Monadelphous

ANNUAL REPORT 2019

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.

Cover Images

Top left: A Monadelphous employee working at the Woodside-operated Karratha Gas Plant in Western Australia.

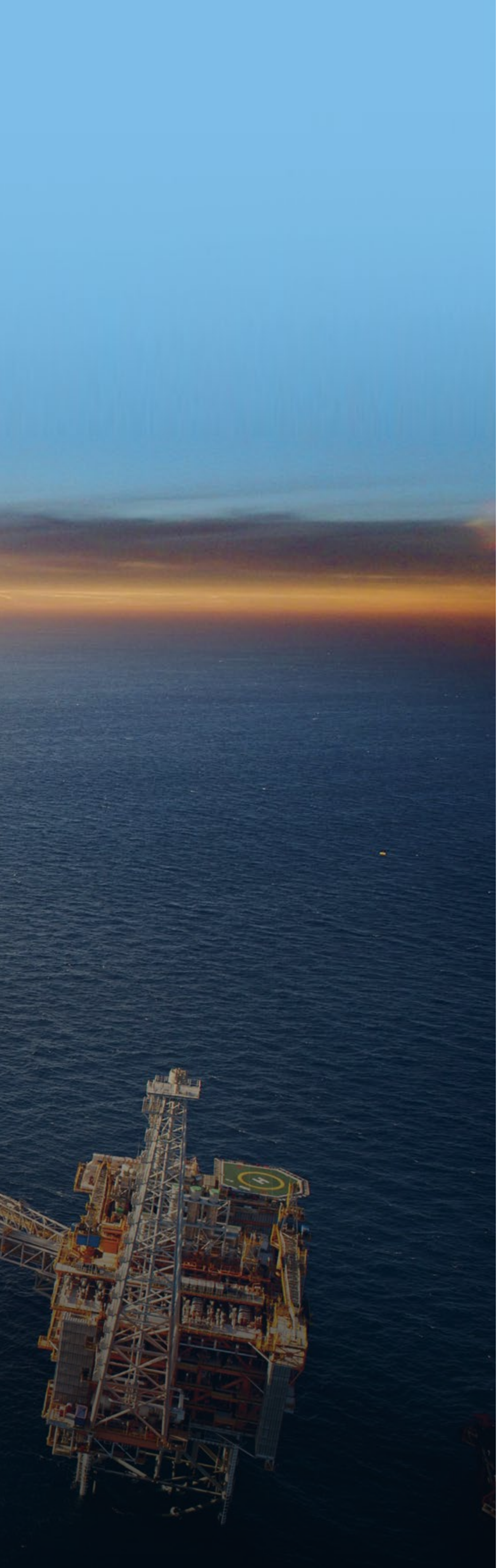
Top right: A Monadelphous employee at Rio Tinto's Cape Lambert port facility in Western Australia.

Bottom left: The Lal Lal Wind Farm, located in the Moorabool Shire of Victoria.

Bottom right: Monadelphous employees inspecting the relocatable long-term evolution skid tower at BHP's Jimblebar mine in the Pilbara region of Western Australia.

This page

Woodside-operated North Rankin Complex, Australia's largest offshore processing facility, located 135 kilometres north-west of Karratha, Western Australia. Image courtesy of Woodside.



CONTENTS

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 2019 financial year.

References in this Report to 'the year', 'the reporting period' and 'the period' relate to the financial year 1 July 2018 to 30 June 2019, 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', 'we', 'its', 'us' and 'our' refer to Monadelphous Group Limited and its subsidiaries.

Annual General Meeting

Shareholders are advised that the Monadelphous Group Limited 2019 Annual General Meeting will be held at The University Club, University of Western Australia, Crawley, Western Australia, on Tuesday, 19 November 2019 at 10am (AWST).

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.

Monadelphous employee on a stacker at Cape Lambert in the Pilbara region of Western Australia.

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, the United States and the Philippines.

Engineering Construction

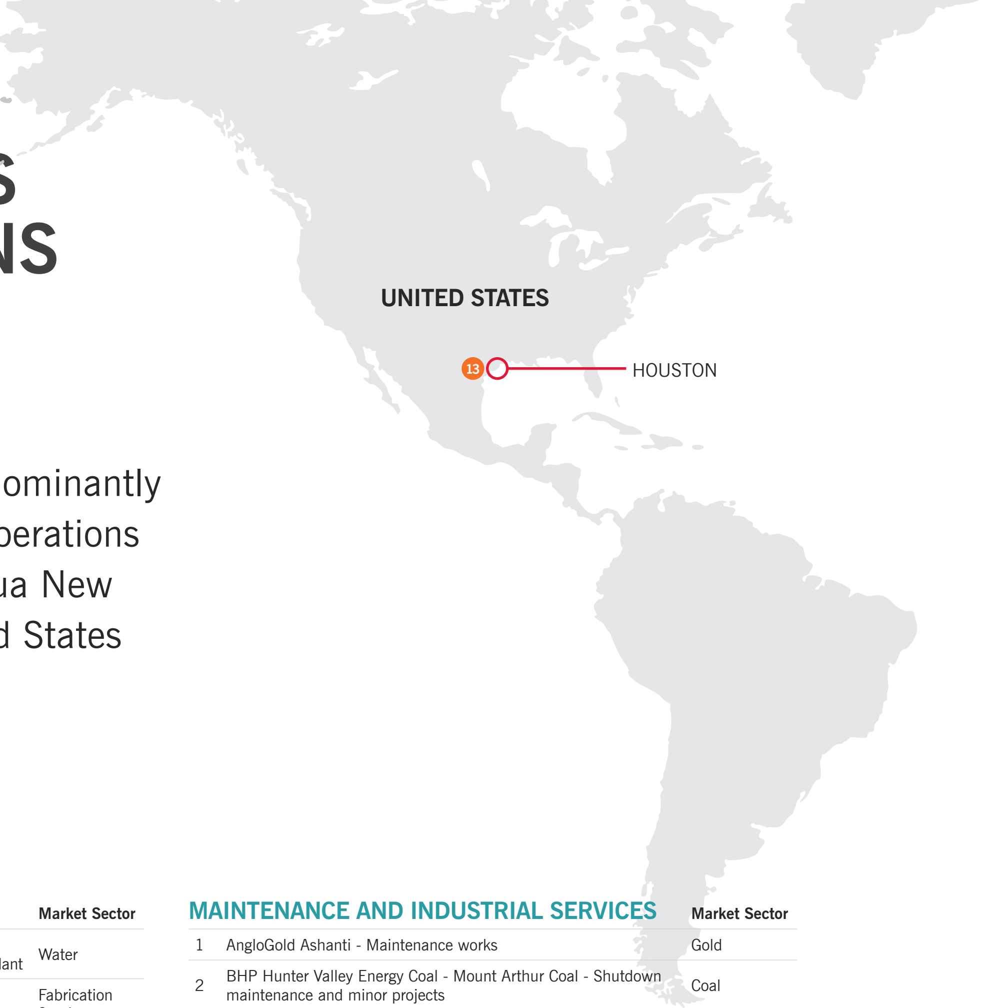
The Engineering Construction division provides large-scale multidisciplinary project management and construction services. These include fabrication, modularisation, procurement and installation of structural steel, tankage, mechanical and process equipment, piping, commissioning, demolition, water asset construction and maintenance, heavy lift, electrical and instrumentation, 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.

Monadelphous employee using a rail grinder to smooth out an on-track weld outside Karratha, Western Australia.

OUR SERVICES AND LOCATIONS



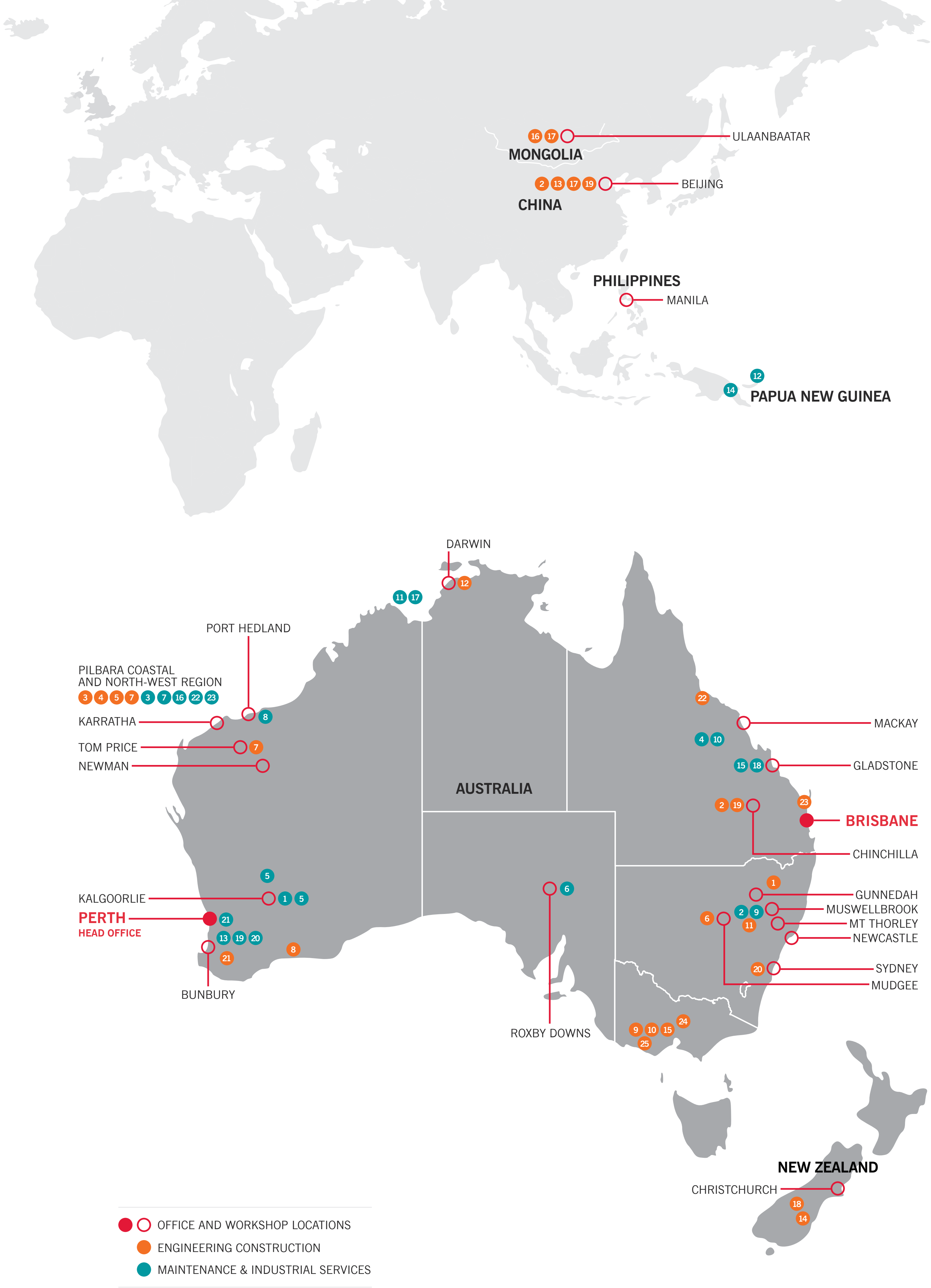
Monadelphous operates predominantly in Australia, with overseas operations in New Zealand, China, Papua New Guinea, Mongolia, the United States and the Philippines.

