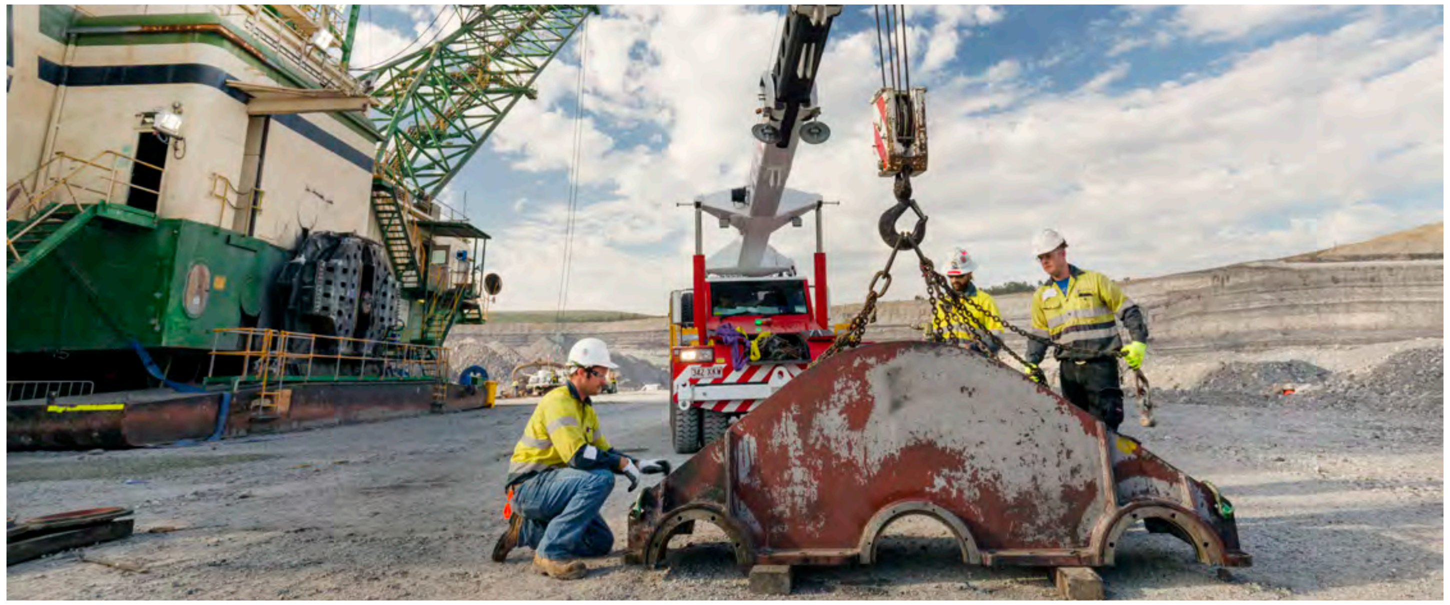
With hook-up and commissioning nearing completion, the division expects to grow its core maintenance team when the facility is operational.

IMAGES

Above Shell Australia's Prelude FLNG facility, Browse Basin, Western Australia.

Right Monadelphous employees assisting with the shutdown of Dragline 102 at Yancoal's Mount Thorley Warkworth open cut mines, Mount Thorley, New South Wales.

Left A Monadelphous employee making structural repairs to Fortescue's ore car fleet as part of a maintenance and relining contract in Port Hedland, Western Australia.



SUSTAINABILITY

Monadelphous recognises the importance of economic, environmental and social sustainability in driving long-term success for both the Company and its stakeholders. Its goal of zero harm to its people and the environment is at the forefront of everything it does. It strives to continually add value to the communities in which it operates, and recognises the value of working with a diverse and inclusive group of people.

The Company has a unique, values-based culture which is evident in the way things are done and how decisions are made. A commitment to delivering quality work, improving productivity and implementing innovative solutions is underpinned by its pledge to “deliver what we promise”.

PRODUCTIVITY AND INNOVATION

Monadelphous is committed to enhancing its competitiveness and delivering value to its customers through the application of technological and innovative solutions.

During the year, the Company focussed on developing and implementing solutions that improved operational performance and productivity levels. A variety of innovations were implemented which enabled more efficient work practices, including robotic welding technologies, remote-operated inspection devices and 3D visualisation tools, as well as a number of process automation and cloud collaboration technologies.

In addition, the Company continued to enhance its purpose-built capability library and customer relationship management database in order to effectively store and manage data for tender submissions, and to support existing and future projects.

Monadelphous continued to identify and embed opportunities to deliver operational support services within a centralised and standardised operating model. The Company's offshore support service centre in Manila saw further growth over the course of the year and continued to provide a range of cost effective business and project related services, including directly supporting its customers' operations.

The Company is currently developing an Innovation Framework to facilitate enhanced collaboration across its business, including with its customers, to further encourage technologically advanced and innovative solutions. The Framework is expected to be launched by the end of the 2018 calendar year.

PEOPLE

Monadelphous recognises its greatest asset is its people, and remains committed to attracting, developing and retaining high calibre employees who live its values and actively contribute to the Company's vision and strategic objectives.

The number of employees at 30 June 2018 was 5,828, a slight decrease on 12 months earlier due to a number of large Engineering Construction projects approaching completion. This was largely offset by an increase in activity on offshore oil and gas maintenance contracts and an overall general increase in maintenance services activity.

Learning & Development

Job satisfaction, retention of key talent and maintaining the ‘Monadelphous way' of delivering services are critical to the Company's ongoing success. As a result, the Company continued to invest in the training and development of its people, maximising their capabilities and performance through improved skills, knowledge and operational readiness.

Our Future Workforce Commitment

Graduate Development Program

As a nationally recognised program, the Monadelphous Graduate Development Program was once again identified as one of Australia's top ranking programs, placing eleventh on the Australian Association of Graduate Employers (AAGE) 2018 Top Graduates Employers list, as voted by Graduates across Australia. In conjunction, its Vacation Program placed seventh on the AAGE 2018 Top Intern Program list, as voted by participating interns and vacation students.

The Company's 2018 Graduate Program received more than 1,600 applications, resulting in 40 new recruits. It was encouraging to see more than 40 per cent female participation at the Company's graduate assessment centres, which were used to help assess candidates' cultural

IMAGES

Left A Monadelphous employee with an employee from one of the Company's sub-contractors, Koodaideri Contracting Services, at Fortescue Metals Group's Solomon Hub mine, Mount Sheila, Western Australia.

Above Monadelphous employees at prestart at Yancoal's Mount Thorley Warkworth open cut mines, Mount Thorley, New South Wales.

OUR PROGRESS

- Strong focus on key talent management and development
- Launch of the Managing Director's Safety Innovation Award
- Indigenous employment targets achieved across the Company

alignment with the business. The 2019 Program is also set for success with over 1,600 applications received across Perth, Brisbane, Sydney and New Zealand.

Apprenticeship Program

Over the year, 25 new apprentices and trainees commenced their careers with Monadelphous, and nine apprentices completed their training becoming fully qualified boilermakers, mechanical fitters, electricians, heavy duty mechanics and carpenters. Traineeships covered both trade and office support roles, including surface preparation and coating, business administration and telecommunications. The Company's Apprenticeship Program offers a range of entry pathways, including school-based, Indigenous, mature aged and fast-track options.

Ongoing Development

Employee Development Centre

The Company's Registered Training Organisation (RTO), based in Bibra Lake, Western Australia, continued to provide pre and post-mobilisation training for the Company's workforce. With a focus on core skills and high risk disciplines, the RTO delivered more than 1,600 local and site-based courses, and facilitated over 6,200 training interactions across the business throughout the year.

Certificate IV and Diploma of Leadership and Management

During the year, Monadelphous successfully rolled-out the newest Certificate IV and Diploma of Leadership and Management courses. These courses aim to inspire change in behaviours relating to leadership, encourage creativity to develop and implement innovative solutions that address workplace challenges. These programs are an extension of the Monadelphous Safety Leadership Program and are available to new and existing leaders within the business.

Leadership at Monadelphous

Senior Leadership Framework

A newly developed Senior Leadership Capability Framework (SLCF) is expected to be launched in late 2018. The Framework will assist the Company to identify and manage various senior leadership capabilities which are required across the business in order for the Company to achieve its strategy.

Safety Leadership Program

In recognition of the critical role supervisors and superintendents play in achieving health, safety and environmental success, the Company's Safety Leadership Program was developed as a certified program which addresses core supervisory skills. As a mandated course across the business, participants are exposed to communication and risk management skills, an introduction to behaviourial based safety and the Company's occupational health and safety obligations. Furthermore, this program is an introduction to the newly implemented Certificate IV and Diploma in Leadership and Management.

Emerging Leaders Program

Established in 2011, the Emerging Leaders Program, which focusses on behavioural leadership, provides the foundation for the development of high performing individuals who are new to, or on the cusp of leadership roles, to develop their leadership capabilities to match the business' requirements. During the year, 31 emerging leaders participated in the Program, including a number of employees who joined as graduates within the last five years.

DIVERSITY

Monadelphous strives to create a workplace where people of all backgrounds work together in an environment where each unique contribution is equally valued and recognised. By continuing to improve the workplace for all, the Company believes its people will be inspired to contribute their best efforts towards the goal of achieving Monadelphous' vision.

Formalised through its Diversity Policy, the Company has a longstanding commitment to workforce diversity with a focus on Indigenous engagement and gender equality.

Indigenous Engagement

Monadelphous continues to recognise and respect the traditional owners of the land upon which it operates, and considers traditional culture and heritage an important part of its business. This importance extends to the provision of fair and reasonable engagement opportunities for Aboriginal and Torres Strait Islander people, communities and businesses.

During the period, the Company launched its Stretch Reconciliation Action Plan (RAP) for 2017 to 2020, which was endorsed by Reconciliation Australia. The Plan formalises the Company's commitment to contributing to a sustainable and accessible future for Indigenous people. It identifies cultural, economic and employment targets, which involve a range of activities across various aspects of the business. A copy of the RAP is available on the Company's website.

In addition to the commitments outlined in the RAP, the Company believes its vendors, suppliers and industry partners are also accountable to contribute to improving opportunities for Aboriginal and Torres Strait Islander peoples, and is committed to ensuring transparency with its expectations and abilities to engage Indigenous businesses.

Overall, the Company's Indigenous employment targets were achieved with 2.5 per cent of its total workforce identifying as Aboriginal or Torres Strait Islander. In addition, the Company worked with Ngalla Maya to provide an opportunity for 22 Aboriginal people to participate in a behavioural and technical assessment for potential deployment to active contracts. To date, the Company has had nine successful candidates from this assessment centre deployed to sites in the Pilbara, including Newman, Paraburdoo, Eastern Ridge and Boddington in the South West of Western Australia.

Gender Equality

The Company believes everyone should have the opportunity to achieve their greatest potential in workplaces where they feel included and valued, regardless of gender.

Monadelphous submitted its 2017/18 Workplace Gender Equity Report, which can be found on the Workplace Gender Equality Agency and Monadelphous websites.

By the end of the 2018 calendar year, the Company will have launched its Gender Diversity and Inclusion (GD&I) Plan which captures changes the Company is looking to make over the course of the next three years for women in its workplace. These actions include improvements to its Paid Parental Leave Scheme, diversity and inclusion training for the Company's leadership team and a diversity and inclusion education program for line managers, recruiters and those with influence within the business.

Targets around female attrition have been set at no greater than 10 per cent per annum with an additional intake target of 20 per cent or more of female engineers into the Company's vacation and graduate programs. In conjunction with these targets, the Company is developing a female engineering cadetship which will aim to offer a minimum of five cadetships per annum.

IMAGE Monadelphous General Manager - Business Services, Lorna Rechichi, provides a strategy update at the Perth head office.

SAFETY

Monadelphous executes work underpinned by the safety policy message *The Safe Way is the Only Way* and is committed to zero harm.

During the year, the Company focussed on critical risk controls and the importance of enhancing behavioural safety, encouraging conscious reflection and modifications to behaviours to improve safety performance. The Company also undertook a number of other safety improvement initiatives identified through a business-wide safety survey and implemented the inaugural Managing Director's Safety Innovation Award to promote and recognise health and safety innovations across the business. These initiatives, combined with the growing maturity of operations in the new markets and environments entered in previous years, contributed to a 12-month total case injury frequency rate (TCIFR) improvement of 23.2 per cent compared to the previous period, to 3.28 incidents per million man-hours worked. The lost time injury frequency rate (LTIFR) for the year was 0.19 incidents per million man-hours worked.

ENVIRONMENT

Monadelphous' commitment and responsibility to the environments in which it operates are diligently considered in developing its broader approach to servicing customer needs and executing works in a responsible manner. The Company places a strong emphasis on respecting the sites and communities in which it operates and is committed to environmental sustainability through the identification and mitigation of risks and impacts to the environment and community heritage. The Company's history of zero serious environmental incidents continued this year, in line with its target of zero harm.

The Company acknowledges that the move towards a low-carbon economy will influence change in a number of industries within which it operates. Monadelphous is committed to the ongoing monitoring of the Company's environmental risk profile and developing innovative climate change solutions in an effort to reduce emissions and energy consumption within the Company's operations and those of its customers.

Recognising the growing importance of renewable energy, Monadelphous' growth in the renewables sector, with the award of a number of wind farm contracts during the year, is a vital step in the Company's journey towards broader environmental, economic and social sustainability.