ENGINEERING CONSTRUCTION

		Market Sector
1	Armidale Regional Council - D&C of pipeline, pump station and associated works from Malpas Dam to Guyra Water Treatment Plant	Water
2	Australia Pacific LNG - Supply, fabrication and assembly of wellhead separator skids	Fabrication Services
3	BHP - South Flank Project - SMPE&I works associated with inflow infrastructure	Iron Ore
4	BHP - South Flank Project - SMPE&I works associated with outflow infrastructure	Iron Ore
5	BHP - Various SMPE&I integrated packages	Iron Ore
6	CWP Asset Management - Crudine Ridge Wind Farm - Balance of plant works	Renewable Energy
7	Fortescue Metals Group - Crane services	Iron Ore
8	Galaxy Lithium Australia - DEC and upgrade work at Mt Cattlin mine	Lithium
9	Goldwind Australia - Moorabool North Wind Farm - Balance of plant works	Renewable Energy
10	Goldwind Australia - Moorabool South Wind Farm - Balance of plant works	Renewable Energy
11	Hunter Water Corporation - Complex Capital Works Design and Construct Panel	Water
12	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
13	Kiewit Corporation - Structural steel	Fabrication Services
14	Kurow Duntroon Irrigation Company - D&C of piped irrigation scheme	Water
15	Lal Lal Wind Farms - EPC and commissioning of balance of plant works	Renewable Energy
16	Oyu Tolgoi LLC - Oyu Tolgoi Underground Project - Shaft 2 Surface Facilities - Structural, mechanical, piping and electrical and instrumentation construction	Copper, Gold
17	Oyu Tolgoi LLC - Oyu Tolgoi Underground Project - Supply and fabrication of structural steelwork	Fabrication Services
18	Pukaki Irrigation Company Limited - Gravity pressurised irrigation scheme	Water
19	Santos Ltd - Supply, fabrication and assembly of wellhead separator skids	Fabrication Services
20	Sydney Water - Facilities and network panel, desilting and rehabilitation works	Water
21	Talison Lithium - D&C of new tailings retreatment processing plant	Lithium
22	Townsville City Council - Upgrade to Cleveland Bay Purification Plant	Water
23	Unitywater - Upgrade to Kawana Sewage Treatment Plant	Water
24	Vestas - Australian Wind Technology - Cherry Tree Wind Farm - EPC balance of plant works	Renewable Energy
25	Vestas - Australian Wind Technology - Dundonnell Wind Farm - Balance of plant works	Renewable Energy

MAINTENANCE AND INDUSTRIAL SERVICES

		Market Sector
1	AngloGold Ashanti - Maintenance works	Gold
2	BHP Hunter Valley Energy Coal - Mount Arthur Coal - Shutdown maintenance and minor projects	Coal
3	BHP Iron Ore - General maintenance services for shutdowns, outages and minor 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, Silver
7	Chevron Australia - Gorgon Project - LNG facilities maintenance	Oil and Gas
8	Fortescue Metals Group - Abrasive, cleaning and relining carbon steel ore wagons	Iron Ore
9	Glencore - Maintenance and dragline shutdowns	Coal
10	Incitec Pivot Limited - General mechanical contractor services	Ammonia
11	INPEX Operations Australia Pty Ltd - Offshore maintenance services	Oil and Gas
12	Lihir Gold - Maintenance works	Gold
13	Newmont Goldcorp Boddington - Mechanical shutdown services and tank maintenance and refurbishments	Gold
14	Oil Search Limited - Field construction and EPC services	Oil and Gas
15	Queensland Alumina Limited - Maintenance and projects	Alumina
16	Rio Tinto Iron Ore - Maintenance and turnarounds	Iron Ore
17	Shell's Prelude FLNG facility - Maintenance and turnarounds	Oil and Gas
18	Shell's QGC LNG Plant on Curtis Island - Maintenance and shutdown services	Oil and Gas
19	South32 - Worsley Alumina Refinery - Shutdown and mechanical services	Alumina
20	Synergy - Operation and maintenance of Collie Basin Coal Plant Infrastructure	Power
21	Tronox KMK - Cogeneration Plant operation and maintenance	Power
22	Woodside - Karratha Gas Plant Life Extension Program	Oil and Gas
23	Woodside - Maintenance, turnarounds and offshore brownfields implementation	Oil and Gas



16 17 ULAANBAATAR
MONGOLIA
2 13 17 19 BEIJING
CHINA
PHILIPPINES
MANILA
12
14
PAPUA NEW GUINEA
DARWIN
12
11 17
PORT HEDLAND
PILBARA COASTAL
AND NORTH-WEST REGION
3 4 5 7 3 7 16 22 23
KARRATHA
8
TOM PRICE
7
NEWMAN
AUSTRALIA
22
MACKAY
4 10
15 18
GLADSTONE
2 19
23
BRISBANE
CHINCHILLA
1
GUNNEDAH
2 9
MUSWELLBROOK
6
11
MT THORLEY
NEWCASTLE
20
SYDNEY
MUDGEE
5
KALGOORLIE
1 5
6
PERTH
HEAD OFFICE
21
13 19 20
21
8
BUNBURY
ROXBY DOWNS
24
9 10 15
25
NEW ZEALAND
CHRISTCHURCH
18
14
OFFICE AND WORKSHOP LOCATIONS
ENGINEERING CONSTRUCTION
MAINTENANCE & INDUSTRIAL SERVICES

2018/19 HIGHLIGHTS

Monadelphous continued to make good progress in its markets and growth strategy to maximise returns from core markets, build an infrastructure business and deliver core services to overseas markets.

Shell's Prelude FLNG Facility.

Record Revenue in Maintenance & Industrial Services

Record annual revenue performance for the division, as activity levels grew in the iron ore and oil and gas markets.

Strengthened Position in Infrastructure Sector

Growth in revenue in both water and renewable energy markets. Zenviron secured three new contracts, including the Moorabool South, Dundonnell and Cherry Tree wind farms.

Secured Major Maintenance Contract in Pilbara

Secured a major three-year contract with BHP for provision of general maintenance services in the Pilbara, valued at approximately $240 million.

Award of Major Resources Construction Contracts

Awarded two new contracts with BHP for the South Flank project and, post year-end, secured contracts with Rio Tinto at its West Angelas iron ore mine and at Albemarle Lithium's new Kemerton lithium hydroxide plant.

Monadelphous secured new contracts and additional work valued at approximately $1.35 billion since the beginning of the 2019 financial year.

Largest Ever Project Completed

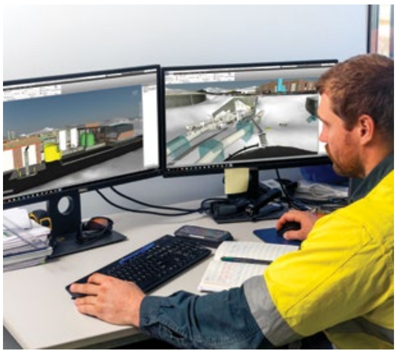
Successfully completed work on the Company's largest ever construction project at the INPEX-operated Ichthys Project Onshore LNG Facilities in Darwin, Northern Territory. Strong performance resulted in the award of additional work and enabled the Company to broaden its experience and showcase its execution capabilities to potential new oil and gas customers.

Mondium Secured Largest Contract to Date

Mondium continued to establish itself as a safe and reliable EPC service provider and was awarded its largest contract to date, valued at approximately $100 million, with Talison Lithium at its Greenbushes mine site in Western Australia.

Diversity and Inclusion

Monadelphous' Gender Diversity and Inclusion Plan 2018-2020 formalised its commitment to this important initiative. Solid progress was made in achieving the Indigenous engagement targets set in the Company's Stretch Reconciliation Action Plan 2017-2020.



Monadelphous Innovation Framework

A range of innovative solutions were developed and implemented across the business applying the Monadelphous Innovation Framework, which provides strategic direction and governance structures to focus the Company's productivity and innovation activities.

Image copyright © Rio Tinto 2019.

Oyu Tolgoi Underground Project in Mongolia

Good progress was made at the Oyu Tolgoi Underground Project in Mongolia, with the project workforce peaking at around 1,500 during the year.

Strong Focus on Safety

Continued focus on improving safety performance and implementing key initiatives, including a revised safety leadership program and the launch of a safety behavioural standard framework to support a strong and sustainable safety culture.

PERFORMANCE AT A GLANCE

REVENUE*

$1,608.3 MILLION

UNDERLYING NET PROFIT AFTER TAX#

$57.4 MILLION

UNDERLYING EARNINGS PER SHARE#

61.0 CENTS

FULL YEAR DIVIDEND

48.0 CENTS

CONTRACTS SECURED SINCE BEGINNING OF 2019 FINANCIAL YEAR

$1.35 BILLION

Galaxy Lithium's Mt Cattlin lithium mine, Ravensthorpe, Western Australia.

Operations

- Maintenance and Industrial Services division achieved record revenue result
- Secured new contracts and contract extensions valued at approximately $1.35 billion since beginning of 2019 financial year
- Awarded major resources construction contracts as favourable market conditions return
- Strengthened position in infrastructure
- Broadened service offering and expanded geographically
- Innovation Framework applied with several key initiatives implemented to improve safety and productivity

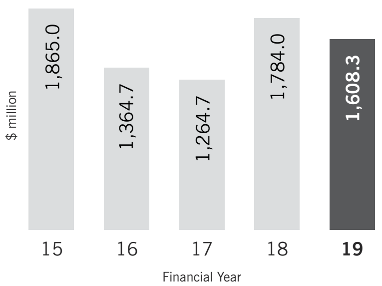
Safety and Wellbeing

- Safety performance impacted by increase in subcontractor numbers and rapid mobilisation to support growth in maintenance activity
- Safety initiatives implemented to improve performance, with focus on subcontractor management, safety leadership and behaviours
- Maintenance and Industrial Services division restructured to focus management resources on safety

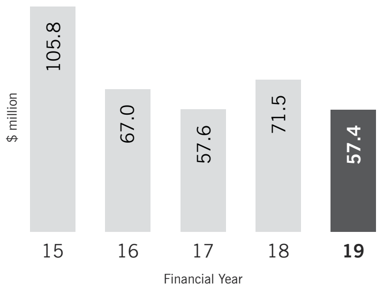
People and Culture

- Ongoing focus on attraction and retention of key talent as employment market tightens
- Workforce totalled 7,091 at year-end, with 5,942 directly employed
- Strategic diversification internationally and into infrastructure has seen substantial increase in subcontractor numbers
- Important initiatives implemented in gender diversity and Indigenous engagement
- Appointed new Non-Executive Director, Sue Murphy AO

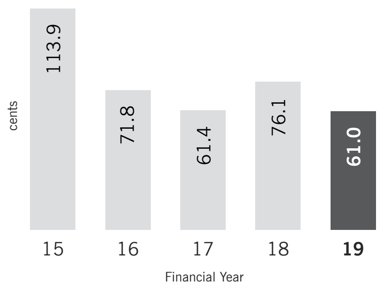
Revenue*



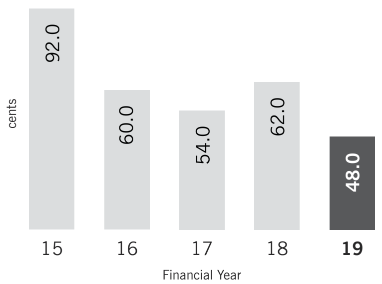
Net Profit After Tax#



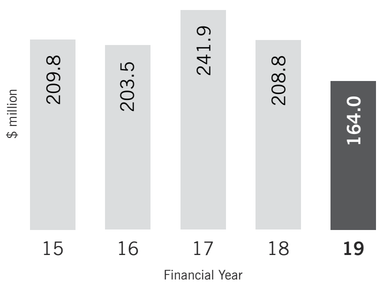
Earnings Per Share#



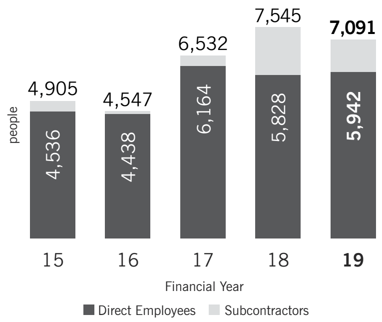
Dividends Per Share



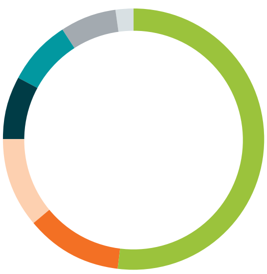
Cash



Workforce Numbers



Revenue by Geography



WA	52%
QLD	12%
OVERSEAS	11%
NSW	8%
NT	8%
VIC	7%
SA	2%

Revenue by End Customer

Oil and Gas	37%
Iron ore	23%
Infrastructure	17%
Other Minerals	14%
Coal	9%

* Includes Monadelphous' share of joint venture revenue. Refer to reconciliation on page 16.

\# Underlying Net Profit After Tax (NPAT) and Underlying Earnings Per Share (EPS) in FY19 exclude the impact of the Research and Development tax payment. FY19 reported NPAT was $50.6 million and reported EPS was 53.7 cents per share. Refer to reconciliation on page 16.

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 65.

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.

Maximise returns from core markets

Progress

- Awarded $500 million of new resources construction contracts
- Strengthened market position in maintenance
- Mondium secured new major EPC contract

Priorities

- Capitalise on iron ore and lithium opportunities
- Improve competitiveness in core markets through innovation
- Expand EPC delivery through Mondium
- Deliver broader range of services to existing customers

Woodside-operated North Rankin Complex, Western Australia. Image courtesy of Woodside.

Build an infrastructure business

Progress

- Zenviron strengthened position in renewable energy market and secured several new wind farm contracts
- Water business appointed to Hunter Water Corporation Complex Capital Works panel

Priorities

- Grow water business in Australia
- Continue to successfully deliver renewable energy projects
- Progress options to enter other targeted Australian infrastructure markets

Zenviron project, the 228MW Lal Lal Wind Farm located in the Moorabool Shire of Victoria.

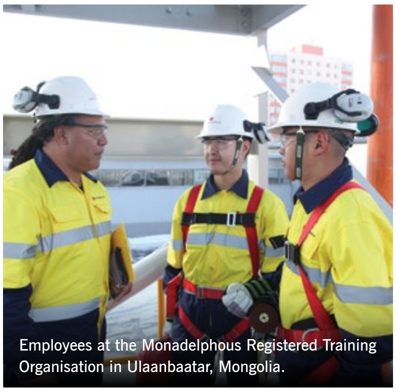
Deliver core services to overseas markets

Progress

- Good progress on Oyu Tolgoi Underground Project work packages in Mongolia

Priorities

- Continue to assess opportunities for further Oyu Tolgoi work



Employees at the Monadelphous Registered Training Organisation in Ulaanbaatar, Mongolia.

Monadelphous employees reviewing dragline shutdown activity at BMA's Blackwater Coal Mine, Queensland.

CHAIRMAN'S REPORT

Revenue for the year was $1,608.3 million*, with growth in maintenance and infrastructure, and lower levels of resources construction activity.

The continued growth in the Company's maintenance and infrastructure revenues was offset by the reduction in resources construction activity levels. As foreshadowed at the end of the previous year, the reduction was a result of the timing of the award and commencement of new major resources construction contracts, and the significant revenue generated from the Ichthys project in the prior period.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was $106.8 million^, a reduction of 10.3 per cent compared to the previous year.

During the year, the Company made a one-off provision of approximately $7 million (net of tax) which impacted its net profit after tax. The provision resulted from the receipt of Notices of Amended Assessments from the Australian Taxation Office relating to research and development tax incentives claimed by the Company in 2015 and 2016, which were prepared and lodged on the Company's behalf by independent tax advisors and were subsequently deemed to be ineligible. Monadelphous has applied for a review of these findings.

The Company's plant and equipment fleet renewal program over recent years resulted in an increased depreciation charge for the year and, combined with a reduction in net interest earned, contributed to an underlying net profit after tax attributable to members (NPAT) of $57.4 million# and reported NPAT of $50.6 million. Underlying earnings per share (EPS) was 61 cents and reported EPS was 53.7 cents.

The Board of Directors declared a final dividend of 23 cents per share fully franked, taking the full-year dividend to 48 cents per share fully franked, with a dividend payout ratio of approximately 90 per cent of reported NPAT. The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the final dividend.

The Company ended the year with a cash balance of $164 million, a cash flow from operations of $16 million and a cash flow conversion rate of 54 per cent.

Cash reserves were affected by increased working capital requirements across the business and a significant level of employee entitlement payouts on large, multi-year projects which demobilised during the year.

The Company's balance sheet remains strong and provides it with substantial capacity to invest in suitable new business opportunities which may arise.

Pleasingly, new contracts and extensions valued at approximately $1.35 billion were secured since the beginning of the 2019 financial year, including a significant number of major construction contracts in the resources sector valued in excess of $500 million.

Monadelphous made good progress in its markets and growth strategy during the year.

The Company made good progress in its markets and growth strategy to maximise returns from core markets, build an infrastructure business and deliver core services to overseas markets, and successfully completed its work at the Ichthys Project Onshore LNG Facilities in Darwin, Northern Territory, early in the year. Monadelphous' strong execution and safety performance throughout the project resulted in the award of significant levels of complex additional work and enabled it to broaden its experience in the oil and gas market and showcase its execution capabilities to a number of potential new customers.

* Includes Monadelphous' share of joint venture revenue. Refer to reconciliation on page 16.
^ EBITDA - refer to reconciliation on page 16.
\# Underlying - refer to reconciliation on page 16.

Activity levels in the Maintenance and Industrial Services division were high as the Company experienced increased levels of demand for sustaining capital works and shutdown services in the resources sector, as well as significant growth in activity in its offshore oil and gas contracts.

During the year Mondium, the Company's engineering, procurement and construction (EPC) service provider, was awarded its largest contract to date. This achievement highlights its strengthening position in the minerals processing EPC market.

The Company continued to build its strong reputation for safe and quality service delivery in the infrastructure market, securing new contracts and additional work in both renewable energy and water during the year.

Zenviron, the Company's renewable energy joint venture, successfully completed work on two projects and secured contracts for three additional wind farms. This took to eight the total number of contracts secured since the establishment of the joint venture in 2016.

Successful delivery in the water market led to Monadelphous being appointed to the Hunter Water Corporation Complex Capital Works Design and Construct Panel, in New South Wales, for a four-year period, and securing additional packages of work with Sydney Water.

Subsequent to year-end, the Company completed an agreement to purchase the assets of iPipe Services, which provides specialist services to the coal seam gas sector, complementing Monadelphous' existing services and enabling further expansion of its core offering to customers.

Monadelphous continued to expand its broad range of services to existing and new customers and diversify into new geographical regions. It now provides services at 24 locations in seven countries – Australia, New Zealand, Mongolia, China, Papua New Guinea, the United States and the Philippines.

In June 2019 the Company appointed Ms Sue Murphy AO, a civil engineer with 40 years' experience in the resources and infrastructure sectors, as an Independent Non-Executive Director. Ms Murphy's breadth of experience in corporate governance, capital works development and productivity improvement enhances Monadelphous' capability, and further enables it to achieve its strategic objectives and provide value for shareholders.

On behalf of the Board, I take this opportunity to thank our talented and committed team of people for their loyalty and highly valued contribution, and our shareholders and other stakeholders for their ongoing support.

John Rubino
Chairman

Monadelphous 600 tonne crawler crane preparing to undertake a turnaround at the Woodside-operated Pluto LNG Facility.

MANAGING DIRECTOR'S REPORT

Monadelphous was awarded approximately $1.35 billion in new contracts and contract extensions since the beginning of the 2019 financial year, including approximately $400 million of new contracts subsequent to year-end, kicking off a promising start to the 2020 financial year.

The Maintenance and Industrial Services division achieved a record annual revenue performance for the year ended 30 June 2019, as continued growth in oil and gas activity levels coincided with strong demand for its services in the resources sector. While activity levels in the resources construction market were subdued, the Company strengthened its position in infrastructure, with revenue growth achieved in both the water and renewable energy markets.

The ongoing growth and diversification of the business, both internationally and into the infrastructure sector, generated a substantial increase in the number of subcontractors engaged to supplement the Company's capability. At year-end, the Company's total workforce, including subcontractors, was 7,091, with 5,942 direct employees.

Monadelphous' ability to attract and retain talent remained a focus, with talent management, succession planning and development activities critical to ensuring the required level of skills and capabilities. With more than 80 graduate employees in a range of disciplines in its Graduate Development Program, the Company has a suite of employee development and leadership programs to develop and retain its talented people. Pleasingly, key talent retention levels remained high during the year.

The rapid mobilisation of resources required to support increased maintenance activity levels, along with growing subcontractor numbers, impacted the Company's safety performance for the year, with the 12-month total recordable injury frequency rate (TRIFR) increasing to 4.02 incidents per million man-hours worked. Action was taken to address the disappointing performance trend, including improved subcontractor management practices, a revised safety leadership development program, and the launch of a safety behavioural standard framework to support a strong and sustainable safety culture.

Engineering Construction

The Engineering Construction division reported revenue of $622.9 million*, down about a third on the previous year, reflecting subdued activity levels in the resources construction market, offset by growth in the renewable energy and water businesses.

Since the beginning of the 2019 financial year, the division secured new contracts valued at approximately $850 million. With renewed confidence in the resources sector, the division secured two major construction contracts with BHP at its South Flank Project in the Pilbara region of Western Australia. Post year-end, new major construction contracts were secured at Rio Tinto's West Angelas C and D Deposits Project in the Pilbara region, Albemarle Lithium's new Kemerton lithium hydroxide plant in the south-west of Western Australia, and Origin's Talinga Orana Gas Gathering Station located near Chinchilla in Queensland.

Monadelphous remains in good shape to deal with the opportunities and challenges ahead.

The division strengthened its position in the infrastructure sector, with Zenviron securing three new wind farm contracts, valued at approximately $190 million and making good progress on the projects secured in the prior period.

Mondium was awarded its largest contract to date, valued at approximately $100 million, for a new tailings retreatment processing plant at Talison Lithium's Greenbushes mine site

* Includes Monadelphous' share of joint venture revenue.

in Western Australia, and the division continued to make good progress on work at the Oyu Tolgoi Underground Project in Mongolia.

The Company's heavy lift business expanded its services and extended its customer base, and SinoStruct, the Company's China-based fabrication business, continued to supply fabricated product and procurement services to both internal and external customers.

An unrelenting commitment to improving safety performance and strengthening safety culture resulted in a strong safety performance in resources construction.

Maintenance and Industrial Services

The Maintenance and Industrial Services division achieved a record annual revenue performance of $998.4 million, up 19 per cent, as it continued to broaden the range of services offered to existing and new customers, and expanded its presence geographically. The strong performance was the result of increased demand for the division's services across all markets.

The division continued to perform strongly on its long-term oil and gas maintenance services contracts and experienced increased activity levels as two large offshore projects – Shell's Prelude FLNG (floating liquefied natural gas) facility and the INPEX-operated Ichthys LNG processing facilities – were commissioned.

Significant levels of sustaining capital and additional shutdown works were experienced in the resources sector. The division continued to actively build capability to support expansion in sustaining capital works and smaller brownfields projects, particularly in the Pilbara region of Western Australia. The commitment to regional workshops located close to customer operations was extended, along with the scope of support activities, such as rope access, non-destructive testing and ultra-high-pressure jetting services.

Approximately $500 million of new contracts and contract extensions were secured since the beginning of the 2019 financial year, including a major three-year contract with BHP for general maintenance services in the Pilbara region. Subsequent to year-end, the division secured a three-year contract, with two three-year extension options, with Rio Tinto for the provision of services on its privately-owned rail network in the Pilbara region, strengthening Monadelphous' position in the rail sector.

Mobilisations and total man-hours reached record levels during the year, and the division continued to invest in robust safety initiatives and programs. Following the substantial increase in activity, and to facilitate the appropriate governance and management structures to deliver on its strategy, a divisional restructure was undertaken to best position it for future growth, ensuring the capabilities of each business unit remain aligned with customer requirements.

Innovation and business improvement continued to be major focus areas, with the rollout of LEAN methodology and the continued work of dedicated innovation teams across the division.

Outlook

The resources and energy sectors in Australia are expected to provide a solid pipeline of opportunities over coming years as more favourable market conditions return. Project development activity has been increasing with a number of resources construction opportunities coming to market, particularly in the iron ore and lithium sectors. Prospects from further development in LNG production are also expected to be positive in coming years.

Maintenance activity in the resources market is expected to be strong as production levels in Australia remain at record levels. Customer focus on optimising production and increasing productivity levels will continue to drive demand for ongoing maintenance support and sustaining capital work.

Investment in infrastructure remains healthy, and with the Company's reputation for safe and quality project delivery in this market, prospects in both water and renewables will continue to provide opportunities.

Monadelphous has been awarded a significant number of new major construction and maintenance contracts since the beginning of the 2019 calendar year and, with its strong reputation across a broadening service offering, is in a good position to secure further work.

A number of construction opportunities, however, are coming to market and advancing to execution later than expected. While growth prospects over the longer-term are positive, revenue for the 2019/20 financial year will be dependent on the timing of execution of work recently secured, as well as the value and timing of future successful awards of additional resources construction contracts. High levels of competition, price sensitivity and customer expectations for cost competitive delivery will drive demand for productivity improvements and continue to challenge margins.

As always, the attraction and retention of high performing talent is a key priority for the Company. The expected increase in industry activity is likely to lead to further pressure in the employment market and present challenges with respect to the attraction and retention of labour.

In summary, Monadelphous remains in good shape to deal with the opportunities and challenges ahead.