Carbon Performance

Monadelphous recognises its obligation to stakeholders to conduct its operations in an environmentally responsible manner. Its overall carbon footprint is deemed small considering the nature of its operations, however the Company continues to look for ways to reduce its emissions. The largest environmental impacts are those from energy consumption, gases used in welding processes, fuel used in vehicles, plant and equipment and electricity usage across the business. Monadelphous undertakes greenhouse and energy reporting under the National Greenhouse and Energy Reporting Act. The 2017/2018 period generated reportable scope 1 and 2 carbon emissions (CO_2e) equivalent to 18,905 tonnes, significantly below the legislative reporting threshold of 50,000 tonnes CO_2e. The Company's total emissions were 45,922 tonnes CO_2e.

Monadelphous routinely collects and monitors carbon reporting data and has assessed that its current reporting is appropriate for all stakeholders in consideration of the risks, impacts and costs of reporting, and is consistent with the principles of the ESG Reporting Guide for Australian Companies (2015).

COMMUNITY

Monadelphous has a strong sense of responsibility to the communities in which it operates.

Over the year, the Company contributed significantly to its social investment activities which focussed on Indigenous outcomes, secondary and tertiary education, ranging from financial support for local Indigenous engagement activities through to philanthropic contributions and volunteering with local universities and high schools.

Contributions for the year included the sponsorship of the Western Australian Under 15s AFL Schoolgirls Team, logistical support for Roy Hill's fleet of pink ore cars in aid of Breast Cancer awareness, supporting the local community of Roebourne through the City of Karratha's NAIDOC Week Concert and a new partnership with the University of Western Australia's Girls in Engineering program.

Other major community activities for the year included celebrating the Company's 30 year anniversary in Roxby Downs, South Australia. Celebrations included employees from the Company's Roxby Downs operations voting on their top five local community organisations and Monadelphous contributing $30,000 in support of these groups. Benefitting community groups included the Royal Flying Doctors Service, Roxby Junior Sports Academy, Andamooka Observatory, Roxby Downs Health Services and the Roxby Downs District Rotary Club.

With the Company's increasing diversification into markets with greater exposure to urban areas and the general public, systems and processes continue to be enhanced in order to manage and enhance stakeholder engagement and promote positive initiatives within the community.

GOVERNANCE

The Board of Directors of Monadelphous Group Limited is responsible for establishing the Company's corporate governance framework having regard to the ASX Corporate Governance Council Principles and Recommendations. 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 Company has in place charters, policies and procedures which support the framework to ensure a high standard of governance is maintained.

Monadelphous' full Corporate Governance Statement, Board and Sub-Committee charters and the Company's governance policies, are published on the Company's website.

Monadelphous has exposure to a number of material economic, environmental and social sustainability risks which are identified and managed within the Group's Risk Management Framework. Mitigation of environmental risks includes the maintenance and implementation of a certified environmental management system (AS/NZS ISO 14001) to ensure sustainable work practices and monitoring and minimising environmental impacts as far as practicable. Monadelphous has been certified to the AS/NZ 4801 and OHSAS 18001 for occupational health and safety management systems, and ISO 9001 quality management systems.

For more detail on the level of the Group's risk exposure and management of risks, refer to the Corporate Governance Statement.

IMAGES

Top Monadelphous employees inspecting a completed cable ladder installation at Alcoa's Pinjarra Alumina Refinery, Pinjarra, Western Australia.

Bottom Some of Monadelphous' safety team reviewing safety documents after returning from site to the Perth head office.

FINANCIAL REPORT CONTENTS

IMAGE Monadelphous employees at the Parker Point Wharf completing an inspection of marine maintenance works, Dampier, Western Australia.

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2018.

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 52 years experience in the construction and engineering services industry
Robert Velletri Managing Director	Appointed 26 August 1992 Mechanical Engineer, Corporate Member of Engineers Australia Appointed as Managing Director on 30 May 2003 39 years experience in the construction and engineering services industry
Peter John Dempsey Lead Independent Non-Executive Director	Appointed 30 May 2003 Civil Engineer, Fellow of Engineers Australia, Member of the Australian Institute of Company Directors 46 years experience in the construction and engineering services industry Also a non-executive director of the following other publicly listed entity, Service Stream Limited (ASX: SSM) – appointed 1 November 2010
Christopher Percival Michelmore Independent Non-Executive Director	Appointed 1 October 2007 Civil Engineer, Fellow of Engineers Australia 46 years experience in the construction and engineering services industry
Dietmar Robert Voss Independent Non-Executive Director	Appointed 10 March 2014 Chemical Engineer, Member of the Australian Institute of Company Directors 44 years experience in the oil and gas, and mining and minerals industries
Helen Jane Gillies Independent Non-Executive Director	Appointed 5 September 2016 Solicitor, Master of Business Administration and Construction Law, Fellow of the Australian Institute of Company Directors 22 years experience in the construction and engineering services industry Also a non-executive director of the following other publicly listed entity, Yancoal Australia Limited (ASX: YAL) – appointed 30 January 2018

COMPANY SECRETARIES

Philip Trueman Company Secretary and Chief Financial Officer	Appointed 21 December 2007 Chartered Accountant, Member of Chartered Accountants Australia and New Zealand 18 years experience in the construction and engineering services industry
Kristy Glasgow Company Secretary	Appointed 8 December 2014 Chartered Accountant, Member of Chartered Accountants Australia and New Zealand 13 years experience in the construction and engineering services industry

DIRECTORS' REPORT

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	1,022,653	Nil
R. Velletri	2,100,000	Nil
P. J. Dempsey	78,000	Nil
C. P. Michelmore	30,000	Nil
D. R. Voss	2,852	Nil
H. J. Gillies	4,078	Nil

EARNINGS PER SHARE

	Cents
Basic Earnings Per Share	76.11
Diluted Earnings Per Share	76.07

DIVIDENDS

	Cents	$'000
Final dividends declared		
– on ordinary shares	32.00	30,115
Dividends paid during the year:		
Current year interim		
– on ordinary shares	30.00	28,199
Final for 2017		
– on ordinary shares	30.00	28,174

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 19 in the financial report).

The registered office of Monadelphous Group Limited is located at:

59 Albany Highway
Victoria Park
Western Australia 6100

DIRECTORS' REPORT

CORPORATE INFORMATION (continued)

Nature of operations and principal activities

Engineering Services

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

Services provided include:

- 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
- Electrical and instrumentation services
- Process and non-process maintenance services
- Front-end scoping, shutdown planning, management and execution
- Water and waste water asset construction and maintenance
- Irrigation services
- Construction of transmission pipelines and facilities
- Operation and maintenance of power and water assets
- Heavy lift and specialist transport
- Access solutions
- Dewatering services
- Corrosion management services

General

Monadelphous operates from major offices in Perth and Brisbane, with regional offices in Sydney, Newcastle, Houston (USA), Beijing (China), Auckland and Christchurch (New Zealand), Ulaanbaatar (Mongolia) and Manila (Philippines), and a network of workshop facilities in Kalgoorlie, Karratha, Port Hedland, Newman, Tom Price, Darwin, Roxby Downs, Gladstone, Hunter Valley, Mackay, Bibra Lake and Bunbury.

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 5,828 employees as of 30 June 2018 (2017: 6,164 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 Operating and Financial Review section of the Annual Report.

Operating results for the year

	2018 $'000	2017 $'000
Revenue from services	1,734,881	1,245,183
Profit after income tax expense attributable to equity holders of the parent	71,479	57,563

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.

DIRECTORS' REPORT

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Dividends declared

On 20 August 2018, the directors of Monadelphous Group Limited declared a final dividend on ordinary shares in respect of the 2018 financial year. The total amount of the dividend is $30,114,660 which represents a fully franked final dividend of 32 cents per share. This dividend has not been provided for in the 30 June 2018 financial statements. The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the dividend.

Other than the items noted above, no matters or circumstances 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

Refer to the Operating and Financial Review section of the Annual Report for information regarding the likely developments and future results.

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 strives to continually improve its environmental performance.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were no unissued ordinary shares under options.

Shares issued as a result of the exercise of options

During the financial year, no employees and directors have exercised any options.

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During 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 during the financial year was $432,614 (2017: $351,568).

INDEMNIFICATION OF AUDITORS

The Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against certain liabilities to third parties arising from the audit to the extent permitted by law. The indemnity does not extend to any liability resulting from a negligent, wrongful or wilful act or omission by Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the audit.

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*.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The Remuneration Report for the year ended 30 June 2018 outlines the Key Management Personnel remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001*.

For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having the 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. For the purposes of this report, the term 'executive' encompasses the Managing Director (MD), Chief Financial Officer (CFO) and Executive General Managers (EGM) of the Group.

Details of Key Management Personnel

(i) Directors

C. G. B. Rubino	Chairman
R. Velletri	Managing Director
P. J. Dempsey	Deputy Chair and Lead Independent Non-Executive Director
C. P. Michelmore	Independent Non-Executive Director
D. R. Voss	Independent Non-Executive Director
H. J. Gillies	Independent Non-Executive Director

(ii) Senior executives

D. Foti	Executive General Manager, Engineering Construction
Z. Bebic	Executive General Manager, Maintenance & Industrial Services
P. Trueman	Chief Financial Officer and Company Secretary

Remuneration Philosophy

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

To this end, the Company embodies the principles of providing competitive rewards to attract and retain high calibre executives, and the linking of executive rewards to the creation of shareholder value.

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 remuneration 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 remuneration levels of directors and executives, the Remuneration Committee takes into consideration the performance of the Group, divisions and business units as well as that of the individual.

Remuneration Structure

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

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

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

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.

Executive remuneration consists of a fixed remuneration element and a variable remuneration element. The variable remuneration element can be provided under the Combined Reward Plan and/or the Employee Option Plan.

Remuneration Element	Individual Components	Purpose	Link to Performance
Fixed remuneration	Comprises base salary, superannuation and other benefits.	To provide market competitive fixed remuneration appropriate to the position and competitive in the market, taking into account the individual's skills, experience and qualifications.	Assessed at an individual level based on performance of responsibilities and cultural alignment with the Company's values.
Variable remuneration - Combined Reward Plan	Comprises cash payment, and performance rights issued under the Monadelphous Group Limited Performance Rights Plan.	To recognise and reward the senior leaders of the business who contribute to the Group's success, to align these rewards to the creation of shareholder wealth over time and ensure the long term retention of employees.	Performance assessed against financial, safety, people, customer satisfaction and strategic progress targets set by the Board on an annual basis. Vesting of awards is dependent on continuity of employment.
Variable remuneration - Employee Option Plan	Comprises options issued under the Monadelphous Group Limited Employee Option Plan.	To retain and reward key employees in a manner aligned to the creation of shareholder wealth.	Vesting of awards is dependent on exceeding EPS growth targets and continuity of employment.

Historically, the variable component of remuneration for executives has been in the form of short term additional cash payments and long term share options. As disclosed in the 2016 and 2017 Financial Statements, Monadelphous undertook a review of its historical short term and long term incentive programs to identify the most appropriate incentive plan for both executives and other employees that is best aligned to delivering long term sustainable growth for the benefit of shareholders. The review lead to the implementation of the Combined Reward Plan (CR Plan) which combines the key elements of the previous short and long term incentive plans, while staying true to Monadelphous' remuneration philosophy which has proven successful over many years. The CR Plan rewards performance of both the Company and the employee, acts as a retention mechanism and links rewards to the creation of shareholder value through long term share ownership.

The review also concluded that the Monadelphous Group Limited Employee Option Plan should be retained, as an alternative or additional incentive scheme for the executive management team, for use as appropriate at the discretion of the Board.

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 43 and 44 of this report detail the proportion of fixed and variable remuneration for each of the executive directors and the senior executives of the Company.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Fixed remuneration

Objective

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 its remuneration system is designed to analyse detailed market and sector information at various levels.

The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate to the position and competitive in the market, taking into account the individual's skills, experience and qualifications.

Fixed remuneration levels are considered annually by the Remuneration Committee having reviewed an individual's performance, alignment with the Company's values and comparative remuneration levels in the market.

Structure

Executive team members are given the opportunity to receive their fixed remuneration in a variety of forms including base salary, superannuation and other 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 executives of the Company is detailed in Tables 1 and 2 on pages 43 and 44 of this report.

Variable remuneration – Combined Reward Plan (CR Plan)

Objective

The objective of the Combined Reward Plan (the CR Plan) is to recognise and reward the senior leaders of the business who positively contribute to the Company's success, to align these rewards to the creation of shareholder wealth over time and to ensure the long term retention of the Company's key talent.

The CR Plan includes service vesting conditions to ensure employee retention, and disposal restrictions to enable long term share ownership.

Structure

Under the CR Plan, the Board has the discretion to make awards on an annual basis subject to Company and individual performance. Awards are delivered in the form of a combination of cash and Performance Rights.

For the year ended 30 June 2018 awards comprised of a 25% cash payment, which was paid shortly after award, with 75% of the award to be issued in the form of Performance Rights. The number of Performance Rights to be issued is calculated using the arithmetic average of the ten-day daily volume weighted average market price of the Company's shares commencing on the second trading day after the record date in respect of the FY18 Final Dividend. This calculation is the same as that used to determine the undiscounted share price for the dividend reinvestment plan.

The Performance Rights component vests into shares in equal installments, one, two and three years subsequent to award, subject to the employee remaining in the employ of the Company at those particular dates. The Performance Rights are exercisable into shares at those dates, with one share issued for each vested Performance Right. The total number of shares issued are held in escrow until a date three years after the Performance Rights were originally issued.

Unvested Performance Rights remain subject to Monadelphous' clawback policy. The Board has the discretion as to the circumstances that would result in a clawback of unvested Performance Rights. Factors resulting in material financial misstatement or under performance, gross negligence, material lack of compliance, significant personal under performance or behaviour that is likely to damage the Company's reputation, would likely result in a clawback of unvested Performance Rights.

Performance Requirements

At the beginning of each financial year, the Board sets quantified, challenging, performance targets for the key performance areas of the business, taking into account the prevailing economic conditions for the year ahead, the Company's strategic objectives and the key risk factors facing the business at that time. The targets are designed to focus the activities of the business on the key areas of performance that deliver long term sustainable growth for shareholders.

For the year ended 30 June 2018, the Managing Director had a target opportunity of 40% of fixed remuneration, and a maximum opportunity of 60%. Executives had a target opportunity of 30% of fixed remuneration, and a maximum opportunity of 45%. The target opportunity is awarded for achieving the objectives set by the Board at the beginning of each financial year. In order for the maximum opportunity to be awarded, performance must be a clear margin above the planned targets that were set.

At the end of each financial year, the Board assesses the Group's net profit before tax performance against the budgeted target prior to any awards being considered under the CR Plan.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Variable remuneration – Combined Reward Plan (CR Plan) (continued)

Performance Requirements (continued)

Once the Board has approved that an award can be made under the CR Plan, executive performance is assessed against the relevant targets set at the beginning of the financial year at a Group, division, business unit and individual level. This assessment is taken into account when determining the amount, if any, of the award to be made to each individual under the CR Plan, with annual awards being subject to approval by the Remuneration Committee and Board. The following key performance areas (KPAs) are considered in the assessment process, covering a number of financial and non-financial, Group and divisional measures of performance. The table below provides an overview of these KPAs and the weighting applied when assessing performance.

	Earnings Performance		Other	
	Earnings per Share	Divisional Contribution	Group KPAs	Divisional KPAs
MD	60%	-	40%	-
CFO	60%	-	-	40%
EGM	30%	30%	-	40%

Other Group or divisional KPAs relate to:

- Working capital management
- Safety performance
- People performance
- Customer satisfaction
- Strategic progress

The Board determined, based on the financial performance of the Company for the year ended 30 June 2018, that an award could be made under the CR Plan. Post 30 June 2018, 89 employees were notified of their eligibility for Performance Rights under the CR Plan.

Group and Divisional performance for the year ended 30 June 2018 was as follows:

	Earnings Performance		Other				
	EPS	Divisional Contribution	Working Capital Management	Safety	People	Customer Satisfaction	Strategic Progress
Group	▲		■	●	●	●	●
Engineering Construction		●	■	▲	●	●	●
Maintenance & Industrial Services		▲	■	■	●	●	●

Between target and maximum	▲
On target	●
Between threshold and target	■

The following table sets out the awards under the CR Plan for each executive for the financial year ended 30 June 2018:

Executive	Total Award $	Cash Component $ (25%)	Performance Rights Component $ (75%)	% of Maximum Opportunity Earned
R. Velletri	419,700	104,925	314,775	68%
P. Trueman	183,200	45,800	137,400	77%
D. Foti	251,700	62,925	188,775	70%
Z. Bebic	238,700	59,675	179,025	74%

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Variable remuneration – Combined Reward Plan (CR Plan) (continued)

Tables 1 and 2 on pages 43 and 44 of this report detail the proportion of fixed and variable remuneration for each of the executive directors and the senior executives of the Company for the financial year ended 30 June 2018, and includes the cash component of the awards detailed in the table on the previous page. The deferred Performance Right component of the award to be allocated early in the 2019 financial year will be amortised over the one to three year service periods. Further details of the Performance Rights to be issued will be provided in the 2019 financial report.

Variable remuneration – Employee Option Plan

Objective

The objective of the Employee Option Plan is to retain and reward key employees in a manner which aligns this element of remuneration with the creation of shareholder wealth. As previously mentioned, the Company has utilised the CR Plan to reward executives and other employees for the year ended 30 June 2018, but retains the Employee Option Plan as an alternative or additional scheme for the executive management team.

Structure

Monadelphous Group Limited Employee Option Plan

Equity-based grants to executives are at the discretion of the Remuneration Committee and Board, and may be delivered in the form of options. Should any issue of options be considered, the individual performance rating of each executive and the annual cost to the Company, on an individual basis, is taken into account when determining the amount, if any, of options granted.

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 Board 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, 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 prescribed performance hurdle has been achieved. 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.

There are currently no options on issue under the Monadelphous Group Limited Employee Option Plan.

Hedging of equity awards

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

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. The most recent determination was at the Annual General Meeting held on 22 November 2016 when shareholders approved an aggregate remuneration of $750,000 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Non-executive director remuneration (continued)

Non-executive director fees consist of base fees and committee chair fees. The Deputy Chair/Lead Independent Non-executive Director also receives an additional fee. The payment of committee chair fees recognises the additional time commitment required by non-executive directors to chair the Board committees. Committee members do not receive a separate fee for sitting on a committee.

The table below summarises Board and Committee fees payable to non-executive directors for the financial year ended 30 June 2018 (inclusive of superannuation):

	$
Board Fees	
Non-executive Director fee	110,000
Board Deputy Chair and Lead Independent Non-executive Director additional fee	20,000
Committee Chair Fees	
Audit	10,000
Remuneration	10,000
Nomination	*

* The Nomination Committee is chaired by the Executive Chairman.

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.

Fees for non-executive directors are not linked to the performance of 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 year ended 30 June 2018 is detailed in Table 1 on page 43 of this report.

Employment contracts

All executives have non-fixed term employment contracts. The Company or executive may terminate the employment contract by providing 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 income tax expense and basic earnings per share for the Group for the last five years is as follows:

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Profit after income tax expense attributable to equity holders of the parent	**71,479**	57,563	67,014	105,825	146,510
Basic earnings per share	**76.11c**	61.41c	71.77c	113.91c	159.05c
Share price as at 30 June	**$15.06**	$13.99	$7.46	$9.37	$15.71

A review of the Company's performance and returns to shareholders over the last five years has been provided on page 16 of this report.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of Key Management Personnel

Table 1: Remuneration for the year ended 30 June 2018

	Short Term Benefits			Post Employment		Long Term Benefits	Share-Based Payments			
	Salary & Fees $	Non Monetary $	Cash STI $	Super-annuation $	Retirement Benefits $	Leave $	Options LTI $	Total $	Total Performance Related %	Total Options Related %
Non-Executive Directors										
P. J. Dempsey	127,854	7,753	-	12,146	-	-	-	147,753	-	-
C. P. Michelmore	109,589	6,645	-	10,411	-	-	-	126,645	-	-
D. R. Voss	100,457	6,092	-	9,543	-	-	-	116,092	-	-
H. J. Gillies	100,457	6,092	-	9,543	-	-	-	116,092	-	-
Subtotal Non-Executive Directors	**438,357**	**26,582**	**-**	**41,643**	**-**	**-**	**-**	**506,582**	**-**	**-**
Executive Directors										
C. G. B. Rubino	433,802	26,306	-	20,049	-	8,640	-	488,797	-	-
R. Velletri	914,398	65,671	104,925	20,049	-	30,322	-	1,135,365	9.24	-
Subtotal Executive Directors	**1,348,200**	**91,977**	**104,925**	**40,098**	**-**	**38,962**	**-**	**1,624,162**	**6.46**	**-**
Other Key Management Personnel										
D. Foti	706,478	47,550	62,925	20,049	-	25,405	-	862,407	7.30	-
Z. Bebic	614,608	46,192	59,675	20,049	-	36,123	-	776,647	7.68	-
P. Trueman	459,440	35,328	45,800	20,049	-	13,669	-	574,286	7.98	-
Subtotal Other Key Management Personnel	**1,780,526**	**129,070**	**168,400**	**60,147**	**-**	**75,197**	**-**	**2,213,340**	**7.61**	**-**
Total	**3,567,083**	**247,629**	**273,325**	**141,888**	**-**	**114,159**	**-**	**4,344,084**	**6.29**	**-**

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of Key Management Personnel

Table 2: Remuneration for the year ended 30 June 2017

	Short Term Benefits			Post Employment		Long Term Benefits	Share-Based Payments			
	Salary & Fees $	Non Monetary $	Cash STI $	Super-annuation $	Retirement Benefits $	Leave $	Options LTI $	Total $	Total Performance Related %	Total Options Related %
Non-Executive Directors										
P. J. Dempsey	124,201	6,296	-	11,799	-	-	-	142,296	-	-
C. P. Michelmore	103,653	5,255	-	9,847	-	-	-	118,755	-	-
D. R. Voss	93,607	4,745	-	8,893	-	-	-	107,245	-	-
H. J. Gillies*	72,005	3,650	-	6,840	-	-	-	82,495	-	-
Subtotal Non-Executive Directors	**393,466**	**19,946**	**-**	**37,379**	**-**	**-**	**-**	**450,791**	**-**	**-**
Executive Directors										
C. G. B. Rubino	441,619	22,388	-	19,616	-	8,013	-	491,636	-	-
R. Velletri	914,543	53,929	-	19,616	-	17,377	-	1,005,465	-	-
Subtotal Executive Directors	**1,356,162**	**76,317**	**-**	**39,232**	**-**	**25,390**	**-**	**1,497,101**	**-**	**-**
Other Key Management Personnel										
D. Foti	713,137	42,072	-	19,616	-	9,305	-	784,130	-	-
Z. Bebic	596,600	39,018	-	19,616	-	32,767	-	688,001	-	-
P. Trueman	436,603	29,407	-	19,616	-	10,038	-	495,664	-	-
Subtotal Other Key Management Personnel	**1,746,340**	**110,497**	**-**	**58,848**	**-**	**52,110**	**-**	**1,967,795**	**-**	**-**
Total	**3,495,968**	**206,760**	**-**	**135,459**	**-**	**77,500**	**-**	**3,915,687**	**-**	**-**

* H. Gillies was appointed as a Non-Executive Director on 5 September 2016. The balances shown in Table 2 comprise remuneration from the date of appointment.

Table 3: Compensation options: Granted during the years ended 30 June 2018 and 30 June 2017

During the years ended 30 June 2018 and 30 June 2017, no options were granted as equity compensation benefits to Key Management Personnel.

Table 4: Shares issued on exercise of compensation options during the year ended 30 June 2018

During the year ended 30 June 2018, no shares were issued on exercise of compensation options by Key Management Personnel.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Additional disclosures relating to options and shares

Table 5: Option holdings of Key Management Personnel

Options held in Monadelphous Group Limited	Balance at Beginning of Period 1 July 2017	Granted as Remuneration	Options Exercised and Lapsed	Net Change Other	Balance at End of Period 30 June 2018
Directors					
C. G. B. Rubino	-	-	-	-	-
R. Velletri	-	-	-	-	-
P. J. Dempsey	-	-	-	-	-
C. P. Michelmore	-	-	-	-	-
D. R. Voss	-	-	-	-	-
H. J. Gillies	-	-	-	-	-
Executives					
D. Foti	-	-	-	-	-
Z. Bebic	-	-	-	-	-
P. Trueman	-	-	-	-	-
Total	-	-	-	-	-

Table 6: Shareholdings of Key Management Personnel

Shares held in Monadelphous Group Limited	Balance at Beginning of Period 1 July 2017	Granted as Remuneration	On Excercise of Options	Net Change Other	Balance at End of Period 30 June 2018
Directors					
C. G. B. Rubino	2,022,653	-	-	(1,000,000)	1,022,653
R. Velletri	2,100,000	-	-	-	2,100,000
P. J. Dempsey	78,000	-	-	-	78,000
C. P. Michelmore	50,000	-	-	(20,000)	30,000
D. R. Voss	2,852	-	-	-	2,852
H. J. Gillies	-	-	-	4,078	4,078
Executives					
D. Foti	359,316	-	-	(230,000)	129,316
Z. Bebic	-	-	-	-	-
P. Trueman	-	-	-	-	-
Total	4,612,821	-	-	(1,245,922)	3,366,899

Loans to Key Management Personnel and their related parties

No directors or executives, or their related parties, had any loans during the reporting period.

Other transactions and balances with Key Management Personnel and their related parties

There were no other transactions and balances with Key Management Personnel or their related parties.

END OF REMUNERATION REPORT

DIRECTORS' 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 are shown in the table below.

		Meetings of Committees		
	Directors' Meetings	Audit	Remuneration	Nomination
Number of meetings held:	12	7	3	2
Number of meetings attended:				
C. G. B. Rubino	11	-	-	2
R. Velletri	12	-	-	-
P. J. Dempsey	12	7	-	2
C. P. Michelmore	11	-	3	2
D. R. Voss	12	7	3	2
H. J. Gillies	12	7	3	2

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)
D. R. Voss	D. R. Voss	C. P. Michelmore
H. J. Gillies	H. J. Gillies	P. J. Dempsey
		H. J. Gillies
		D. R. Voss

Note: (c) Designates the chair 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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the legislative instrument 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 the Company's website.

DIRECTORS' REPORT

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have received an independence declaration from the auditor of Monadelphous Group Limited, as shown on page 48.

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	30,411
Assurance related	31,000
	61,411

Signed in accordance with a resolution of the directors.