Rob Velletri
Managing Director

COMPANY PERFORMANCE

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

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Statutory Revenue	**1,479,737**	1,737,632	1,249,085	1,368,849	1,869,505
EBITDA	**106,791**	119,046	98,184	113,630	167,975
Profit before income tax expense	**83,426**	102,845	82,664	95,610	147,041
Income tax expense	**31,313**	30,570	24,144	28,702	41,216
Profit after income tax expense attributable to equity holders of the parent	**50,565**	71,479	57,563	67,014	105,825
Basic earnings per share (cents)	**53.72**	76.11	61.41	71.77	113.91
Interim dividends per share (fully franked) (cents)	**25.00**	30.00	24.00	28.00	46.00
Final dividends per share (fully franked) (cents)	**23.00**	32.00	30.00	32.00	46.00
Net tangible asset backing per share (cents)	**413.93**	415.86	398.23	390.64	391.75
Total equity and reserves attributable to equity holders of the parent	**393,436**	394,481	377,393	368,995	368,098
Depreciation	**19,490**	17,222	17,892	21,094	22,932
Debt to equity ratio %	**9.7**	5.3	3.6	4.8	6.3
Return on equity %	**12.9**	18.1	15.3	18.2	28.7
EBITDA margin %	**6.6**	6.7	7.8	8.3	9.0

The comparative information has not been restated following the adoption of AASB 15 and continues to be reported under the previous accounting policy. Refer to note 31 to the financial statements for further details.

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, which is unaudited, is important to management as an additional way to evaluate the Company's performance.

Reconciliation of Profit Before Income Tax to EBITDA (Unaudited):	**2019 $'000**	2018 $'000
Profit before income tax	**83,426**	102,845
Interest expense	**1,930**	452
Interest revenue	**(2,269)**	(2,573)
Depreciation expense	**19,490**	17,222
Amortisation expense	**1,306**	625
Share of interest, depreciation, amortisation and tax of joint ventures#	**2,908**	475
EBITDA	**106,791**	119,046

Revenue including joint ventures is a non-IFRS measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to revenue presented by other companies. This measure, which is unaudited, is important to management when used as an additional means to evaluate the Company's performance.

Reconciliation of Statutory Revenue from Contracts with Customers (Unaudited):	**2019 $'000**	2018 $'000
Total revenue from contracts with customers including joint ventures	**1,608,277**	1,783,999
Share of revenue from joint ventures~	**(131,008)**	(49,118)
Statutory revenue from contracts with customers	**1,477,269**	1,734,881

Reconciliation of Net Profit After Income Tax to Underlying Net Profit After Income Tax (Unaudited):	**2019 $'000**	2018 $'000
Net profit after tax attributable to members	**50,565**	71,479
Research and development tax repayment*	**6,884**	-
Underlying net profit after tax attributable to members	**57,449**	71,479

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.

* During the period, the Company made a one-off provision of approximately $7 million (net of tax) which impacted its net profit after tax. The provision resulted from the receipt of Notices of Amended Assessments from the Australian Taxation Office relating to the 2015 and 2016 income years. The amended assessments relate to Research and Development tax incentives claimed by the Company in those years which were subsequently deemed to be ineligible.

Monadelphous all-terrain crane and employees working at the Woodside-operated Karratha Gas Plant, Western Australia.

BOARD OF DIRECTORS

Left to right: Helen Gillies, Dietmar Voss, John Rubino, Chris Michelmore, Rob Velletri, Peter Dempsey, Sue Murphy AO.

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 53 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 40 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 47 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. Peter is also currently a Director of Service Stream Limited (ASX: SSM).

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 23 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. Helen is also currently a Director of Yancoal Australia Limited (ASX: YAL).

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 47 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.

Sue Murphy AO **Independent Non-Executive Director**

Sue was appointed to the Board on 11 June 2019. During her 25 year career at Clough, she held a wide range of operational and leadership roles before being appointed to the Board as a Director in 1998. Sue joined the Water Corporation of Western Australia in 2004 as General Manager of Planning and Infrastructure, before being appointed as Chief Executive Officer, a role she held for over a decade. Sue holds a Bachelor of Civil Engineering and is an Honorary 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 45 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.

ENGINEERING CONSTRUCTION

Our Progress

- Secured new contracts valued at approximately $850 million since beginning of 2019 financial year
- Growth in infrastructure business
- Mondium secured largest contract to date

600 tonne crawler crane in superlift, complete with luffer, undertaking flare refurbishment works at the Woodside-operated Pluto LNG Facility.

The Engineering Construction division provides large-scale multidisciplinary project management and construction services.

Engineering Construction
The division reported revenue of $622.9 million*, down about a third on the previous year, reflecting subdued resources construction activity during the period, offset by growth in the renewable energy and water businesses. Since the beginning of the financial year, the division secured new contracts valued at approximately $850 million.

Monadelphous' proven track record for reliably and safely delivering large-scale multidisciplinary construction projects in the iron ore market culminated with the award of two major construction contracts at BHP's South Flank Project in the Pilbara region of Western Australia. The multidisciplinary contracts, which are valued in excess of $200 million in aggregate, are associated with the construction of the project's inflow and outflow infrastructure, and will provide local employment and supply opportunities.

Post the reporting period, two additional multidisciplinary contracts were secured in Western Australia, at Rio Tinto's West Angelas project in the Pilbara and at Albemarle Lithium's new Kemerton lithium hydroxide plant in the south-west.

During the year, Mondium also secured a major design and construction contract at Talison Lithium's Greenbushes operations in the south-west region of Western Australia, valued at approximately $100 million.

The division saw increased activity in the infrastructure business, with growth in both water and renewable energy. Zenviron continues to go from strength to strength, successfully executing works on a number of projects, and securing three additional wind farm contracts during the year. The water business' strong reputation for successful delivery in the water market led to it being appointed to the Hunter Water Corporation Complex Capital Works Design and Construct Panel and securing additional packages of work with Sydney Water.

An unrelenting commitment to improving safety performance and strengthening safety culture was maintained throughout the year, resulting in a strong safety performance in resources construction, bettering target for the second successive year. Health, safety and environment (HSE) initiatives included the implementation of the Company's Safety Leadership Development Program (Leading the Safe Way), an improved approach to working with subcontractors, the leveraging of in-field technology to ensure continued high standards, and the real-time collation of results to support targeted safety campaigns. In Mongolia, to enable positive HSE performance in a complex environment, a tailored high risk work training package was developed and implemented to support workers at the Oyu Tolgoi Underground Project.

In a year of consolidation, the division worked diligently to execute its strategic objectives, strengthening its position in core markets whilst continuing growth strategies in expansion markets. Recognising the potential upturn in market activity, strategies have been implemented to support the increased employee requirements, and expected plant and equipment demands.

Resources
Several projects were carried out during the year under the BHP Western Australian Iron Ore panel agreement for the provision of structural, mechanical, piping and electrical and instrumentation works in the Pilbara, which provides the division with a strong pipeline of project opportunities.

The division continued to make good progress on the two packages currently being undertaken at the Oyu Tolgoi Underground Project in Mongolia, which reached a peak workforce of around 1,500 during the year. Existing contracts are scheduled for completion in 2020, and further opportunities will be assessed on this project as they come to market.

Energy
Encompassing approximately 8.5 million man-hours over four years, the division successfully completed its works on the INPEX-operated Ichthys Project Onshore LNG Facilities, early in the period.

Subsequent to the end of the financial year, the Company secured a contract with Origin for the construction of the Talinga Orana Gas Gathering Station near Chinchilla, Queensland. The contract includes the procurement, fabrication, preassembly and site construction of two gas compression trains and supporting utilities and infrastructure and broadens the division's experience in the growing coal seam gas market. The project is expected to be completed by March 2020.

Infrastructure
Activity remained high during the year in the infrastructure markets of water and renewable energy.

Monadelphous was appointed to the Hunter Water Corporation Complex Capital Works Design and Construct Panel, in the Hunter region of New South Wales. The appointment, for an initial term of four years, with two one-year extension options, includes the upgrade and renewal of water, wastewater and recycled water systems. The Company secured its first package of work under the program during the year for the provision of a filter to waste system, a chemical systems upgrade and replacement of existing electrical switchboards at the Dungog Water Treatment Plant.

* Includes Monadelphous' share of joint venture revenue.

Work continued on Sydney Water's Network and Facilities Renewals Program, which has been in operation since 2013. This included the award of an additional package of work to provide desilting and rehabilitation on the Northern Suburbs Ocean Outfall Sewer during the year.

A new design and construction contract was secured for an 18 kilometre pipeline, pump station and associated works from Malpas Dam to the Guyra Water Treatment Plant for Armidale Regional Council in New South Wales. In New Zealand's South Island, the Pukaki Irrigation Project was completed, and work commenced on a new design and construct contract for a similar piped irrigation scheme for the Kurow Duntroon Irrigation Company. In Queensland, construction continued on the Kawana Sewage Treatment Plant and the Cleveland Bay Purification Plant.

The Pukaki Irrigation Scheme located in the Mackenzie Basin, New Zealand.

CASE STUDY

Mondium's work with Talison Lithium

Talison Lithium Pty Ltd (Talison) mines and produces lithium minerals at its Greenbushes operations situated in the south-west of Western Australia. Talison is expanding its Greenbushes operations with the construction of additional chemical grade lithium processing facilities and the construction of a tailings retreatment facility. During the year, Monadelphous' EPC business, Mondium, secured a contract valued at approximately $100 million, for the design and construction of the new tailings retreatment facility. Project execution is progressing well and is scheduled for completion in late 2020.

Zenviron

Zenviron continues to strengthen its position in the renewable energy market across Australia, successfully completing the Sapphire Wind Farm in New South Wales, and the Salt Creek Wind Farm in Victoria.

Three new contracts were secured during the year, valued at approximately $190 million in total. These included two balance of plant contracts for Vestas – Australian Wind Technology in Victoria, at the Dundonnell Wind Farm near Mortlake, valued at approximately $100 million, and an EPC contract for works on the Cherry Tree Wind Farm, near Seymour.

Zenviron also secured the balance of plant works for the southern section of Moorabool Wind Farm, near Ballan, Victoria, for Goldwind Australia, which is in addition to the contract for the northern section secured in the prior year, taking the total contract works on the project to approximately $130 million.

Heavy Lift

The Company's heavy lift business continued to grow its services and extend its customer base through the year, following the opening in the prior year of the strategically important Heavy Lift Operations Centre in Port Hedland, ideally located to service Western Australia's resources and energy hubs in the Pilbara region.

The business continued to supply fixed plant maintenance and shutdown crane services for Fortescue Metals Group at the Solomon Hub in the Pilbara region of Western Australia and subsequent to year-end, expanded those services to include heavy mobile equipment works.
The business also secured a crane services contract, in association with the Maintenance and Industrial Services division, to the Woodside-operated Karratha Gas Plant, Pluto LNG Facility and King Bay Supply Base in the Pilbara, Western Australia.

Talison Lithium's Greenbushes Operations, Western Australia.

Fabrication Services
SinoStruct, the Company's China-based fabrication business, continued to perform strongly, supplying fabricated product and procurement services to internal and external customers.

Monadelphous' internal construction requirements continue to underpin the SinoStruct business. High levels of repeat business were maintained, with the business securing orders for the supply of wellhead skids to Santos and Australia Pacific LNG for their upstream coal seam gas developments in Queensland.

Internationally, SinoStruct completed works on large projects in North America and received orders for fabrication work associated with the Oyu Tolgoi Underground Project in Mongolia. Activity continued to increase at the Houston workshop as the Company establishes a presence and reputation in the US oil and gas market.

Outlook
Tendering activity increased, and the renewed strength of the resources and energy sectors is expected to provide a solid pipeline of construction opportunities in the division's core markets, particularly in iron ore and lithium. Investment in infrastructure remains healthy, and with the Company's reputation for safe and quality project delivery in this market, prospects in both the water and renewable energy markets will continue to provide opportunities. Operations in Mongolia and China will remain strategically important.

Mondium's growing capability will increase its opportunities on larger and more complex projects.

Hunter Water's Dungog Wastewater Treatment Plant in New South Wales.

MAINTENANCE AND INDUSTRIAL SERVICES

Our Progress

- Record annual revenue performance, up 19 per cent on prior year
- Secured more than $500 million of new contracts and extensions since beginning of 2019 financial year
- Continued to offer broadened range of services and expanded geographically

Monadelphous employee assisting with an isolation at the Woodside-operated Karratha Gas Plant.

The Maintenance and Industrial Services division specialises in the planning, management and execution of multidisciplinary maintenance services, sustaining capital works and turnarounds.

The division achieved a record annual revenue performance for the year of $998.4 million, up 19 per cent on the prior period. It continued to broaden the range of services delivered to existing and new customers and expanded its presence into a number of new geographical regions.

The strong performance reflected increased demand for the division's services across all markets, as activity levels increased in the oil and gas market, and with significant levels of sustaining capital and additional shutdown works experienced in the resources sector.