C. G. B. Rubino
Chairman
Perth, 20 August 2018

AUDITOR'S INDEPENDENCE DECLARATION

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

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

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

As lead auditor for the audit of Monadelphous Group Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
20 August 2018

INDEPENDENT AUDIT REPORT

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

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

Independent auditor's report to the members of Monadelphous Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Monadelphous Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

INDEPENDENT AUDIT REPORT

Building a better working world

Recognition of revenues and profits on long-term contracts

Why significant	How our audit addressed the key audit matter
The Group's business involves entering into contractual relationships with customers to provide a range of services. A significant proportion of the Group's revenues and profits are derived from long-term contracts. Revenue recognition involves a significant degree of judgement, with estimates being made to: ► Assess the total contract costs ► Assess the stage of completion of the contract ► Forecast the profit margin after taking into consideration additional revenue arising from variations to the original contract ► Appropriately provide for loss making contracts. The Group's accounting policies and disclosures for revenue are detailed in *General Information – Key Judgements – Revenue, Note 1 Revenue and Other Income and Note 7 Inventories* of the financial report.	We examined all key contracts and enquired with the Group for each of these contracts to understand the specific terms and risks, which in turn allowed us to assess the recognition of revenue. We evaluated and tested the relevant IT systems and assessed the operating effectiveness of controls over the recording of revenue recognised in the financial report, including controls relating to: ► Contract reviews performed by the Group that included estimating total costs, stage of completion of contracts, profit margin and evaluating contract profitability ► Revenue recording and billing processes ► Contract cost recording processes including the purchases, payments and payroll processes. For a sample of contracts with a delivery schedule of greater than 12 months we performed the following additional procedures: ► Understood the performance and status of the contracts through enquiries with the key executives having oversight over the various contract portfolios ► Assessed the contract status through the examination of externally generated evidence, such as approved variations and customer correspondence ► Analysed the Group's estimates for total contract costs and forecast costs to complete, including taking into account the historical accuracy of such estimates ► Assessed the provisions for loss making contracts and whether these appropriately reflected the expected contractual positions ► Assessed the Group's accounting policies and the adequacy of its related disclosures in the financial report.

INDEPENDENT AUDIT REPORT

Building a better working world

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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INDEPENDENT AUDIT REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Monadelphous Group Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

INDEPENDENT AUDIT REPORT

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
20 August 2018

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DIRECTORS' DECLARATION

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, notes and the additional disclosures included in the Directors' Report designated as audited, of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its 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 consolidated entity will be able to pay its debts as and when they become due and payable; and
   (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed on page 60.
2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2018.
3) 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 19 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, 20 August 2018

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $'000	2017 $'000
Continuing Operations			
REVENUE	1	1,737,632	1,249,085
Cost of services rendered		(1,590,821)	(1,119,327)
GROSS PROFIT		146,811	129,758
Other income	1	5,430	6,865
Business development and tender expenses		(17,221)	(22,096)
Occupancy expenses		(3,525)	(3,305)
Administrative expenses		(29,871)	(27,065)
Finance costs	2	(452)	(734)
Unrealised foreign currency gain/(loss)		1,673	(759)
PROFIT BEFORE INCOME TAX		102,845	82,664
Income tax expense	3	(30,570)	(24,144)
PROFIT AFTER INCOME TAX		72,275	58,520
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		71,479	57,563
NON-CONTROLLING INTERESTS		796	957
		72,275	58,520
Basic earnings per share (cents per share)	4	76.11	61.41
Diluted earnings per share (cents per share)	4	76.07	61.34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	2018 $'000	2017 $'000
NET PROFIT FOR THE YEAR	72,275	58,520
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Net gain on available-for-sale financial asset	905	267
Income tax effect	(271)	(80)
	634	187
Foreign currency translation	(910)	(134)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(276)	53
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	71,999	58,573
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	71,203	57,616
NON-CONTROLLING INTERESTS	796	957
	71,999	58,573

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	2018 $'000	2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	208,773	241,909
Trade and other receivables	6	288,371	245,826
Inventories	7	47,200	69,774
Total current assets		544,344	557,509
Non-current assets			
Property, plant and equipment	8	101,983	79,052
Intangible assets and goodwill	9	3,120	3,345
Investment in joint venture	10	1,437	1,911
Deferred tax assets	3	35,304	25,980
Other non-current assets	11	2,806	1,901
Total non-current assets		144,650	112,189
TOTAL ASSETS		688,994	669,698
LIABILITIES			
Current liabilities			
Trade and other payables	12	164,008	183,063
Interest bearing loans and borrowings	13	7,944	6,904
Income tax payable	3	8,522	3,603
Provisions	14	94,106	86,042
Total current liabilities		274,580	279,612
Non-current liabilities			
Interest bearing loans and borrowings	13	13,027	6,856
Provisions	14	5,259	4,972
Deferred tax liabilities	3	-	14
Total non-current liabilities		18,286	11,842
TOTAL LIABILITIES		292,866	291,454
NET ASSETS		396,128	378,244
EQUITY			
Contributed equity	17	125,703	122,965
Reserves	18	30,292	31,048
Retained earnings	18	238,486	223,380
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		394,481	377,393
Non-Controlling Interests		1,647	851
TOTAL EQUITY		396,128	378,244

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Attributable to equity holders						
	Issued Capital $'000	Share-Based Payment Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Non-controlling Interests $'000	Available-for-sale Reserve $'000	Total $'000
At 1 July 2017	122,965	30,142	719	223,380	851	187	378,244
Other comprehensive income	-	-	(910)	-	-	634	(276)
Profit for the period	-	-	-	71,479	796	-	72,275
Total comprehensive income for the period	-	-	(910)	71,479	796	634	71,999
Transactions with owners in their capacity as owners							
Share-based payments	-	(480)	-	-	-	-	(480)
Dividend reinvestment plan	2,738	-	-	-	-	-	2,738
Dividends paid	-	-	-	(56,373)	-	-	(56,373)
At 30 June 2018	125,703	29,662	(191)	238,486	1,647	821	396,128

	Attributable to equity holders						
	Issued Capital $'000	Share-Based Payment Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Non-controlling Interests $'000	Available-for-sale Reserve $'000	Total $'000
At 1 July 2016	120,723	29,102	853	218,317	(106)	-	368,889
Other comprehensive income	-	-	(134)	-	-	187	53
Profit for the period	-	-	-	57,563	957	-	58,520
Total comprehensive income for the period	-	-	(134)	57,563	957	187	58,573
Transactions with owners in their capacity as owners							
Share-based payments	-	1,040	-	-	-	-	1,040
Dividend reinvestment plan	2,242	-	-	-	-	-	2,242
Dividends paid	-	-	-	(52,500)	-	-	(52,500)
At 30 June 2017	122,965	30,142	719	223,380	851	187	378,244

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		1,873,522	1,430,396
Payments to suppliers and employees (inclusive of GST)		(1,793,937)	(1,305,002)
Interest received		2,573	3,395
Borrowing costs		(493)	(705)
Other income		2,496	2,726
Income tax paid		(32,692)	(19,617)
Dividends received		178	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	5	51,647	111,193
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		3,442	6,866
Purchase of property, plant and equipment		(25,039)	(12,368)
Repayment of loans to joint ventures and associates		1,833	2,438
Payment of loans to joint ventures and associates		(2,449)	(3,753)
Investment in available-for-sale financial asset		-	(1,634)
Acquisition of controlled entities	20	(1,414)	(5,433)
Other		-	54
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(23,627)	(13,830)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(53,635)	(50,258)
Proceeds from borrowings		-	2,400
Repayment of borrowings		(1,500)	(2,400)
Payment of finance leases		(6,400)	(7,886)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(61,535)	(58,144)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(33,515)	39,219
Net foreign exchange differences		379	(825)
Cash and cash equivalents at beginning of period		241,909	203,515
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	208,773	241,909

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

GENERAL INFORMATION

The consolidated financial report of Monadelphous Group Limited (the Group) and its subsidiaries for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of directors on 20 August 2018.

Monadelphous Group Limited is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's registered office is 59 Albany Highway, Victoria Park, Western Australia.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

Basis of preparation

The financial report is a general purpose financial report, which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board as applicable to a for-profit entity.
- has also been prepared on a historical cost basis except for available-for-sale financial assets held at fair value.
- is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the legislative instrument applies.
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or before 1 July 2017 (refer to note 31).
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control.

A list of controlled entities (subsidiaries) at year end is contained in note 19. Consolidation of the subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a debit balance.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer. Acquisition-related costs are expensed as incurred.

Foreign currency translation

Functional and presentation currency

Each entity in the Group determines its own functional currency. Both the functional and presentation currencies of Monadelphous Group Limited, its Australian subsidiaries and its Papua New Guinea subsidiary (Monadelphous PNG Ltd) are Australian dollars (A$).

The functional currency is United States dollars (US$) for the Hong Kong subsidiary (Moway International Limited), the Singapore subsidiary (Monadelphous Singapore Pte Ltd) and the US subsidiaries (Monadelphous Inc. and Monadelphous Marcellus LLC). The functional currency of the Chinese subsidiary (Moway AustAsia Steel Structures Trading (Beijing) Company Limited) is Chinese Renminbi (RMB). The functional currency of the New Zealand subsidiary (Monadelphous Engineering NZ Pty Ltd) is New Zealand dollars (NZD). The functional currency of the Mongolian subsidiary (Monadelphous Mongolia LLC) is Mongolian Tugrik (MNT).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

GENERAL INFORMATION (continued)

Foreign currency translation (continued)

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Translation of Group companies' functional currency to presentation currency

As at the reporting date the assets and liabilities of the foreign operations are translated into the presentation currency of Monadelphous Group Limited at the rate of exchange ruling at the reporting date and the income statements are translated at the weighted average exchange rates for the year. Exchange variations arising from the translation are recognised in the foreign currency translation reserve in equity.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements or at note 31.

Key judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Management have identified the following critical accounting policies for which significant judgements, estimates and assumptions are made:

Revenue

Revenue and cost of sales are recognised in the income statement by reference to the stage of completion for construction contracts. Fundamental to the calculation of the percentage of completion is a reliable estimate of project revenues and project costs. Various factors contribute to the Group's ability to reliably determine these estimates including, but not limited to, a thorough review process of all project costs and revenues, and the experience and knowledge of project management.

In determining revenues and expenses for construction contracts, management make key assumptions regarding estimated revenues and expenses over the life of the contracts. Key assumptions regarding costs to complete contracts include estimation of labour, technical costs, impact of delays and productivity. Changes in these estimation methods could have a material impact on the reported results of the Group.

Judgement is used in determining the point at which profit recognition commences. Generally the Group does not commence profit recognition on contracts in the early stages of completion.

Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustments, resulting in a corresponding credit or charge to the income statement.

Impairment

Refer to notes 8 and 9 for details.

Workers Compensation

Refer note 14 for details.

Consolidation of MGJV Pty Ltd

Refer to note 19 for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

	2018 $'000	2017 $'000
1. REVENUE AND OTHER INCOME		
Rendering of services and construction contract revenue	1,734,881	1,245,183
Finance revenue	2,573	3,848
Dividends received	178	54
Revenue	1,737,632	1,249,085
Net gains on disposal of property, plant and equipment	2,934	4,139
Other income	2,496	2,726
Other income	5,430	6,865

Recognition and measurement

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of Services

Where the contract outcome can be reliably measured revenue is recognised as services are rendered to the customer for maintenance contracts. For construction contracts refer to the accounting policy below.

Where the contract outcome cannot be reliably measured contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised only to the extent that costs have been incurred. This also applies to construction contracts.

Construction contracts

When accounting for construction contracts, the contracts are either combined or segmented 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 fees earned during the financial year. The percentage of fee earned during the financial year is based on the stage of completion of the contract.

Where a loss is expected to occur from a construction contract the excess of the total expected contract costs over expected contract revenue is recognised as an expense immediately.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

	2018 $'000	2017 $'000
2. EXPENSES		
Finance costs		
Loans and overdrafts	14	107
Finance charges payable under finance leases and hire purchase contracts	438	627
	452	734
Depreciation and amortisation		
Depreciation expense	17,222	17,892
Amortisation of intangible assets	625	562
	17,847	18,454
Employee benefits expense		
Employee benefits expense	923,451	697,999
Defined contribution superannuation expense	64,189	43,615
	987,640	741,614
Lease payments and other expenses		
Minimum lease payments – operating lease	12,971	14,620
Government grants included in the income statement	2,501	6,028

Recognition and measurement

Finance costs

The Group does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with the qualifying assets would be capitalised. All other finance costs are expensed as incurred.

Depreciation and amortisation

Refer to notes 8 and 9 for details on depreciation and amortisation.

Employee benefits expense

Refer to note 14 for employee benefits expense and note 26 for share-based payments expense.

Contributions to defined contribution superannuation plans are recognised as an expense as they become payable.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. The minimum lease payments of operating leases are recognised as an expense on a straight line basis over the lease term.