A divisional restructure was undertaken during the year, following the substantial increase in activity over recent periods, to facilitate the appropriate governance and management structure required to deliver on its strategy. The new structure ensures the capabilities of each business unit remain aligned with customer requirements, and ensure appropriate levels of leadership and management.

The division broadened the scope of support activities provided on the east coast of Australia, with rope access and non-destructive testing services now offered to customers nationally. Ultra-high-pressure jetting capability was also embedded across the division to further broaden its service offering.

Substantial effort was made to further build capability in support of the division's expansion in sustaining capital works, predominantly in the resources sector in the Pilbara region of Western Australia, and to expand in the smaller brownfields projects market.

More than $500 million of new contracts and contract extensions were secured since the beginning of the 2019 financial year, including a major three-year general maintenance services contract with BHP in the Pilbara.

The division continued to invest in robust safety initiatives and programs, as mobilisations and total man-hours reached record levels, more than 16 per cent higher than the previous year. Initiatives included business unit-specific planning for the effective management of market and regional differences, and a reinvigorated Leading the Safe Way leadership development program.

Innovation and business improvement remained a strategic focus, as the division identified and implemented a range of innovation initiatives including the provisional patenting and commercialisation of a robotic inspection vehicle, investment in 4D visualisation software, delivery of an integrated maintenance shutdown model and increased deployment of in-field mobile devices.

Shell's Prelude FLNG (Floating Liquefied Natural Gas) Facility, Western Australia.

Energy

Activity increased in onshore and offshore oil and gas maintenance work at the Woodside-operated gas production facilities in the Pilbara region of Western Australia, Shell's Prelude FLNG (floating liquefied natural gas) facility and the INPEX-operated Ichthys LNG offshore processing facilities, with both Prelude and Ichthys facilities commissioned during the year. This increase in work saw approximately 700 employees associated with offshore oil and gas maintenance activity across the division at year-end.

Maintenance and shutdown services were delivered for the Woodside-operated Karratha Gas Plant, along with a major turnaround involving more than 500 personnel at the Woodside-operated Pluto LNG facility. Monadelphous' joint venture, MGJV, also completed mechanical, electrical, access, coatings and insulation work on the Karratha Gas Plant Life Extension Program. Maintenance and shutdown services were also provided for Shell's QGC LNG Plant on Curtis Island, near Gladstone in Queensland, with the division securing a one-year extension to its existing contract during the year.

Monadelphous employee testing battery connections during an electrical inspection at BHP's Jimblebar mine, Western Australia.

Services including rope access and non-destructive testing, corrosion management, specialist coatings and marine management, along with the new ultra-high-pressure jetting, were embedded into core offerings. A new workshop was also opened at Chinchilla to support coal seam gas activities in the region and become the division's third service facility in Queensland, alongside Mackay and Gladstone.

The division continued to provide EPC services to Oil Search at the oil and gas production and support facilities in the Highlands region of Papua New Guinea, in joint operation with Worley. Monadelphous has provided brownfield project and maintenance services to Oil Search since 2007.

Subsequent to year-end, Monadelphous completed an agreement to purchase the assets of iPipe Services, a provider of technology solutions, construction and maintenance services to the coal seam gas sector in Queensland. The specialist services provided by iPipe, including nitrogen testing and leak detection and repair, complement the division's existing services, enabling further expansion of its core offering to customers.

Resources

The division saw record levels of mobilisations, peak manning and an increase in total man-hours in the Pilbara, in support of a number of new contracts awarded during the year.

The division secured a major contract with BHP for the provision of general maintenance services for shutdowns, outages and minor capital works, totalling approximately $240 million over a three-year period, with an additional two one-year extension options. The contract includes work at BHP's Mt Whaleback, Jimblebar, Eastern Ridge, Mining Area C and Yandi mine sites in the Pilbara region of Western Australia. To support the effective delivery of this contract, and to enhance its reputation in the market and commitment to the region, the Company purchased a new workshop facility in Newman. It also enhanced its capability in Tom Price with the expansion of its facility and increased integration of services in Port Hedland through collaboration with the Engineering Construction division's Heavy Lift Operations Centre.

Two new three-year contracts were secured with Whitehaven Coal for the provision of mechanical services, maintenance, shutdown support and minor projects in New South Wales, and a new workshop was opened at Mudgee to service the coal market.

In Queensland, a two-year extension to an existing contract was secured with BHP Mitsubishi Alliance (BMA) to provide dragline shutdown services in the Bowen Basin. This followed major work performed for BMA on the Shiploader 2 shutdown at the Hay Point Coal Terminal, where the division ramped up safely at short notice and significantly increased its on-site workforce to resource additional works.

Conveyors at BHP's Mining Area C in the Pilbara region of Western Australia.

Subsequent to year-end, the Company announced it had secured an order to perform another major shutdown at the Hay Point Coal Terminal for BMA in the first half of the 2020 financial year.

Also post year-end, the Company announced the award of a number of new contracts with Rio Tinto, including a three-year contract for the provision of services on its privately-owned rail network in the Pilbara region of Western Australia, valued at approximately $60 million, with a further two three-year extension options, strengthening its position in the rail sector. Other work awarded included a three-year contract to provide rope access and tank inspection services at Rio Tinto's Yarwun alumina refinery near Gladstone, Queensland, and a contract for the refurbishment of the high-grade screenhouse at Tom Price mine in Western Australia.

The division continued to deliver to customers in the south-west region of Western Australia with mechanical shutdown services, tank maintenance and refurbishments completed for Newmont Goldcorp in Boddington, and operation and maintenance services delivered at the coal handling facility at Muja Power Station for Synergy in Collie.

A major milestone was reached during the year with Monadelphous celebrating three decades since it opened its workshop in Roxby Downs, South Australia, to service the nearby BHP Olympic Dam operation. At year-end, the workshop employed around 180 people.

Outlook

Maintenance market activity is expected to remain strong, with production ramping up on recently commissioned LNG projects, and a requirement for ongoing sustaining capital work on resources assets, amidst a background of increased competition and tightening labour conditions.

CASE STUDY

General Maintenance Services Contract

BHP is a leading iron ore producer with an integrated system of four processing hubs and five mines, connected by more than 1,000 kilometres of rail infrastructure and port facilities in the Pilbara region of Western Australia.

During the year, BHP awarded Monadelphous a major three-year contract for general maintenance services in the Pilbara.

Monadelphous has a capable and flexible workforce, delivering a wide scope of sustaining and minor capital works for BHP and other iron ore producers. With its reputation for delivering customer-focussed and innovative solutions, Monadelphous will continue to broaden its service offering and diversify to meet the requirements of the iron ore market for sustaining and minor capital works, including smaller brownfields projects.

SUSTAINABILITY

Our Progress

- High level of key talent retention
- Strong focus on safety improvement initiatives
- Launched Gender Diversity and Inclusion Plan

Wind turbine at Lal Lal Wind Farm, in regional Victoria.

At Monadelphous, sustainability encompasses economic, environmental and social activities across the Company, underpinned by a commitment to the safety and wellbeing of its employees. Through the Company's commitment to supporting its customers in enhancing their social licence to operate, Monadelphous endeavours to maintain a strong reputation built on operating in a responsible way, by caring for the environment, its people and communities.

Innovation and Productivity

Monadelphous is committed to the ongoing development of new and improved operational and support methodologies, practices and processes which enhance its competitive position in the market and deliver high quality, safe, value-adding services to improve the efficiency of customer operations.

The Company recognises the importance of continuous improvement to long-term success. The Monadelphous Innovation Framework provides the strategic direction and governance structures to direct and focus the Company's productivity and innovation activities, prioritises and coordinates the delivery of these initiatives, and ensures collaboration across the business.

Focus was placed on system optimisation and automation activities, as well as data analytics to identify opportunities to improve operational performance and productivity levels. Activities continued in the areas of application and integration of data capture, workflow and visualisation tools, including the use of products incorporating artificial intelligence technology. During the year, the Company deployed in-vehicle monitoring system (IVMS) and tracking technology to measure and enable improved productivity, safety and utilisation levels across its fleet of plant and equipment.

People

Monadelphous recognises that the strength of its reputation and ability to deliver is based on the quality of its people. The Company is focussed on the attraction, development and retention of high calibre employees who live its values and actively contribute to the overall success of the business.

The strategic diversification of the business over recent years, internationally and into the infrastructure sector, has seen a significant increase in the number of subcontractors engaged to supplement the Company's capability. The Monadelphous workforce, including subcontractors, totalled 7,091 at the end of the year, with 5,942 directly employed, a slight increase on 12 months earlier.

Employee numbers increased on the Company's offshore oil and gas maintenance contracts and as overall maintenance services activity levels grew. This expansion was offset by the demobilisation of a number of construction projects.

Safety and wellbeing

Monadelphous is committed to the principle of zero harm and this policy is underpinned by its safety message The Safe Way is the Only Way.

The Company's 12-month total recordable injury frequency rate increased to 4.02 incidents per million man-hours worked, impacted by the rapid mobilisation of resources required to support the growth in maintenance activity, as well as the increasing number of subcontractors in the business.

To address the disappointing performance trend, the Company implemented improvement actions, including improved subcontractor management practices, a revised safety leadership development program and the launch of a safety behavioural standard framework to support a strong and sustainable safety culture. A major organisational restructure of the Maintenance and Industrial Services division was also undertaken to better align the structure to focus the appropriate level of management resources on its safety performance and initiatives.

During the year approximately 250 employees completed the Company's Leading the Safe Way course for supervisors. In recognition of the critical role supervisors and superintendents play in achieving health, safety and environmental success, this certified program addresses core supervisory skills. As a mandated course for frontline leaders in the business, participants learn about communication and risk management skills, an introduction to behavioural-based safety and the Company's occupational health and safety requirements.

To underline its reputation as a leader in the area of health and safety management, Monadelphous decided to early adopt the new ISO 45001:2018, the International Standards Organisation standard for occupational health and safety management systems and, during the year, was one of the first to achieve certification in Australia.

Monadelphous employee with the in-house developed skirt inspection robot.

CASE STUDY

Managing Director's Safety Innovation Award

The second year of the annual Managing Director's Safety Innovation Award underlined the Company's strong innovation culture. Pleasingly, there was an emerging trend of collaboration across teams to develop high potential ideas into effective and sustainable improvements. These collaborations typically involved genesis at the shop floor, with technical development support from engineering design or subject matter experts. Collaboration spanned both operating divisions, demonstrating the effect of programs for sharing successes, skills and expertise leveraged across the whole business.

This year's winning innovation was The Inspection Bot. This clever innovation used robotic technology to remove the requirement for personnel to physically work on conveyor systems to inspect product retaining skirts, thereby eliminating exposure to heat stress and manual handling hazards. This safety innovation also had the added benefit of a substantial reduction in the cost of skirt inspections for customers.

Talent management and development

Monadelphous' success is dependent on its ability to attract, develop and retain key talent. Talent management, succession planning and development activities are critical to ensuring employee job satisfaction and maintaining the 'Monadelphous way' of delivering services. Pleasingly, key talent retention levels remained high during the year. The Company will maintain its focus on attracting and retaining key talent as market conditions continue to improve, and the employment market tightens.

During the year, the Company implemented the Senior Leadership Capability Framework to provide a behavioural 'road map' for aspiring and existing leaders. The framework provides the foundation for all leadership and talent initiatives.

People development remained in the spotlight with the continued rollout of the Company's future workforce programs, including its graduate and apprenticeship programs, and emerging and established employee leadership and management courses.

Future workforce attraction

Monadelphous Graduate Development Program

The Company's nationally recognised Monadelphous Graduate Development Program supports more than 80 graduates from disciplines including engineering, construction management, human resources, accounting, and health, safety, environment and quality. Results from the independent Australian Association of Graduate Employers 2018 survey show Monadelphous graduates were highly complimentary about the quality of development, level of responsibility and positive company culture at Monadelphous.

Apprenticeship and Cadet Programs

Monadelphous is supporting 37 apprentices on their journey to become fully qualified boilermakers, mechanical fitters, electricians, heavy duty mechanics and carpenters. These employees are completing traineeships in professional, trade and administration support roles, including surface preparation and coating, business administration and telecommunications.

Development of our people

Certificate IV and Diploma of Leadership and Management

45 Monadelphous employees, including two Indigenous employees, completed their Certificate IV or Diploma of Leadership and Management during the year. These courses aim to inspire positive change in behaviours relating to leadership and encourage creativity to develop and implement innovative solutions that address workplace challenges.