Government Grants

The Group recognises the excess of the research and development (R&D) tax offset over the statutory rate (the R&D offset) being an additional 8.5% deduction as a government grant when there is reasonable assurance it will be received and any attached conditions will be complied with. As the grant relates to R&D expenditure already incurred it is recognised in the income statement in the period it became receivable as a reduction to cost of sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

3. INCOME TAX

	2018 $'000	2017 $'000
The major components of income tax expense are:		
Income statement		
Current income tax		
Current income tax charge	34,791	28,484
Adjustments in respect of previous years	644	(360)
Deferred income tax		
Temporary differences	(4,865)	(3,980)
Income tax expense reported in the income statement	30,570	24,144
Statement of Comprehensive Income		
Deferred tax related to items recognised in Statement of Comprehensive income during the year:		
Unrealised gain on Available-for-sale financial assets	271	80
Tax reconciliation		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before income tax	102,845	82,664
Income tax rate of 30% (2017: 30%)	30,854	24,799
- Share based payment expense	240	440
- R&D	(750)	(1,808)
- Other	226	713
Aggregate income tax expense	30,570	24,144

Recognised deferred tax assets and liabilities

	2018 $'000 Current Income Tax	2018 $'000 Deferred Income Tax	2017 $'000 Current Income Tax	2017 $'000 Deferred Income Tax
Opening balance	(3,603)	25,966	(1,124)	22,066
Charged to income	(35,435)	4,865	(28,124)	3,980
Charged to equity	-	(271)	-	(80)
Other / payments	30,516	4,744	25,645	-
Closing balance	(8,522)	35,304	(3,603)	25,966
Amounts recognised on the consolidated statement of financial position:				
Deferred tax asset		35,304		25,980
Deferred tax liability		-		(14)
		35,304		25,966

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

3. INCOME TAX (continued)

	2018 $'000	2017 $'000
Deferred income tax at 30 June relates to the following:		
Deferred tax assets		
Provisions	29,709	25,992
Depreciation	1,425	-
Other	4,875	1,900
Gross deferred tax assets	36,009	27,892
Set-off of deferred tax liabilities	(705)	(1,912)
Net deferred tax assets	35,304	25,980
Deferred tax liabilities		
Accelerated depreciation	-	1,915
Other	705	11
Gross deferred tax liabilities	705	1,926
Set-off against deferred tax assets	(705)	(1,912)
Net deferred tax liabilities	-	14

Unrecognised temporary differences

At 30 June 2018, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries, as the Group has no liability for additional taxation should unremitted earnings be remitted (2017: $nil).

Tax consolidation

Monadelphous Group Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2003. Members of the tax consolidated group have entered into a tax funding agreement. The head entity, Monadelphous Group Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Monadelphous Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Recognition and measurement

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred Taxes

Deferred income tax is provided for using the full liability balance sheet approach on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists and they relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

	2018 $'000	2017 $'000
4. EARNINGS PER SHARE		
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net profit attributable to ordinary equity holders of the parent	71,479	57,563
Earnings used in calculation of basic and diluted earnings per share	71,479	57,563

	Number	Number
Number of shares		
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	93,916,738	93,730,313
Effect of dilutive securities		
Shares issuable associated with Arc West Group Pty Ltd acquisition (refer to note 20)	49,372	119,031
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	93,966,110	93,849,344

Conversions, calls, subscriptions or issues after 30 June 2018:

Since the end of the financial year, no holders of employee options have exercised the rights of conversion to acquire ordinary shares.

Calculation of earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any 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 of the parent, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2018

	2018 $'000	2017 $'000
5. CASH AND CASH EQUIVALENTS		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash balances comprise:		
Cash at bank	183,773	156,909
Short term deposits	25,000	85,000
	208,773	241,909
Reconciliation of net profit after tax to the net cash flows from operating activities		
Net profit	72,275	58,520
Adjustments for		
Depreciation of non-current assets	17,222	17,892
Amortisation and impairment of intangible assets	625	943
Net profit on sale of property, plant and equipment	(2,934)	(4,139)
Impairment of other non-current assets	-	236
Share-based payment expense/(credit)	(480)	1,040
Unrealised foreign exchange (gain)/loss	(1,673)	759
Other	1,304	2,211
Changes in assets and liabilities		
(Increase)/decrease in receivables	(40,086)	79,482
(Increase)/decrease in inventories	22,682	(16,225)
Increase in deferred tax assets	(9,252)	(3,773)
Decrease in payables	(20,172)	(27,607)
Increase/(decrease) in provisions	7,231	(418)
Increase in income tax payable	4,919	2,479
Decrease in deferred tax liabilities	(14)	(207)
Net cash flows from operating activities	51,647	111,193

Non-cash 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 $15,152,164 (2017: $4,069,735).

Reconciliation of liabilities arising from financing activities

	2017 $ '000	Cash flows $ '000	Non-cash changes New leases $ '000	2018 $ '000
Hire purchase liabilities	12,219	(6,400)	15,152	20,971
Loan	1,541	(1,541)	-	-
	13,760	(7,941)	15,152	20,971

Recognition and measurement

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and on hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2018

	2018 $'000	2017 $'000
6. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	217,611	166,660
Less allowance for impairment loss	(3,643)	(2,794)
	213,968	163,866
Other debtors	74,403	81,960
	288,371	245,826
Allowance for impairment loss		
Movements in the allowance for impairment loss were as follows:		
Balance at the beginning of the year	2,794	2,508
Expense for the year reflected in administrative expenses in the income statement	849	286
Balance at the end of the year	3,643	2,794
Trade receivables past due not impaired		
At 30 June 2018, the ageing of trade receivables, past due but not considered impaired is as follows:		
1-30 Days	33,706	33,904
31-60 Days	9,054	9,470
61+ Days	19,332	10,160
TOTAL	62,092	53,534

The majority of the amounts past due at 30 June 2018 have been collected subsequent to year end. Payment terms on the remaining amounts have not been re-negotiated however credit has been stopped where the credit limit has been exceeded. In this case, payment terms will not be extended. Each business unit has been in direct contact with the relevant debtor and is satisfied that payment will be received.

Receivables not impaired nor past due

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

The Group trades with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Publicly available credit information from recognised providers is utilised for this purpose where available. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Other debtors

Other debtors include accrued sales which are non-interest bearing and have repayment terms between 30 to 60 days.

Recognition and measurement

Trade receivables, which generally have 30 to 60 days terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Bad debts are written off when identified.

Collectability of trade receivables is reviewed on an ongoing basis at a Company and business unit level. An impairment provision is recognised where there is objective evidence that the Group will not be able to collect the receivables. Financial difficulties of the debtor, default payments, historical bad debt performance or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $'000	2017 $'000
7. INVENTORIES			
Construction work in progress			
Cost incurred to date plus profit recognised		1,432,940	1,422,765
Consideration received and receivable as progress billings		(1,451,339)	(1,454,382)
		(18,399)	(31,617)
Represented by:			
Amounts due to customers	12	65,599	101,391
Amounts due from customers		47,200	69,774

Amounts due to customers

Advances received for construction work not yet commenced or for committed subcontractor work not yet received are recognised as a current liability in trade and other payables. Refer note 12.

Credit risk of amounts due from customers

Details regarding credit risk of amounts due from customers are disclosed in note 22.

Recognition and measurement

Construction work-in-progress is stated at the aggregate of contract costs incurred to date plus profits recognised to date less recognised losses and progress billings. Costs include all costs directly related to specific contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2018

8. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the period

	Property		Plant and Equipment			
	Freehold Land $'000	Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Plant and Equipment Under Hire Purchase $'000	Total $'000
Year ended 30 June 2018						
Net carrying amount at 1 July 2017	13,411	17,197	-	31,121	17,323	79,052
Additions	-	278	-	24,761	15,152	40,191
Acquired through business combination	-	11	-	672	-	683
Assets transferred	-	-	-	4,148	(4,148)	-
Disposals	-	-	-	(508)	-	(508)
Depreciation charge	-	(1,061)	-	(13,219)	(2,942)	(17,222)
Exchange differences	-	-	-	(213)	-	(213)
Net carrying amount at 30 June 2018	13,411	16,425	-	46,762	25,385	101,983
At 30 June 2018						
Gross carrying amount – at cost	13,411	26,499	-	173,372	32,170	245,452
Accumulated depreciation	-	(10,074)	-	(126,610)	(6,785)	(143,469)
Net carrying amount	13,411	16,425	-	46,762	25,385	101,983
Year ended 30 June 2017						
Net carrying amount at 1 July 2016	13,411	16,660	696	27,682	21,539	79,988
Additions	-	12	-	12,356	4,070	16,438
Acquired through business combination (Note 20)	-	1,041	-	2,270	-	3,311
Assets transferred	-	587	(587)	4,487	(4,487)	-
Disposals	-	(31)	-	(2,696)	-	(2,727)
Depreciation charge	-	(1,072)	(109)	(12,912)	(3,799)	(17,892)
Exchange differences	-	-	-	(66)	-	(66)
Net carrying amount at 30 June 2017	13,411	17,197	-	31,121	17,323	79,052
At 30 June 2017						
Gross carrying amount – at cost	13,411	27,380	-	150,237	25,275	216,303
Accumulated depreciation	-	(10,183)	-	(119,116)	(7,952)	(137,251)
Net carrying amount	13,411	17,197	-	31,121	17,323	79,052

Property, plant and equipment pledged as security

Assets under hire purchase are pledged as security for the associated hire purchase liabilities.

	2018 $'000	2017 $'000
Assets pledged as security	25,385	17,323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2018

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Recognition and measurement

Property, plant and equipment

All classes of property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the income statement as incurred.

Depreciation is calculated on a straight line basis on all classes of property, plant and equipment other than freehold land. The estimated useful life of buildings is 40 years; plant and equipment is between 3 and 20 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Impairment of non-financial assets other than goodwill

We have performed an impairment assessment based on the policy below. No material impairment was noted.

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists or when annual impairment testing for an asset is required, the Group makes a formal estimate of the recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2018

	Intangible Assets $'000	Goodwill $'000	Total $'000
9. INTANGIBLE ASSETS AND GOODWILL			
Year ended 30 June 2018			
At 1 July 2017	625	2,720	3,345
On business combination (Note 20)	-	400	400
Amortisation	(625)	-	(625)
At 30 June 2018	-	3,120	3,120
Year ended 30 June 2017			
At 1 July 2016	-	2,947	2,947
On business combination (Note 20)	1,187	154	1,341
Amortisation	(562)	-	(562)
Impairment	-	(381)	(381)
At 30 June 2017	625	2,720	3,345

Description of the Group's intangible assets

Intangible assets relate to the fair value of contracts acquired on acquisition of Arc West Group Pty Ltd. Intangible assets have been assessed as having a finite life and are amortised using the straight line method over a period of 19 months.

Impairment testing of the Group's intangible assets and goodwill

Goodwill acquired through business combinations has been allocated to cash generating units ("CGU") for impairment testing purposes. The CGUs are the entity Monadelphous Electrical & Instrumentation Pty Ltd, the Hunter Valley business unit, the entity Monadelphous Energy Services Pty Ltd, the entity Arc West Group Pty Ltd and the entity R.I.G. Installations (Newcastle) Pty Ltd. None of these CGUs are material to the Group. The recoverable amount of each CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five years period and applying a discount rate to the cash flow projections in the range of 12% to 15%. No reasonably possible changes in key assumptions would result in the carrying amount of the CGU exceeding its recoverable amount.

Recognition and measurement

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the consideration over the fair value of the Group's identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination, is, from the acquisition date, allocated to each of the Group's CGUs or groups of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. If the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

Intangible assets

The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite. The intangible assets are amortised over their useful life. Intangible assets are tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for the intangible assets is reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets is recognised in the income statement in the expense category consistent with the function of the intangible asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2018

10. INTEREST IN JOINT VENTURES

Mondium Pty Ltd

On 21 October 2016, a joint venture company, Mondium Pty Ltd was formed between Monadelphous and Lycopodium Ltd. The Group has a 60% interest in the joint venture. The principal activity of Mondium is to deliver engineering, procurement and construction services in the minerals processing sector.

Zenviron Pty Ltd

On 26 July 2016, a joint venture company, Zenviron Pty Ltd was formed between Monadelphous and ZEM Energy Pty Ltd. The Group has a 55% interest in the joint venture. The principal activity of Zenviron is to deliver multi-disciplinary construction services in the renewable energy market in Australia and New Zealand.

At 30 June 2018, the Group's interests in Mondium Pty Ltd and Zenviron Pty Ltd were not material individually or in aggregate.

Commitments and contingent liabilities relating to Joint Ventures

The Group's share of insurance bond guarantees issued by Joint Ventures at 30 June 2018 was $9,823,596 (2017: $12,001,408).

Joint ventures had no capital commitments at 30 June 2018 (2017: $nil).

Recognition and measurement

A joint venture is a type of arrangement whereby the parties that have joint control of the arrangement have the rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost. The carrying value of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. The income statement reflects the Group's share of the results of the joint venture.

	2018 $'000	2017 $'000
11. OTHER NON-CURRENT ASSETS		
Other non-current assets	2,806	1,901

Other non-current assets consist of investments as follows:

Ordinary shares at fair value in Lycopodium Limited (ASX Code: LYL). The investment is classified as available-for-sale securities. Fair value is calculated using quoted prices in active markets.

	2018 $'000	2017 $'000
12. TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	68,946	54,109
Advances on construction work in progress – Amounts due to customers	65,599	101,391
Sundry creditors and accruals	29,463	27,563
	164,008	183,063

Recognition and measurement

Trade and other payables are carried at amortised cost and are not discounted due to their short term nature. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, non-interest bearing and are usually paid within 30 to 45 days of recognition.