Emerging Leaders Program

Established in 2011, the Emerging Leaders Program, which centres on behavioural leadership, provides the foundation for high-performing individuals who are new to, or on the cusp of, leadership roles, to develop their leadership capabilities to match the requirements of the business. During the year, 27 emerging leaders participated in the program.

Leading at Monadelphous Program
Last held in 2016, the Leading at Monadelphous Program has been redesigned and relaunched, to align with the Senior Leadership Capability Framework. The program aims to develop Monadelphous' senior leaders, further equipping them with skills and capabilities to support the Company strategy.

Diversity and inclusion

Gender diversity and inclusion

Across its operations, Monadelphous is committed to attracting a workforce where people of all backgrounds work together. The Company provides a working environment where the unique contribution of its people is equally valued and recognised, and where each employee is inspired to contribute their best in their delivery of the Monadelphous vision. Diversity in the workforce brings a broader range of perspectives and ideas, creating value for customers and shareholders.

Monadelphous presented its 2018/19 Workplace Gender Equality Report, which can be found on the Workplace Gender Equality Agency and Monadelphous websites.

In late 2018, the Company formally launched its Gender Diversity and Inclusion Plan 2018-2020, setting out how it will enhance the rate of female participation at Monadelphous. The focus of the Plan includes the Company's Graduate Development Program intake as one of the foundations of its future workforce, along with the advancement of female talent across the business.

The Company provides a working environment where the unique contribution of its people is equally valued and recognised.

Key initiatives have been identified in the areas of attraction, education and retention to enable strategic, sustainable and meaningful change. Examples include promotion of science, technology, engineering and mathematics (STEM) as a career path and education to challenge existing stereotypes that exist within the industries in which the Company operates. The Plan also details the Company's ongoing commitment to targets of no greater than 10 per cent attrition of key female talent per annum and an intake of at least 20 per cent female engineers into the Company's Graduate Development Program.

Monadelphous employee reviewing an inspection tag at the Woodside-operated Karratha Gas Plant.


Monadelphous leaders sitting by the campfire in Beverley, Western Australia as part of a Cultural Immersion Program to better understand Indigenous culture.

CASE STUDY

Cultural Immersion Program

Monadelphous leaders from across the business participated in a cultural immersion program during April and May 2019 on culturally significant country outside of Beverley, Western Australia, guided by traditional owners of the land. The two-day activity provided leaders with the opportunity to immerse themselves in Aboriginal culture, viewing historical sites and spending time as a group participating in open and honest conversations about perceptions and challenges. Activities were broken down into key themes of history, cultural competency, perception biases and how leaders may apply these learnings to both the workplace and in their personal lives.

Indigenous engagement

Monadelphous recognises and respects the traditional owners of the land upon which it operates and considers traditional culture and heritage an important part of its business. Despite the significant and ongoing strategic growth and diversification of the business over the period, pleasingly the Company continued to realise a positive trend in Indigenous engagement. Monadelphous maintained its Aboriginal and Torres Strait Islander target employment rate in excess of 2.5 per cent during the year.

The Company continued to progress its activities outlined in its Stretch Reconciliation Action Plan 2017-2020. Through the Company's ongoing commitment to improving outcomes for Aboriginal and Torres Strait Islander peoples, a dedicated Indigenous procurement strategy was developed during the year. It outlines the importance Monadelphous places on actively engaging suppliers who express a commitment to developing sustainable relationships with new and existing Aboriginal and Torres Strait Islander businesses. Similarly, Monadelphous continues to identify new partnerships with Aboriginal and Torres Strait Islander-owned businesses to enter into preferred supplier agreements and commercial relationships.

The Company's success in diversity was highlighted with its inclusion in the Federal Government's Employment Parity Initiative, a program launched in 2015 with the aim of increasing the participation level of Indigenous employees in Australian businesses. Monadelphous has committed to creating 200 new Indigenous jobs over four years.


Wind turbine blade ready for erection at Lal Lal Wind Farm in Victoria.

Investment in people systems

The Company's e-Learning capability was enhanced during the year with the introduction of a scalable solution capable of tracking and reporting on all e-Learning activity. On average, 800 users in the business engage with the updated platform each month. This solution has been strategic in the Company's ability to support the growth and diversification of the business and underlines its commitment to compliance and the ongoing development of Monadelphous employees.

Attracting talent through innovative means remains a priority and has seen Monadelphous invest in technologies which assist the Company to attract a workforce reflective of its organisational values.

Identification of a replacement for the Company's existing recruitment system was also a focal point during the year. Project Mila, the Ngoongar term for 'future time', delivered a business case to support the implementation of a scalable recruitment and talent management solution to reduce recruitment cost, time to fill roles and improve the customer experience for all stakeholders. With the aim of enhancing Monadelphous' labour responsiveness, the solution will provide improved ability to source, select and appoint appropriate candidates and reduce delivery timeframes through targeted search, effective reporting and system automation. The solution will provide a better line-of-sight to internal talent, enabling improved people deployment and development.

Community

Monadelphous has a strong sense of responsibility to the local communities in which it operates. Key areas of support during the year included education, employment, community and diversity.

The Company continues to enhance its systems and processes to ensure effective stakeholder engagement and community support, as the Company diversifies into markets with greater exposure to urban areas, and the general public.

Monadelphous entered the second year of its strategic partnership with the University of Western Australia's (UWA) Girls in Engineering program. The aim of the program is to provide opportunities for girls to learn more about engineering while still at high school, ahead of selecting tertiary study. Monadelphous employees volunteer their time to facilitate STEM immersive activities at local high schools across Western Australia in conjunction with UWA and other industry personnel. During the year, Monadelphous facilitated 12 in-school and on-campus activities.

The Company contributed more than $200,000 to local community groups, organisations and charities during the year. Activities included the support of local football clubs in the Pilbara and south-west of Western Australia, the UWA Women's Football Team, Variety Western Australia and Tiny Sparks Western Australia, as well as investment of $10,000 into the Port Hedland community to support the Halloween Neon Fun Run. The free family event was the first of its kind in Port Hedland and brought together nearly 1,000 community members for a four kilometre Halloween-inspired glow-in-the-dark fun run. 20 Monadelphous employees and their family members volunteered their time to assist with the event.

Environment

Monadelphous recognises the importance of the natural environment in the regions where it operates and the need to manage its activities for long-term environmental sustainability. The Company's objective is to minimise the impact from its operations through the identification and mitigation of risks to the natural environment. This is achieved through leadership, resources, processes, education and a demonstrable commitment to the Company's environmental policy.

The Company conducts work in environmentally sensitive areas and has a responsibility to protect local ecosystems when delivering projects. Ensuring compliance with customer requirements and environmental legislation and regulation is critical to maintaining a reputation as a contractor of choice. The Company's history of no serious environmental incidents continued this year, in line with its target of zero harm.

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

With the increasing impact of climate change and growing importance of alternative sources of energy, Monadelphous' expanding footprint in the renewable energy sector is an important step in its path towards broader environmental, economic and social sustainability. Since establishment, Zenviron has been involved in the construction of eight wind farms, comprising a total of 387 wind turbines with generation capacity of 1,392 MW. This represents power for 777,000 homes and the displacement of 4.5 million tonnes of carbon dioxide each year. To date, 150 turbines are complete and in operation, with 237 turbines under construction.

Carbon Footprint

Monadelphous recognises the need to conduct operations in an environmentally responsible manner. The Company's overall carbon footprint is deemed small but it continues to look for ways to reduce its emissions.

Carbon emissions data is monitored for environmental planning, legislative requirements and sustainability reporting purposes. This involves the collection of data relating to fuel use, energy consumption and indirect emissions. The Company has voluntarily engaged in greenhouse gas monitoring and reporting, highlighting efforts to minimise its carbon footprint.

Energy usage is predominantly in the areas of gases for welding processes and fuel used in vehicles, and plant and equipment required for execution of services.

Monadelphous undertakes greenhouse and energy reporting under the National Greenhouse and Energy Reporting Act. During the year, reportable scope 1 and 2 carbon emissions (CO_2e) were equivalent to 19,613 tonnes, significantly below the legislative reporting threshold of 50,000 tonnes CO_2e. Total emissions were 32,530 tonnes CO_2e. The Company 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).

Monadelphous employees visiting our long-term community partner Arid Recovery in regional South Australia.

CASE STUDY

Arid Recovery

Monadelphous is a proud supporter of Arid Recovery, an independent not-for-profit organisation focussed on pioneering wildlife conservation across 123 square kilometres of wildlife reserve in Roxby Downs, South Australia. With a commitment spanning over 20 years, Monadelphous continues to support Arid Recovery's infrastructure requirements, supplying materials, fabrication, transport and commissioning of supporting facilities. Throughout the years, Monadelphous has worked in collaboration with Arid Recovery in the design and fabrication of viewing platforms, cat capture cages, signage, entrance gates and basic infrastructure.

Employees reviewing the Monadelphous Stretch Reconciliation Action Plan 2017-2020.

Governance

The Board of Directors of Monadelphous Group Limited is responsible for establishing the Company's corporate governance framework with regard to the ASX Corporate Governance Council Principles and Recommendations. The Board guides and monitors the business and affairs of Monadelphous on behalf of its 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. These risks and, the Company's approach to their management, are disclosed in the Company's Corporate Governance Statement.

Monadelphous has been certified to ISO 9001 quality management systems, AS/NZS 4801 for occupational health and safety management systems and, for the first time during the year, the new ISO 45001:2018 (replacing OHSAS 18001), with the Company being one of the first to achieve certification in Australia.

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.

Code of Conduct

The Monadelphous values form the foundation of a way of life that stands the Company apart from all others. They represent what the Company stands for and provide a basis for appropriate standards of behaviour. The Company's Code of Conduct is underpinned by the Company values and provides guidance on the expected behaviour of all employees, so that decisions and actions reflect the highest standards of conduct.

During the year, the Code of Conduct was reviewed and enhanced, which included formalising Monadelphous' Anti-Bribery and Corruption Policy to reiterate the Company's zero tolerance philosophy to any form of bribery and corruption in the conduct of its activities. This was complemented by anti-bribery and corruption training rolled out across the business.

In addition, Monadelphous added a new Supplier Code of Conduct to its behavioural framework which outlines minimum expectations of the conduct of its suppliers in the areas of health and safety, environment, human rights, business integrity and ethics, emphasising its zero tolerance approach to bribery and corruption in supplier conduct.

Monadelphous operates in diverse markets and is committed to ensuring that all employees in its supply chain are treated fairly, ethically and with respect. The commitment to human rights is articulated through guiding principles which suppliers are expected to adhere to, including compliance with laws on employment practices, zero use of forced or compulsory labour, and equal opportunity in employment.

The Company has an integrity hotline service, facilitated by an independent service provider, where employees, contractors and members of the public can report instances of actual or suspected unethical or unlawful conduct associated with Monadelphous operations. During the year this service was enhanced, introducing the ability to raise concerns or queries via a secure online website.

FINANCIAL REPORT

Contents

Employees completing safety inspections at BHP's Mining Area C in the Pilbara region of Western Australia.

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2019.

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 53 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 40 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 47 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 47 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 45 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 23 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
Susan Lee Murphy AO Independent Non-Executive Director	Appointed 11 June 2019 Civil Engineer, Honorary Fellow of Engineers Australia 40 years experience in the resources and infrastructure industries

COMPANY SECRETARIES

Philip Trueman Company Secretary and Chief Financial Officer	Appointed 21 December 2007 Chartered Accountant, Member of Chartered Accountants Australia and New Zealand 19 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 14 years experience in the construction and engineering services industry

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of Monadelphous Group Limited were:

	Ordinary Shares	Performance Rights over Ordinary Shares
C. G. B. Rubino	1,022,653	Nil
R. Velletri	2,106,670	13,341
P. J. Dempsey	78,000	Nil
C. P. Michelmore	40,000	Nil
D. R. Voss	2,852	Nil
H. J. Gillies	8,278	Nil
S. L. Murphy	Nil	Nil

EARNINGS PER SHARE

	Cents
Basic Earnings Per Share	53.72
Diluted Earnings Per Share	53.62

DIVIDENDS

	Cents	$'000
Final dividends declared		
– on ordinary shares	23.00	21,688
Dividends paid during the year:		
Current year interim		
– on ordinary shares	25.00	23,561
Final for 2018		
– on ordinary shares	32.00	30,112

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 20 in the financial report).

The registered office of Monadelphous Group Limited is located at:

59 Albany Highway
Victoria Park
Western Australia 6100

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), 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, Bunbury, Chinchilla and Mudgee.

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 5,942 employees as of 30 June 2019 (2018: 5,828 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.

Operating results for the year

	2019 $'000	2018 $'000
Revenue from contracts with customers	**1,477,269**	1,734,881
Profit after income tax expense attributable to equity holders of the parent	**50,565**	71,479

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 19 August 2019, the directors of Monadelphous Group Limited declared a final dividend on ordinary shares in respect of the 2019 financial year. The total amount of the dividend is $21,687,732 which represents a fully franked final dividend of 23 cents per share. This dividend has not been provided for in the 30 June 2019 financial statements. The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the dividend.

Acquisition of iPipe Services assets

On 5 July 2019, Monadelphous Group Limited completed the purchase of assets of iPipe Services, a provider of technology solutions, construction and maintenance services to the coal seam gas sector. Total consideration of the acquisition was approximately $3,000,000. The acquisition was not material to the group.

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 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 165,636 Performance Rights on issue as follows:

- 82,804 Performance Rights to take up one ordinary share in Monadelphous Group Limited. The Performance Rights have a vesting date 1 July 2020
- 82,832 Performance Rights to take up one ordinary share in Monadelphous Group Limited. The Performance Rights have a vesting date 1 July 2021

The Board determined, based on the financial performance of the Company for the year ended 30 June 2019, that an award could be made under the Combined Reward Plan. The total value of the award approved by the Board was approximately $4,000,000 with around 100 employees eligible for an award. It is estimated that the number of Performance Rights to be issued will be approximately 220,000, determined using the share price at 30 June 2019. Refer to the Remuneration Report for further details.

Performance Rights holders do not have any right, by virtue of the performance right, to participate in any share issue of the Company or any related body corporate or in the interest of any other registered Scheme.

Shares issued as a result of the exercise of options

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

On 1 July 2019, 82,771 Performance Rights vested and were exercised.

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 and officers 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 $529,983 (2018: $432,614).

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.*

REMUNERATION REPORT (AUDITED)

The Remuneration Report for the year ended 30 June 2019 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 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
S. L. Murphy	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.

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/or 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.

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 page 47 and page 48 of this report detail the proportion of fixed and variable remuneration for each of the executive directors and the senior executives of the Company.

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 page 47 and page 48 of this report.

Variable remuneration – Combined Reward 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 combines short and long term incentive elements and rewards performance of both the Company and the employee. The equity component of the award is subject to service vesting conditions and disposal restrictions, encouraging employee retention and linking rewards to the creation of shareholder value through long term share ownership, with employee and shareholder alike benefitting from the long term growth in the share price.

Structure

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

For the year ended 30 June 2019, the Board and Remuneration Committee determined that 100 per cent of the awards under the Combined Reward Plan will be issued in the form of Performance Rights. The number of Performance Rights to be issued will be 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 FY19 Final Dividend. This calculation is the same as that used to determine the undiscounted share price for the dividend reinvestment plan.

For the year ended 30 June 2018, 25 per cent of the award was paid in cash shortly after the year end, with 75 per cent of the award issued in the form of Performance Rights granted in July and August 2018 (except for those issued to the Managing Director which were granted at the AGM in November 2018). The number of Performance Rights issued were 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; in other words, the dividend reinvestment plan price of $15.73.

The Performance Rights component (for both the 2018 and 2019 awards) vest into shares in equal instalments, one, two and three years subsequent to the year of allocation, 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 underperformance, gross negligence, material lack of compliance, significant personal underperformance 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.

REMUNERATION REPORT (AUDITED) (continued)

Variable remuneration – Combined Reward Plan (continued)

Performance Requirements (continued)

For the year ended 30 June 2019, 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.

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

Subsequent to year end, the Board determined on 30 July 2019, based on the financial performance of the Company for the year ended 30 June 2019, that an award could be made under the CR Plan, with approximately 100 employees eligible for an award of Performance Rights.

The Company regards the performance targets and the actual result as confidential and commercially sensitive in nature and if disclosed, would provide an unfair advantage to competitors. Therefore, the Company has only disclosed the performance measure and the actual performance relative to the target (i.e. between target and maximum, on target or between threshold and target) as opposed to the actual target itself.

Group and Divisional performance for the year ended 30 June 2019 was as follows:

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

Legend

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

REMUNERATION REPORT (AUDITED) (continued)

Variable remuneration – Combined Reward Plan (continued)

Performance Requirements (continued)

The following table sets out the awards under the CR Plan for each executive for the financial years ended 30 June 2018 and 30 June 2019:

Executive	**2019 Total Award $**	2018 Total Award $	**2019 % of Maximum Opportunity Earned**	2018 % of Maximum Opportunity Earned
R. Velletri	**296,800**	419,700	**49**	68
P. Trueman	**118,400**	183,200	**51**	77
D. Foti	**154,800**	215,700	**43**	70
Z. Bebic	**156,800**	238,700	**52**	74

Tables 1 and 2 on page 47 and page 48 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 years ended 30 June 2019 and 30 June 2018. The deferred Performance Right component of the award to be allocated early in the 2020 financial year will be amortised over four years, including the financial year ended 30 June 2019 and the following one to three year service periods. It is estimated, based on the share price at 30 June 2019, that approximately 40,000 Performance Rights will be granted to Key Management Personnel under the terms of the CR Plan for the year ended 30 June 2019 (2018: 52,126 Performance Rights).

On 1 November 2018, 237,368 Performance Rights were issued under the terms of the CR Plan for the year ended 30 June 2018 and subject to the Monadelphous Group Limited Performance Rights Plan Rules. 32,115 Performance Rights were issued to Key Management Personnel.

On 20 November 2018, following approval by shareholders at the Company's AGM, 20,011 Performance Rights were issued to the Managing Director, Rob Velletri, under the terms of the CR Plan for the year ended 30 June 2018 and subject to the Monadelphous Group Limited Performance Rights Plan Rules.

On 1 July 2019, 82,771 Performance Rights representing the first tranche of the award under the terms of the CR Plan for the year ended 30 June 2018 vested and were exercised into Monadelphous Group Limited ordinary shares.

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 2019, 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.

REMUNERATION REPORT (AUDITED) (continued)

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.

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 2019 (inclusive of superannuation):

	$
Board Fees	
Non-executive Director fee	114,400
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 ending 30 June 2019 is detailed in Table 1 on page 47 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:

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Profit after income tax expense attributable to equity holders of the parent	**50,565**	71,479	57,563	67,014	105,825
Basic earnings per share	**53.72c**	76.11c	61.41c	71.77c	113.91c
Share price as at 30 June	**$18.81**	$15.06	$13.99	$7.46	$9.37

The comparative information has not been restated following the adoption of AASB 15 and continues to be reported under the previous accounting policy. Refer to note 31 for further details.

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.

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of Key Management Personnel

Table 1: Remuneration for the year ended 30 June 2019

	Short Term Benefits				Post Employment	Long Term Benefits	Share-Based Payments*			
	Salary & Fees $	Leave# $	Non-Monetary+ $	Cash Award $	Superannuation $	Leave $	Performance Rights $	Total $	Total Performance Related %	Total Performance Rights Related %
Non-Executive Directors										
P. J. Dempsey	131,861	-	21,199	-	12,527	-	-	165,587	-	-
C. P. Michelmore	113,596	-	21,199	-	10,792	-	-	145,587	-	-
D. R. Voss	104,464	-	21,199	-	9,925	-	-	135,588	-	-
H. J. Gillies	104,464	-	21,199	-	9,925	-	-	135,588	-	-
S. L. Murphy^	4,968	-	1,045	-	472	-	-	6,485	-	-
Subtotal Non-Executive Directors	**459,353**	**-**	**85,841**	**-**	**43,641**	**-**	**-**	**588,835**	**-**	**-**
Executive Directors										
C. G. B. Rubino	412,000	37,261	21,199	-	20,531	8,073	-	499,064	-	-
R. Velletri	973,000	(127,989)	32,387	-	20,531	31,658	265,788	1,195,375	22.23	22.23
Subtotal Executive Directors	**1,385,000**	**(90,728)**	**53,586**	**-**	**41,062**	**39,731**	**265,788**	**1,694,439**	**15.69**	**15.69**
Other Key Management Personnel										
D. Foti	758,800	41,217	24,004	-	20,531	(13,477)	155,654	986,729	15.77	15.77
Z. Bebic	643,400	52,685	31,309	-	20,531	30,920	155,876	934,721	16.68	16.68
P. Trueman	483,500	(5,003)	29,813	-	20,531	13,907	118,927	661,675	17.97	17.97
Subtotal Other Key Management Personnel	**1,885,700**	**88,899**	**85,126**	**-**	**61,593**	**31,350**	**430,457**	**2,583,125**	**16.66**	**16.66**
Total	**3,730,053**	**(1,829)**	**224,553**	**-**	**146,296**	**71,081**	**696,245**	**4,866,399**	**14.31**	**14.31**

^ S. L. Murphy was appointed as an Independent Non-Executive Director on 11 June 2019.

* Relates to both the 2018 and 2019 awards under the CR Plan. The Performance Rights award for the year ended 30 June 2019, to be allocated early in the 2020 financial year, is being amortised based on an estimated fair value over 4 years commencing 1 July 2018. Refer page 44 for details.

Leave reflects annual leave accrual less annual leave taken.

+ Non-monetary benefits consist of Directors and Officers, and Life and Salary Continuance, insurance premiums.

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of Key Management Personnel (continued)

Table 2: Remuneration for the year ended 30 June 2018

	Short Term Benefits				Post Employment	Long Term Benefits	Share-Based Payments			
	Salary & Fees $	Leave# $	Non-Monetary+ $	Cash Award $	Superannuation $	Leave $	Options $	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	412,000	21,802	26,306	-	20,049	8,640	-	488,797	-	-
R. Velletri	949,300	(34,902)	65,671	104,925	20,049	30,322	-	1,135,365	9.24	-
Subtotal Executive Directors	**1,361,300**	**(13,100)**	**91,977**	**104,925**	**40,098**	**38,962**	**-**	**1,624,162**	**6.46**	**-**
Other Key Management Personnel										
D. Foti	740,300	(33,822)	47,550	62,925	20,049	25,405	-	862,407	7.30	-
Z. Bebic	605,000	9,608	46,192	59,675	20,049	36,123	-	776,647	7.68	-
P. Trueman	460,000	(560)	35,328	45,800	20,049	13,669	-	574,286	7.98	-
Subtotal Other Key Management Personnel	**1,805,300**	**(24,774)**	**129,070**	**168,400**	**60,147**	**75,197**	**-**	**2,213,340**	**7.61**	**-**
Total	**3,604,957**	**(37,874)**	**247,629**	**273,325**	**141,888**	**114,159**	**-**	**4,344,084**	**6.29**	**-**

Leave reflects annual leave accrual less annual leave taken.

\+ Non-monetary benefits consist of Directors and Officers, and Life and Salary Continuance, insurance premiums.

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of Key Management Personnel (continued)

Table 3: Performance Rights: Granted during the year ended 30 June 2019

	Terms and Conditions for Each Grant						
	Granted Number	**Grant Date**	**Fair Value per Right at Grant Date**	**Exercise Price per Right**	**Expiry Date**	**First Exercise Date**	**Last Exercise Date**
Executive Directors							
C. G. B. Rubino	-	-	-	-	-	-	-
R. Velletri	20,011	20/11/2018	$13.01	Nil	1/7/2021	1/7/2019	1/7/2021
Non-Executive Directors							
P. J. Dempsey	-	-	-	-	-	-	-
C. P. Michelmore	-	-	-	-	-	-	-
D. R. Voss	-	-	-	-	-	-	-
H. J. Gillies	-	-	-	-	-	-	-
S. L. Murphy	-	-	-	-	-	-	-
Other Key Management Personnel							
D. Foti	12,000	6/8/18	$13.71	Nil	1/7/2021	1/7/2019	1/7/2021
Z. Bebic	11,381	2/7/18	$13.99	Nil	1/7/2021	1/7/2019	1/7/2021
P. Trueman	8,734	2/7/18	$13.99	Nil	1/7/2021	1/7/2019	1/7/2021
Total	**52,126**						

Subsequent to 30 June 2019, the Board has approved the issue of additional Performance Rights relating to the 2018/19 financial year. The rights will be issued based on the dividend reinvestment plan price for the 2019 final dividend to be determined in October 2019. The value of the 2019 total award to each Key Management Personnel is set out in the table on page 45. It is estimated that approximately 40,000 Performance Rights will be issued to Key Management Personnel under the terms of the CR Plan for the year ended 30 June 2019. The expiry date of these Performance Rights will be 1 July 2022, with the first exercise date being 1 July 2020 and the last exercise date being 1 July 2022. The fair value of the Performance Rights has been estimated using the 30 June 2019 share price.