Sundry creditors and accruals are non-interest bearing and have terms of 7 to 45 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2018

13. INTEREST BEARING LOANS AND BORROWINGS

	2018 $'000	2017 $'000
CURRENT		
Hire purchase liability – secured	7,944	5,363
Loan – unsecured	-	1,541
	7,944	6,904
NON-CURRENT		
Hire purchase liability – secured	13,027	6,856
	13,027	6,856

Terms and conditions

Hire purchase agreements have an average term of three years. The average discount rate implicit in the hire purchase liability is 4.09% (2017: 4.15%). The hire purchase liability is secured by a charge over the hire purchase assets.

Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

Recognition and measurement

Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Gains or losses are recognised in the income statement when the liabilities are derecognised.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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 to the Group substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases. The financed asset is stated at the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. An interest bearing liability of equal value is also recognised at inception. Minimum lease payments are apportioned between the finance charge and the reduction of the lease liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2018

14. PROVISIONS

	2018 $'000	2017 $'000
CURRENT		
Employee benefits	67,837	59,621
Workers' compensation	26,269	26,421
	94,106	86,042
NON-CURRENT		
Employee benefits – long service leave	5,259	4,972
Movements in provisions		
Workers compensation		
Carrying amount at the beginning of the year	26,421	
Additional provision	8,739	
Amounts utilised during the year	(8,891)	
Carrying amount at the end of the financial year	26,269	

Recognition and measurement

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relevant to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Employee benefits includes liabilities for wages and salaries, rostered days off, vesting sick leave, project incentives and project redundancies. It is customary within the engineering and construction industry for incentive payments and redundancies to be paid to employees at the completion of a project. The provision has been created to cover the expected costs associated with these statutory and project employee benefits.

Liabilities for short term benefits expected to be wholly settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liability is settled. Expenses for non-vesting sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long term benefits is recognised and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds, which have terms to maturity approximating the estimated future cash outflows.

Workers' compensation

It is customary for all entities within the engineering and construction 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 within a five years 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2018

15. CAPITAL MANAGEMENT

Capital is managed by the Group's Chief Financial Officer in conjunction with the Group's Finance and Accounting department. Management continually monitor the Group's net cash/debt position and the gearing levels to ensure efficiency and compliance with the Group's banking facility covenants, including the gearing ratio, operating leverage ratio and fixed charge coverage ratio. At 30 June 2018, the Group is in a net cash position of $187,802,000 (2017: $228,149,000) and has a debt to equity ratio of 5.3% (2017: 3.6%) which is within the Group's net cash and debt to equity target levels.

During the year ended 30 June 2018, management paid dividends of $56,373,000. The policy is to payout dividends of 80% to 100% of annual net profit after tax, subject to the working capital requirements of the business, potential investment opportunities and business and economic conditions generally.

The capital of the Company is considered to be contributed equity.

16. DIVIDENDS PAID AND PROPOSED

	2018 $'000	2017 $'000
Declared and paid during the year		
Current year interim		
Interim franked dividend for 2018 (30 cents per share) (2017: 24 cents per share)	28,199	22,519
Previous year final		
Final franked dividend for 2017 (30 cents per share) (2016: 32 cents per share)	28,174	29,981
Unrecognised amounts		
Current year final		
Final franked dividend for 2018 (32 cents per share) (2017: 30 cents per share)	30,115	28,174
Franking credit balance		
Franking credits available for future reporting years at 30% adjusted for franking credits that will arise from the payment of income tax payable as at the end of the financial year	53,356	45,103
Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(12,906)	(12,075)
	40,450	33,028

Tax rates

The tax rate at which paid dividends have been franked is 30% (2017: 30%). Dividends payable will be franked at the rate of 30% (2017: 30%).

Recognition and measurement

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2018

17. CONTRIBUTED EQUITY

	2018 $'000	2017 $'000
Ordinary shares – Issued and fully paid	126,972	124,234
Reserved shares	(1,269)	(1,269)
	125,703	122,965

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.

	2018		2017	
	Number of Shares	$'000	Number of Shares	$'000
Beginning of the financial year	93,928,264	124,234	93,703,963	121,992
Dividend reinvestment plan	180,047	2,738	224,301	2,242
End of the financial year	94,108,311	126,972	93,928,264	124,234

During the year ended 30 June 2018, no employees exercised options to acquire fully paid ordinary shares.

Reserved shares

	2018		2017	
	Number of Shares	$'000	Number of Shares	$'000
Beginning of the financial year	85,500	(1,269)	85,500	(1,269)
End of the financial year	85,500	(1,269)	85,500	(1,269)

Recognition and measurement

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised directly in equity as a deduction, net of tax, from the proceeds.

Reserved shares

The Group's own equity instruments, which are reacquired for later use in employee share-based payment arrangements (reserved shares), are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2018

18. RESERVES AND RETAINED EARNINGS

	2018 $'000	2017 $'000
Foreign currency translation reserve	(191)	719
Share-based payment reserve	29,662	30,142
Available-for-sale reserve	821	187
	30,292	31,048
Retained earnings	238,486	223,380
Movements in retained earnings		
Balance at the beginning of the year	223,380	218,317
Net profit attributable to equity holders of the parent	71,479	57,563
Total available for appropriation	294,859	275,880
Dividends paid	(56,373)	(52,500)
Balance at the end of the year	238,486	223,380

Movements in reserves

	Foreign Currency Translation Reserve $'000	Share-Based Payment Reserve $'000	Available-For-Sale Reserve $'000	Total $'000
At 1 July 2016	853	29,102	-	29,955
Foreign currency translation	(134)	-	-	(134)
Share-based payment	-	1,040	-	1,040
Net fair value gain of available-for-sale financial assets	-	-	187	187
At 30 June 2017	719	30,142	187	31,048
Foreign currency translation	(910)	-	-	(910)
Share-based payment	-	(480)	-	(480)
Net fair value gain of available-for-sale financial assets	-	-	634	634
At 30 June 2018	(191)	29,662	821	30,292

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from translation of the financial statements of foreign subsidiaries.

Share-based payment reserve

The share-based payment reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to note 26 for further details of these plans.

Available-for-sale reserve

The available-for-sale reserve is used to record the movement in fair value of available-for-sale financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GROUP STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2018

19. SUBSIDIARIES

The consolidated financial statements include the financial statements of Monadelphous Group Limited and subsidiaries:

Name	Country of Incorporation	Percentage Held by Consolidated Entity 2018 %	2017 %	Parent Entity Investment 2018 $'000	2017 $'000
Parent:					
Monadelphous Group Limited					
Controlled entities of Monadelphous Group Limited:					
#Monadelphous Engineering Associates Pty Ltd	Australia	100	100	26,132	26,132
#Monadelphous Properties Pty Ltd	Australia	100	100	1,941	1,941
#Monadelphous Engineering Pty Ltd	Australia	100	100	4,066	4,066
#Genco Pty Ltd	Australia	100	100	342	342
#Monadelphous Workforce Pty Ltd	Australia	100	100	370	370
#Monadelphous Electrical & Instrumentation Pty Ltd	Australia	100	100	5,343	5,343
#Monadelphous KT Pty Ltd	Australia	100	100	15,729	15,729
#Monadelphous Energy Services Pty Ltd	Australia	100	100	4,434	4,434
#M Workforce Pty Ltd	Australia	100	100	-	-
#M Maintenance Services Pty Ltd	Australia	100	100	-	-
M&ISS Pty Ltd	Australia	100	100	-	-
SinoStruct Pty Ltd	Australia	100	100	125	125
Monadelphous Group Limited Employee Share Trust	Australia	100	100	-	-
Monadelphous Holdings Pty Ltd	Australia	100	100	-	-
MGJV Pty Ltd	Australia	70 ^	70 ^	-	-
Evo Access Pty Ltd	Australia	100	100	-	-
Monadelphous Investments Pty Ltd	Australia	100	100	-	-
MWOG Pty Ltd	Australia	100	100	-	-
MOAG Pty Ltd	Australia	100	100	-	-
Monadelphous International Holdings Pty Ltd	Australia	100	100	-	-
Arc West Group Pty Ltd (Refer to Note 20)	Australia	100	100	5,440	5,440
R.I.G. Installations (Newcastle) Pty Ltd (Refer Note 20)	Australia	100	-	1,488	-
RE&M Services Pty Ltd*	Australia	100	-	-	-
Pilbara Rail Services Pty Ltd*	Australia	100	-	-	-
Monadelphous PNG Ltd	Papua New Guinea	100	100	-	-
Moway International Limited	Hong Kong	100	100	443	443
Moway AustAsia Steel Structures Trading (Beijing) Company Limited	China	100	100	-	-
Monadelphous Singapore Pte Ltd	Singapore	100	100	144	144
Monadelphous Mongolia LLC	Mongolia	100	100	-	-
Monadelphous Inc.	USA	100	100	1,806	1,806
Monadelphous Marcellus LLC	USA	100	100	-	-
MKT Pipelines Ltd	Canada	100	100	-	-
Monadelphous Engineering NZ Pty Ltd	New Zealand	100	100	-	-
Monadelphous Sdn Bhd	Malaysia	100	100	-	-
				67,803	66,315

\# Controlled entities subject to the Class Order (Refer to note 30)
* Incorporated during the year
^ The Group considers that it controls MGJV Pty Ltd as it has a casting vote at Board Meetings.

Ultimate parent

Monadelphous Group Limited is the ultimate holding company.

Material partly-owned subsidiaries

There were no subsidiaries that have a material non-controlling interest during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GROUP STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2018

20. BUSINESS COMBINATION

Acquisition of R.I.G. Installations (Newcastle) Pty Ltd

On 14 July 2017, Monadelphous Group Limited acquired 100% of the share capital of R.I.G. Installations (Newcastle) Pty Ltd for total cash consideration of $1.4 million. The acquisition is not material to the results of the Group.

Acquisition of Arc West Group Pty Ltd

On 23 September 2016, Monadelphous Group Limited acquired 100% of the share capital of Arc West Group Pty Ltd. The acquisition forms part of Monadelphous' market growth strategy.

The consideration comprised a cash payment of $5.4 million. The fair values of the identifiable assets and liabilities acquired from Arc West Group Pty Ltd as of the date of acquisition were:

	Fair Value at Acquisition Date $'000
Cash	7
Trade and other receivables	1,325
Inventory	114
Property, plant and equipment	3,311
Intangible assets	1,187
	5,944
Trade and other payables	570
Provisions	88
	658
Fair value of identifiable net assets	5,286
Goodwill arising on acquisition	154
	5,440
Acquisition-date fair-value of consideration transferred:	
Cash paid	5,440
Total consideration	5,440
The cash outflow on acquisition is as follows:	
Net cash acquired with the business	7
Cash paid	(5,440)
Net consolidated cash outflow	(5,433)

Sales revenue and net profit from Arc West Group Pty Ltd for the period were not material.

Key factors contributing to the $154,000 of goodwill are synergies expected to be achieved as a result of combining Arc West Group Pty Ltd with the rest of the Group.

A deferred component is payable through the issue of Monadelphous ordinary shares up to a value of $2.3 million. The shares are issuable in six monthly installments over the period to September 2018. The issue of each remaining installment of shares is contingent on the former owners remaining as employees of Monadelphous. The shares are being treated as a remuneration payment. A share based payment expense is therefore being recognised over the period to September 2018 (refer to note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GROUP STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2018

21. INTEREST IN JOINT OPERATIONS

Joint operations interests

The Group's interests in joint operations are as follows:

Joint Arrangement	Principal Activity	Principal Place of Business	Group Interest 2018 %	Group Interest 2017 %
Monadelphous Jacobs JV PNG	Engineering, Procurement and Construction & Maintenance Support Work in PNG	PNG	65	-
Monadelphous Jacobs JV	Engineering, Procurement and Construction & Maintenance Support Work	Brisbane, QLD	65	-

Commitments and contingent liabilities relating to joint operations

There were no capital commitments or contingent liabilities relating to the joint operations at 30 June 2018 (2017: $nil).

Impairment

There were no assets employed in the joint operations during the year ended 30 June 2018 (2017: $nil).

Recognition and Measurement

Joint arrangements are arrangements of which two or more parties have joint control. Joint control is the contractual agreed sharing of control of the arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either a joint operation or joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation and as such, the Group recognises its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the investment is classified as a joint venture and accounted for using the equity method. Under the equity method, the cost of the investment is adjusted by the post-acquisition changes in the Group's share of the net assets of the venture.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, loans, finance leases and hire purchase contracts, cash, short-term deposits and derivatives.

The Group is exposed to financial risks which arise directly from its operations. The Group has policies and measures in place to manage financial risks encountered by the business.

Primary responsibility for the identification of financial risks rests with the Board. The Board determines policies for the management of financial risks. It is the responsibility of the Chief Financial Officer and senior management to implement the policies set by the Board and for the constant day to day management of the Group's financial risks. The Board reviews these policies on a regular basis to ensure that they continue to address the risks faced by the Group.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's policy to minimise risk from fluctuations in interest rates is to utilise fixed interest rates in its loans, finance leases and hire purchase contracts. Cash and short term deposits are exposed to floating interest rate risks. The Group manages its foreign currency risk arising from significant supplier contracts in foreign currencies by holding foreign currency or taking out forward exchange contracts. Analysis is performed on a customer's credit rating prior to signing contracts and analysis is performed regularly of credit exposures and aged debt to manage credit and liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 30 JUNE 2018

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The policies in place for managing the financial risks encountered by the Group are summarised below.

(a) Risk exposures and responses

Interest rate risk

The Group's exposure to variable interest rates is as follows:

	Notes	2018 $'000	2017 $'000
Financial assets			
Cash and cash equivalents	5	208,773	241,909
Net exposure		208,773	241,909

The Group utilises a number of financial institutions to obtain the best interest rate possible and to manage its risk. The Group does not enter into interest rate hedges.

At 30 June 2018, reasonably possible movements in variable interest rates, based on a review of historical movements and forward rate curves for forward rates would not have had a material impact on the Group.

Foreign currency risk

As a result of operations in the USA, Papua New Guinea, China, Mongolia and New Zealand the Group's statement of financial position can be affected by movements in the US$/A$, PGK/A$, RMB/A$, MNT/A$ and NZ$/A$ exchange rates.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency. Where possible, Monadelphous does not take on foreign exchange risk. At 30 June 2018, the Group had no forward contracts.

The Group also mitigates its exposure to foreign currency risk by minimising excess foreign currency balances in overseas jurisdictions not required for working capital.

At 30 June 2018, the Group had the following exposure to foreign currency:

	PGK AUD $'000	USD AUD $'000	Euro AUD $'000
Year ended 30 June 2018			
Financial assets			
Cash and cash equivalents	6,041	15,290	5,176
Trade and other receivables	3,545	9,272	-
Financial liabilities			
Trade and other payables	(2,017)	(3,784)	-
Net Exposure	7,569	20,778	5,176
Year ended 30 June 2017			
Financial assets			
Cash and cash equivalents	11,562	11,537	8,392
Trade and other receivables	4,582	27,886	-
Financial liabilities			
Trade and other payables	(1,292)	(4,003)	-
Net Exposure	14,852	35,420	8,392

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 30 JUNE 2018

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Risk exposures and responses (continued)

Foreign currency risk (continued)

At 30 June 2018, reasonably possible movements in PGK and Euro foreign exchange rates, based on a review of historical movements, would not have had a material impact on the Group.

At 30 June 2018, if the USD foreign exchange rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements relating to financial assets and liabilities denominated in USD:	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
+5% (2017: +5%)	(727)	(1,240)	-	-
-5% (2017: -5%)	727	1,240	-	-

The reasonably possible movements have been based on review of historical movements.

Credit risk

The Group trades with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Publicly available credit information from recognised providers is utilised for this purpose where available.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group minimises concentrations of credit risk in relation to accounts receivable by undertaking transactions with a number of customers within the resources, energy and infrastructure industry sector. There are multiple contracts with our significant customers, across a number of their subsidiaries, divisions within those subsidiaries and locations.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Chairman, Managing Director or Chief Financial Officer.

With respect to credit risk arising from the other financial assets of the Group, which comprises cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The Group minimises its exposure to credit risk for cash and cash equivalents, by investing funds with counter parties rated A+ or higher by Standard & Poor's where possible.

The Group's maximum exposure to credit risk is its cash and trade and other receivables representing $497,144,000 at 30 June 2018 (2017: $487,735,000).

Since the Group trades with recognised third parties, there is no requirement for collateral.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 30 JUNE 2018

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Risk exposures and responses (continued)

Liquidity risk

Financing facilities available

	2018 $'000	2017 $'000
At balance date the following financing facilities had been negotiated and were available		
Total facilities:		
- Bank guarantee and performance bonds	460,000	490,000
- Revolving credit	64,559	67,053
	524,559	557,053
Facilities used at balance date:		
- Bank guarantee and performance bonds	181,759	147,704
- Revolving credit	20,971	13,760
	202,730	161,464
Facilities unused at balance date:		
- Bank guarantee and performance bonds	278,241	342,296
- Revolving credit	43,588	53,293
	321,829	395,589

Nature of bank guarantees and performance bonds

The contractual term of the bank guarantees and performance bonds match the underlying obligation to which it relates.

Nature of revolving credit

The revolving credit includes hire purchase/leasing facilities. Refer to note 13 for terms and conditions.

The Group's objective is to manage the liquidity of the business by monitoring project cash flows and through the use of financing facilities. The Group currently utilises financing facilities in the form of hire purchase liabilities. The liquidity of the group is managed by the Group's Finance and Accounting department.

The table below reflects all contractually fixed pay-offs, repayments and interest resulting from financial liabilities as of 30 June 2018.

The remaining contractual maturities of the Group's financial liabilities are:

	2018 $'000	2017 $'000
Financial liabilities		
6 months or less	167,928	186,252
6 – 12 months	4,705	4,112
1 – 5 years	14,269	7,007
	186,902	197,371

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 30 JUNE 2018

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Risk exposures and responses (continued)

Liquidity risk (continued)

Maturity analysis of financial liabilities:

	6 months or less $'000	6 months to 1 year $'000	1 year to 5 years $'000	Total Contractual Cash Flows $'000	Total Carrying Amount $'000
Year ended 30 June 2018					
Financial liabilities					
Trade and other payables	164,008	-	-	164,008	164,008
Hire purchase liability	3,920	4,705	14,269	22,894	20,971
Net maturity	167,928	4,705	14,269	186,902	184,979
Year ended 30 June 2017					
Financial liabilities					
Trade and other payables	183,063	-	-	183,063	183,063
Loan	-	1,575	-	1,575	1,541
Hire purchase liability	3,189	2,537	7,007	12,733	12,219
Net maturity	186,252	4,112	7,007	197,371	196,823

(b) Net fair values of financial assets and liabilities

The carrying amounts and estimated fair values of financial assets and financial liabilities at balance date are materially the same.

Interest bearing liabilities with fixed interest rates: The fair value includes the value of contracted cash flows, discounted at market rates.

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

Receivables and payables: The carrying amount approximates fair value due to short term maturity.

Available-for-sale financial assets: The carrying amount is equal to the fair value calculated using quoted prices in active markets.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1: The fair value is calculated using quoted prices in active markets.

Level 2: The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

There were no material financial assets or liabilities measured at fair value at 30 June 2018 or 30 June 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: UNRECOGNISED ITEMS

FOR THE YEAR ENDED 30 JUNE 2018

23. COMMITMENTS AND CONTINGENCIES

	Notes	2018 $'000	2017 $'000
Hire purchase commitments			
Payable:			
- Within one year		8,625	5,726
- Later than one year but not later than five years		14,269	7,007
Minimum lease payments		22,894	12,733
Less future finance charges		(1,923)	(514)
Present value of minimum lease payments		20,971	12,219
Current liability	13	7,944	5,363
Non-current liability	13	13,027	6,856
		20,971	12,219

Hire purchase agreements have an average term of three years.

	2018 Properites $'000	2018 Other $'000	2018 Total $'000	2017 Total $'000
Operating lease commitments				
Minimum lease payments				
- Within one year	13,465	227	13,692	13,677
- Later than one year but not later than five years	33,633	111	33,744	44,288
- Later than five years	-	-	-	700
Aggregate lease expenditure contracted for at balance date but not provided for	47,098	338	47,436	58,665

Other operating leases includes motor vehicles. Properties include the Victoria Park office lease, the Brisbane office lease and other rental properties. Other operating leases have an average lease term remaining of 24 months. Properties under operating leases have an average lease term remaining of less than one year.

Capital commitments

The consolidated group has capital commitments of $9,618,122 at 30 June 2018 (2017: $5,185,942).

Guarantees

	2018 $'000	2017 $'000
Guarantees given to various clients for satisfactory contract performance	181,759	147,704

Monadelphous Group Limited and all controlled entities marked # in note 19 have entered into a deed of cross guarantee. Refer to note 30 for details.

Contingent Liabilities

The Group is subject to various actual and pending claims arising in the normal course of business. The Group has regular claims reviews to assess the need for accounting recognition or disclosure. The Directors are of the opinion that there is no material exposure to the Group arising from these various actual and pending claims.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: UNRECOGNISED ITEMS

FOR THE YEAR ENDED 30 JUNE 2018

24. SUBSEQUENT EVENTS

Dividends declared

On 20 August 2018, the directors of Monadelphous Group Limited declared a final dividend on ordinary shares in respect of the 2018 financial year. The total amount of the dividend is $30,114,660 which represents a fully franked final dividend of 32 cents per share. This dividend has not been provided for in the 30 June 2018 financial statements. The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the dividend.

Other than the items noted above, no matters or circumstances 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.

25. PARENT ENTITY INFORMATION

	Notes	2018 $'000	2017 $'000
Information relating to Monadelphous Group Limited parent entity			
Current assets		185,199	240,478
Total assets		1,848,312	1,544,283
Current liabilities		(1,643,210)	(1,345,267)
Total liabilities		(1,656,557)	(1,352,122)
Net assets		191,755	192,161
Contributed equity		125,703	122,965
Share-based payment reserve		28,675	28,943
Available-for-sale reserve		821	-
Retained earnings		36,556	40,253
Total equity		191,755	192,161
Profit after tax		52,676	34,743
Total comprehensive income of the parent entity		53,310	34,930
Contingent liabilities			
Guarantees	23	181,759	147,704

Guarantees entered into by the Group are via the parent entity. Details are contained in note 23.

Capital commitments

The parent entity has capital commitments of $nil at 30 June 2018 (2017: $nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2018

26. SHARE BASED PAYMENT EXPENSE

The Monadelphous Group Limited Employee Option Plan 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 no directors or employees participating in these schemes.

The following table illustrates the number and weighted average exercise prices of and movements in options granted, exercised and forfeited during the year.

	2018		2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance at the beginning of the year	30,000	17.05	365,000	19.26
Forfeited during the year	**(30,000)**	**17.05**	(335,000)	19.46
Balance at the end of the year	-	-	30,000	17.05
Exercisable during the next year	-	-	30,000	17.05

The share-based payment expense relating to the Monadelphous Group Limited Employee Option Plan for the year ended 30 June 2018 was a $nil (2017: $nil) for the consolidated entity.

For the year ended 30 June 2018, the Group has recognised $800,000 of share-based payment expense in the Income Statement (2017: $1,466,617) relating to shares to be issued as part of the acquisition of Arc West Group Pty Ltd (refer to note 20). $1,280,000 (2017: $426,617) was satisfied as a cash payment during the year.

Recognition and Measurement

The Group provides benefits to employees (including Key Management Personnel) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). These benefits are provided through the Monadelphous Group Limited Employee Option Plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined by an external valuer using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Monadelphous Group Limited (market conditions), if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2018

27. AUDITORS' REMUNERATION

The auditor of Monadelphous Group Limited is Ernst & Young.

	2018 $	2017 $
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	**254,534**	209,764
- Other services in relation to the entity and any other entity in the consolidated entity		
- tax compliance	**30,411**	27,264
- assurance related	**31,000**	-
	315,945	237,028

Ernst & Young has provided an auditor's independence declaration to the Directors of Monadelphous Group Limited confirming that the provision of the other services has not impaired their independence as auditors.

28. RELATED PARTY DISCLOSURES

	2018 $	2017 $
Compensation of key management personnel		
Short term benefits	**4,088,037**	3,702,728
Post-employment	**141,888**	135,459
Long term benefits	**114,159**	77,500
Total compensation	**4,344,084**	3,915,687

Zenviron

At 30 June 2018, an amount totalling $nil (2017: $1,833,000) had been loaned to Zenviron Pty Ltd. The loan was repaid during the year.

The Group had sales to the joint venture during the year totalling $10,213,000 (2017: $2,951,000)

Mondium

At 30 June 2018, an amount totalling $1,864,000 (2017: $511,000) had been loaned to Mondium Pty Ltd. The loan is included in the statement of financial position within Investment in Joint Venture. Interest is payable on the loan at a rate of 3.71% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2018

29. OPERATING SEGMENTS

Revenue is derived by the consolidated entity from the provision of engineering services to the resources, energy and infrastructure industry sector. For the year ended 30 June 2018, the Engineering Construction division contributed revenue of $949.9 million (2017: $615.4 million) and the Maintenance and Industrial Services division contributed revenue of $841.1 million (2017: $652.9 million). Included in these amounts is $7.0 million (2017: $3.5 million) of inter-entity revenue and $49.1 million (2017: $19.6 million) of revenue of joint ventures, which is eliminated on consolidation. The operating divisions are exposed to similar risks and rewards from operations, and are only segmented to facilitate appropriate management structures.

The directors believe that the aggregation of the operating divisions is appropriate for segment reporting purposes as they:

- have similar economic characteristics in that they have similar gross margins;
- perform similar services for the same industry sector;
- have similar operational business processes;
- provide a diversified range of similar engineering services to a large number of common clients;
- utilise a centralised pool of engineering assets and shared services in their service delivery models, and the services provided to customers allow for the effective migration of employees between divisions; and
- operate predominately in one geographical area, namely Australia.

Accordingly all services divisions have been aggregated to form one segment.

The Group has a number of customers to which it provides services. The largest customer represented 28% of the Group's revenue. One other customer individually contributed 11% of the Group's revenue. There are multiple contracts with these customers, across a number of their subsidiaries, divisions within those subsidiaries and locations.

Geographical Information

	2018 $'000	2017 $'000
Revenue from external customers		
Australia	1,607,987	1,160,062
New Zealand	51,473	52,835
Other overseas locations	75,421	32,286
	1,734,881	1,245,183

30. DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, 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 subject to the Class Order, entered into a deed of indemnity on 9 June 2011, 1 June 2012, 9 June 2014 and 8 June 2016. 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 consolidated income statement and statement of financial position of the entities that are members of the 'Deed' are as follows:

	2018 $'000	2017 $'000
Consolidated Income Statement and Comprehensive Income		
Profit before income tax	117,063	80,298
Income tax expense	(31,422)	(20,907)
Net profit after tax for the period	85,641	59,391
Reconciliation of Retained Earnings		
Retained earnings at the beginning of the period	213,927	207,036
Dividends paid	(56,373)	(52,500)
Net profit after tax for the period	85,641	59,391
Retained earnings at the end of the period	243,195	213,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2018

30. DEED OF CROSS GUARANTEE (continued)

	2018 $'000	2017 $'000
Consolidated Statement of Financial Position		
ASSETS		
Current assets		
Cash and cash equivalents	173,927	214,576
Trade and other receivables	297,046	251,647
Inventories	33,363	42,291
Total current assets	504,336	508,514
Non-current assets		
Investments in subsidiaries	7,639	6,151
Property, plant and equipment	92,458	70,164
Deferred tax assets	32,262	24,345
Intangible assets and goodwill	3,120	2,720
Other non-current assets	2,806	1,901
Total non-current assets	138,285	105,281
TOTAL ASSETS	642,621	613,795
LIABILITIES		
Current liabilities		
Trade and other payables	128,526	148,843
Interest bearing loans and borrowings	7,944	5,363
Income tax payable	7,092	2,046
Provisions	83,077	80,443
Total current liabilities	226,639	236,695
Non-current liabilities		
Interest bearing loans and borrowings	13,027	6,856
Provisions	4,561	4,409
Total non-current liabilities	17,588	11,265
TOTAL LIABILITIES	244,227	247,960
NET ASSETS	398,394	365,835
EQUITY		
Contributed equity	125,703	122,965
Reserves	29,496	28,943
Retained earnings	243,195	213,927
TOTAL EQUITY	398,394	365,835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2018

31. OTHER ACCOUNTING STANDARDS

Other accounting policies

Goods and services tax (GST)

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

- when 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.

Changes in accounting policies

Monadelphous Group Limited and its subsidiaries ('the Group') has adopted all new and amended Australian Standards and Interpretations mandatory for reporting periods beginning on or before 1 July 2017, including:

- *2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*
- *2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

The adoption of these standards and interpretations did not have any material effect on the financial position or performance of the Group.

New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective (including those below) have not been adopted by the Group for the annual reporting period ended 30 June 2018.

The assessment of the impact of the relevant new or amended accounting standards and interpretations is set out below:

Reference	Summary	Application date of standard	Application date for Group
AASB 9 *Financial Instruments*	AASB 9 contains accounting requirement for financial instruments, replacing AASB 139. The standard: (a) contains a simpler model for classification and measurement of financial assets; (b) a single, forward looking 'expected loss' impairment model that will require more timely recognition of expected credit losses; (c) a substantially reformed approach to hedge accounting including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. It is anticipated that the expected credit loss impairment model may result in earlier recognition of credit losses. The Group is in the process of finalising its assessment of the impact of the expected loss impairment model, however it is not expected to have a material impact on transition.	1 January 2018	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2018

31. OTHER ACCOUNTING STANDARDS (continued)

New accounting standards and interpretations (continued)

Reference	Summary	Application date of standard	Application date for Group
AASB 2 *Classification and Measurement of Share-based Payment Transactions*	This standard amends to AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: • The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments • Share-based payment transactions with a net settlement feature for withholding tax obligations • A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018	1 July 2018
AASB *16 Leases*	The key features of AASB 16 are as follows: Lessee accounting • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. Lessor accounting • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. As at the reporting date, the Group has non-cancellable operating lease commitments as set out in note 23. The Group has not quantified the effect of the new standard, however the impacts will include: • Total assets and liabilities on the Statement of Financial Position will increase; and • Interest expense will increase due to the unwinding of the effective interest rate implicit in the lease.	1 January 2019	1 July 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2018

31. OTHER ACCOUNTING STANDARDS (continued)

New accounting standards and interpretations (continued)

Reference	Summary	Application date of standard	Application date for Group
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new revenue standard will supersede all current revenue recognition requirements under Australian Accounting Standards. In particular, the standard replaces AASB 118 'Revenue' and AASB 111 'Construction Contracts', upon which the Group's current revenue recognition policies are based. Either a full retrospective application or a modified retrospective application is required for the reporting period beginning on 1 July 2018. Management intend to adopt AASB 15 using the modified retrospective approach. As a result there may be an adjustment to the opening balance of the Group's equity on the date of initial application. The Group has performed a detailed assessment of its contracts in 2018. Management has identified the following: (i) Performance Obligations It is anticipated that the majority of the Group's construction contracts will be assessed to have one distinct performance obligation due to the significant integration and the highly related promises within each contract, with revenue being recognised over time. The majority of maintenance contracts are also expected to be treated as one distinct performance obligation due to the activities being a series of performance obligations that are substantially the same and have the same pattern of transfer to the client. (ii) Variable consideration and contract modifications AASB 15 provides new requirements for accounting for variable consideration as well as requiring claims and variations to be accounted as contract modifications, both of which impart a higher threshold for recognition. Variable revenue is recognised under the new standard when it is highly probable that a significant reversal of revenue will not occur. These higher recognition criteria might lead to a currently estimated adjustment reducing equity by approximately $5 million. (iii) Presentation and disclosure requirements In accordance with AASB 15, the Group will present its contract balances as a contract asset separately from its accounts receivable or as a contract liability. Contract assets and accounts receivable are both rights to consideration in exchange for goods or services that the Group has transferred to a customer, however the classification depends on whether such right is only conditional on the passage of time (accounts receivable) or if it is also conditional on something else (contract assets). Previously contract asset balances have been disclosed as Other Debtors or Inventories. A contract liability is the amount received by the Group that exceeds the right to consideration resulting from the Group's performance under a given contract. Currently contract liabilities have been disclosed within Trade and Other Payables.	1 January 2018	1 July 2018

INVESTOR INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current at 10 September 2018.

a) Distribution of equity securities

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

Range	Total holders	Number of Ordinary Shares	% of Issued Capital
1 - 1,000	6,418	3,111,760	3.31
1,001 - 5,000	4,518	10,777,106	11.45
5,001 - 10,000	800	5,989,278	6.37
10,001 - 100,000	624	15,993,648	16.99
100,001 Over	38	58,236,519	61.88
Total	12,398	94,108,311	100.00

The number of shareholders holding less than marketable parcels is 351.
6,875 shares are held in voluntary escrow, to be released in October 2018.

b) Twenty largest shareholders

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

Rank	Name	Number of Ordinary Shares	% of Issued Capital
1.	HSBC Custody Nominees (Australia) Limited	19,110,643	20.31
2.	J P Morgan Nominees Australia Limited	12,985,333	13.80
3.	Citicorp Nominees Pty Limited	6,074,166	6.45
4.	National Nominees Limited	5,183,146	5.51
5.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	3,273,072	3.48
6.	Velham Nominees Pty Ltd <The Velletri Family A/C>	2,100,000	2.23
7.	Wilmar Enterprises Pty Ltd	1,320,000	1.40
8.	Rubi Holdings Pty Ltd <John Rubino S/F A/C>	1,022,653	1.09
9.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	904,379	0.96
10.	BNP Paribas Noms Pty Ltd <DRP>	663,258	0.70
11.	Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	402,061	0.43
12.	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	381,286	0.41
13.	3rd Wave Investors Ltd	355,632	0.38
14.	Mrs Mary Teresa Erdash	335,000	0.36
15.	Neale Edwards Pty Ltd	324,760	0.35
16.	AMP Life Limited	283,279	0.30
17.	HSBC Custody Nominees (Australia) Limited-GSCO ECA	274,300	0.29
18.	Borromini Pty Ltd	224,000	0.24
19.	Marsden Holdings (Canberra) Pty Ltd	219,423	0.23
20.	HSBC Custody Nominees (Australia) Limited - A/C 2	211,537	0.22
Total		55,647,928	59.14

INVESTOR INFORMATION
FOR THE YEAR ENDED 30 JUNE 2018

c) Substantial shareholders

The following shareholders have declared a relevant interest in the number of voting shares at the date of giving notice under Part 6C.1 of the *Corporations Act 2001*.

Shareholder	Ordinary Shares	% Held
Pendal Group Limited	4,924,115	5.23%
Challenger Limited (and its entities)	7,198,673	7.65%

d) Voting rights

Each ordinary shareholder present at a general meeting (whether in person, by proxy or by representative) is entitled to one vote on a show of hands, or on a poll, one vote for each fully paid ordinary share subject to any voting restrictions that may apply.

e) Securities exchange listing

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at The University Club, University of Western Australia, Crawley, WA on Tuesday 20 November 2018 at 10.00am (AWST). Full details of the meeting are contained in the Notice of Annual General Meeting sent with this report.

DIVIDENDS

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

Computershare Investor Services Pty Limited	Telephone:	1300 364 961 (Australia)
Level 11, 172 St Georges Terrace		+61 3 9946 4415 (Overseas)
Perth	Facsimile:	+61 8 9473 2500
Western Australia 6000	Email:	web.queries@computershare.com.au
	Website:	www.investorcentre.com

All written enquires should include your Security Holder Reference Number or Holder Identification Number as it appears on 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 copy of a relevant marriage certificate or deed poll.

TAX FILE NUMBER (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 Australian Post Office or the Australian Taxation Office.

MONADELPHOUS PUBLICATIONS

In an effort to reduce its impact on the environment Monadelphous will only post printed copies of this Annual Report to those shareholders who elect to receive one through the share registry. Shareholders may alternatively elect to receive an electronic copy of the Annual Report. Monadelphous Group Limited financial reports are also available on its website (refer to page 97).

INVESTOR INFORMATION
FOR THE YEAR ENDED 30 JUNE 2018

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 600
Victoria Park, WA 6979

Telephone: +61 8 9316 1255
Facsimile: +61 8 9316 1950

MONADELPHOUS WEBSITE

Further information about Monadelphous Group Limited is available on the company website: www.monadelphous.com.au

CORPORATE DIRECTORY

DIRECTORS

Calogero Giovanni Battista Rubino
Chairman

Robert Velletri
Managing Director

Peter John Dempsey
Lead Independent Non-Executive Director

Christopher Percival Michelmore
Independent Non-Executive Director

Dietmar Robert Voss
Independent Non-Executive Director

Helen Jane Gillies
Independent Non-Executive Director

COMPANY SECRETARIES

Kristy Glasgow

Philip Trueman

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

59 Albany Highway
Victoria Park
Western Australia 6100

Telephone: +61 8 9316 1255
Facsimile: +61 8 9316 1950
Website: www.monadelphous.com.au

POSTAL ADDRESS

PO Box 600
Victoria Park
Western Australia 6979

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11, 172 St George's Terrace
Perth
Western Australia 6000

Telephone: 1300 364 961 (Australia)
+61 3 9946 4415 (Overseas)
Facsimile: +61 8 9473 2500

ASX CODE

MND – Fully Paid Ordinary Shares

BANKERS

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

HSBC
188-190 St George's Terrace
Perth
Western Australia 6000

Westpac Banking Corporation
109 St George's Terrace
Perth
Western Australia 6000

AUDITORS

Ernst & Young
11 Mounts Bay Road
Perth
Western Australia 6000

SOLICITORS

Johnson, Winter & Slattery
Level 4, 167 St George's Terrace
Perth
Western Australia 6000

CONTROLLED ENTITIES

Monadelphous Engineering Associates Pty Ltd
Monadelphous Engineering Pty Ltd
Monadelphous Properties Pty Ltd
Monadelphous Workforce Pty Ltd
Genco Pty Ltd
Monadelphous Electrical & Instrumentation Pty Ltd
Monadelphous PNG Ltd
Monadelphous Holdings Pty Ltd
Moway International Limited
SinoStruct Pty Ltd
Moway AustAsia Steel Structures Trading (Beijing) Company Limited
Monadelphous Group Limited Employee Share Trust
Monadelphous KT Pty Ltd
Monadelphous Energy Services Pty Ltd
Monadelphous Singapore Pte Ltd
Monadelphous Mongolia LLC
M&ISS Pty Ltd
M Maintenance Services Pty Ltd
Monadelphous Engineering NZ Pty Ltd
Monadelphous Marcellus LLC
MKT Pipelines Limited
Evo Access Pty Ltd
Monadelphous Inc.
MGJV Pty Ltd
M Workforce Pty Ltd
Monadelphous Investments Pty Ltd
MWOG Pty Ltd
Arc West Group Pty Ltd
MOAG Pty Ltd
Monadelphous International Holdings Pty Ltd
Monadelphous Sdn Bhd
R.I.G. Installations (Newcastle) Pty Ltd
R E & M Services Pty Ltd
Pilbara Rail Services Pty Ltd

monadelphous.com.au

Monadelphous

PERTH HEAD OFFICE

59 Albany Highway
Victoria Park
Western Australia 6100

PO Box 600
Victoria Park
Western Australia 6979

T +61 8 9316 1255
F +61 8 9316 1950

BRISBANE OFFICE

Level 6, 19 Lang Parade
Milton
Queensland 4064

PO Box 1872
Milton
Queensland 4064

T +61 7 3368 6700
F +61 7 3368 6777

MONADELPHOUS.COM.AU

MONADELPHOUS GROUP LIMITED
ABN 28 008 988 547