Table 4: Shares issued on exercise of Performance Rights during the year ended 30 June 2019

During the year ended 30 June 2019, no shares were issued on exercise of Performance Rights by Key Management Personnel.

REMUNERATION REPORT (AUDITED) (continued)

Additional disclosures relating to options and shares

Table 5: Performance Rights holdings of Key Management Personnel

Performance Rights held in Monadelphous Group Limited	Balance at Beginning of Period 1 July 2018	Granted as Remuneration	Rights Exercised and Lapsed	Net Change Other	Balance at End of Period 30 June 2019
Directors					
C. G. B. Rubino	-	-	-	-	-
R. Velletri	-	20,011	-	-	20,011
P. J. Dempsey	-	-	-	-	-
C. P. Michelmore	-	-	-	-	-
D. R. Voss	-	-	-	-	-
H. J. Gillies	-	-	-	-	-
S. L. Murphy	-	-	-	-	-
Executives					
D. Foti	-	12,000	-	-	12,000
Z. Bebic	-	11,381	-	-	11,381
P. Trueman	-	8,734	-	-	8,734
Total	**-**	**52,126**	**-**	**-**	**52,126**

No Performance Rights had vested or were exercisable at 30 June 2019.

Table 6: Shareholdings of Key Management Personnel

Shares held in Monadelphous Group Limited	Balance at Beginning of Period 1 July 2018	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance at End of Period 30 June 2019
Directors					
C. G. B. Rubino	1,022,653	-	-	-	1,022,653
R. Velletri	2,100,000	-	-	-	2,100,000
P. J. Dempsey	78,000	-	-	-	78,000
C. P. Michelmore	30,000	-	-	10,000	40,000
D. R. Voss	2,852	-	-	-	2,852
H. J. Gillies	4,078	-	-	4,200	8,278
S. L. Murphy	-	-	-	-	-
Executives					
D. Foti	129,316	-	-	(75,000)	54,316
Z. Bebic	-	-	-	-	-
P. Trueman	-	-	-	-	-
Total	**3,366,899**	**-**	**-**	**(60,800)**	**3,306,099**

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:	13	6	2	2
Number of meetings attended:				
C. G. B. Rubino	13	-	-	2
R. Velletri	13	-	-	-
P. J. Dempsey	13	6	-	2
C. P. Michelmore	12	-	2	2
D. R. Voss	13	6	2	2
H. J. Gillies	13	6	2	2
S. L. Murphy^	1	-	-	-

^ S.L. Murphy was appointed as a Non-Executive Director on 11 June 2019 and attended all meetings she was eligible to attend.

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.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have received an independence declaration from the auditor of Monadelphous Group Limited, as shown on page 53.

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	**36,089**

Signed in accordance with a resolution of the directors.

C. G. B. Rubino
Chairman
Perth, 19 August 2019

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

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 the financial report of Monadelphous Group Limited for the financial year ended 30 June 2019, 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.

This declaration is in respect of Monadelphous Group Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
19 August 2019

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 2019, 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 2019 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: ► Determine the transaction price under the customer contract ► Assess the total contract costs ► Measure the Group's progress towards the complete satisfaction of the performance obligations under the customer contract ► Appropriately provide for onerous 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 Contract Assets* of the financial report.	We examined a sample of 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 and 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 with oversight over the various contract portfolios ► Assessed the contract status through the examination of external evidence, such as approved variations and customer correspondence ► Analysed the Group's estimates for total contract costs and forecast costs to complete, including consideration of historical estimation accuracy ► For projects with known disputes, sighted claim documentation, met with the Group's Internal General Counsel and reviewed supporting documentation in relation to the status and disclosure of these matters ► Assessed the provisions for onerous 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.

Building a better working world

Information other than the financial statements and auditor's report

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 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

INDEPENDENT AUDIT REPORT

Building a better working world

- 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
- 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 pages 41 to 50 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Monadelphous Group Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

INDEPENDENT AUDIT REPORT

Building a better
working world

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
19 August 2019

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

DIRECTOR'S 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 2019 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 65.

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 2019.

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 20 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, 19 August 2019

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $'000	2018 $'000
Continuing Operations			
REVENUE	1	**1,479,737**	1,737,632
Cost of services rendered		**(1,351,482)**	(1,590,821)
GROSS PROFIT		**128,255**	146,811
Other income	1	**5,737**	5,430
Business development and tender expenses		**(20,755)**	(17,595)
Occupancy expenses		**(3,675)**	(3,525)
Administrative expenses		**(31,759)**	(29,871)
Finance costs	2	**(1,930)**	(452)
Share of profit from joint ventures	11	**7,144**	374
Unrealised foreign currency gain		**409**	1,673
PROFIT BEFORE INCOME TAX		**83,426**	102,845
Income tax expense	3	**(31,313)**	(30,570)
PROFIT AFTER INCOME TAX		**52,113**	72,275
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**50,565**	71,479
NON-CONTROLLING INTERESTS		**1,548**	796
		52,113	72,275
Basic earnings per share (cents per share)	4	**53.72**	76.11
Diluted earnings per share (cents per share)	4	**53.62**	76.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	2019 $'000	2018 $'000
NET PROFIT FOR THE YEAR	**52,113**	72,275
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Net gain on available-for-sale financial asset	-	905
Income tax effect	-	(271)
	-	634
Foreign currency translation	**275**	(910)
	275	(276)
Items that will not be reclassified subsequently to profit or loss:		
Net gain on equity instruments designated at fair value through other comprehensive income	**115**	-
Income tax effect	**(34)**	-
	81	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**356**	(276)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**52,469**	71,999
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	**50,921**	71,203
NON-CONTROLLING INTERESTS	**1,548**	796
	52,469	71,999

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	**164,042**	208,773
Trade and other receivables	6	**322,849**	288,371
Contract assets	7	**29,372**	-
Inventories	8	**4,607**	47,200
Income tax receivable	3	**205**	-
Total current assets		**521,075**	544,344
Non-current assets			
Property, plant and equipment	9	**115,437**	101,983
Contract assets	7	**289**	-
Intangible assets and goodwill	10	**3,120**	3,120
Investment in joint venture	11	**7,980**	1,437
Deferred tax assets	3	**34,164**	35,304
Other non-current assets	12	**2,921**	2,806
Total non-current assets		**163,911**	144,650
TOTAL ASSETS		**684,986**	688,994
LIABILITIES			
Current liabilities			
Trade and other payables	13	**184,341**	164,008
Interest bearing loans and borrowings	14	**10,868**	7,944
Income tax payable	3	**-**	8,522
Provisions	15	**63,053**	94,106
Total current liabilities		**258,262**	274,580
Non-current liabilities			
Interest bearing loans and borrowings	14	**27,361**	13,027
Provisions	15	**4,542**	5,259
Deferred tax liabilities	3	**140**	-
Total non-current liabilities		**32,043**	18,286
TOTAL LIABILITIES		**290,305**	292,866
NET ASSETS		**394,681**	396,128
EQUITY			
Contributed equity	18	**128,723**	125,703
Reserves	19	**33,707**	30,292
Retained earnings	19	**231,006**	238,486
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**393,436**	394,481
Non-Controlling Interests		**1,245**	1,647
TOTAL EQUITY		**394,681**	396,128

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to equity holders						
	Issued Capital $'000	Share-Based Payment Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Non-controlling Interests $'000	Fair Value Reserve for Financial Assets at FVOCI^ $'000	Total $'000
At 1 July 2018 as previously stated	125,703	29,662	(191)	238,486	1,647	821	396,128
Opening balance adjustment on application of AASB 15*	-	-	-	(4,127)	-	-	(4,127)
Opening balance adjustment on application of AASB 9*	-	-	-	(245)	-	-	(245)
At 1 July 2018 as restated	125,703	29,662	(191)	234,114	1,647	821	391,756
Other comprehensive income	**-**	**-**	**275**	**-**	**-**	**81**	**356**
Profit for the period	**-**	**-**	**-**	**50,565**	**1,548**	**-**	**52,113**
Total comprehensive income for the period	**-**	**-**	**275**	**50,565**	**1,548**	**81**	**52,469**
Transactions with owners in their capacity as owners							
Share-based payments	**-**	**2,953**	**-**	**-**	**-**	**-**	**2,953**
Adjustment to deferred tax asset recognised on employee share trust	**-**	**106**	**-**	**-**	**-**	**-**	**106**
Dividend reinvestment plan	**3,020**	**-**	**-**	**-**	**-**	**-**	**3,020**
Dividends paid	**-**	**-**	**-**	**(53,673)**	**(1,950)**	**-**	**(55,623)**
At 30 June 2019	**128,723**	**32,721**	**84**	**231,006**	**1,245**	**902**	**394,681**

	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

^ Previously Available-for-sale reserve

* Refer to note 31 for details of the opening balance adjustments made on application of the new accounting standards applicable for the Group from 1 July 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**1,596,337**	1,873,522
Payments to suppliers and employees (inclusive of GST)		**(1,546,389)**	(1,793,937)
Interest received		**2,269**	2,573
Borrowing costs		**(1,930)**	(493)
Other income		**2,295**	2,496
Income tax paid		**(36,816)**	(32,692)
Dividends received		**199**	178
NET CASH FLOWS FROM OPERATING ACTIVITIES	5	**15,965**	51,647
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**4,970**	3,442
Purchase of property, plant and equipment		**(19,707)**	(25,039)
Repayment of loans to joint ventures and associates		**600**	1,833
Payment of loans to joint ventures and associates		**-**	(2,449)
Acquisition of controlled entities		**-**	(1,414)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(14,137)**	(23,627)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(52,603)**	(53,635)
Proceeds from borrowings		**15,054**	-
Repayment of borrowings		**(300)**	(1,500)
Payment of finance leases		**(9,995)**	(6,400)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(47,844)**	(61,535)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(46,016)**	(33,515)
Net foreign exchange differences		**1,285**	379
Cash and cash equivalents at beginning of period		**208,773**	241,909
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	**164,042**	208,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

The consolidated financial report of Monadelphous Group Limited (the Group) and its subsidiaries for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of directors on 19 August 2019.

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 certain financial assets that have been measured 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 A*SIC 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 2018 (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 2019. 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 20. 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 2019

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 from contracts with customers

Where performance obligations are satisfied over time, revenue is recognised in the consolidated income statement by reference to the progress towards complete satisfaction of each performance obligation.

For construction contracts, revenue is recognised using an output method based on work certified to date which the Group believes depicts the transfer of goods and services as it is based on completed work as agreed by our customers.

Fundamental to this calculation is a reliable estimate of the transaction price (total contract revenue). In determining the transaction price, variable consideration including claims and certain contract variations are only included to the extent it is highly probable that a significant reversal in revenue will not occur in the future. Where a variation in scope has been agreed with the customer but the corresponding change in the transaction price has not been agreed the variation is accounted for as variable consideration. The estimate of variable consideration is determined using the expected value approach taking into account the facts and circumstances of each individual contract and the historical experience of the Group and is reassessed throughout the life of the contract.

When it is probable that total contract costs will exceed total contract revenue, the contract is considered onerous and the present obligation under the contract is recognised immediately as a provision. Key assumptions regarding costs to complete contracts include estimation of labour, technical costs, impact of delays and productivity.

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 6 and 9 for details.

Workers Compensation

Refer note 15 for details.

Consolidation of MGJV Pty Ltd

Refer to note 20 for details.

	2019 $'000	2018* $'000
1. REVENUE AND OTHER INCOME		
Revenue from contracts with customers		
Services revenue	**998,435**	841,081
Construction revenue	**478,834**	893,800
	1,477,269	1,734,881
Finance revenue	**2,269**	2,573
Dividends received	**199**	178
	1,479,737	1,737,632
Net gains on disposal of property, plant and equipment	**3,442**	2,934
Other income	**2,295**	2,496
	5,737	5,430
Disaggregation of revenue from contracts with customers by end customer industry:		
Oil and gas	**594,868**	1,043,560
Other minerals	**219,918**	240,962
Iron Ore	**368,164**	217,098
Infrastructure	**282,090**	203,508
Coal	**143,237**	78,871
	1,608,277	1,783,999
Less share of revenue from joint ventures accounted for using the equity method	**(131,008)**	(49,118)
	1,477,269	1,734,881
The following amounts are included in revenue from contracts with customers:		
Revenue recognised as a contract liability in the prior period	**24,872**	
Revenue from performance obligations satisfied in prior periods	**8,500**	
Unsatisfied performance obligations		
Transaction price expected to be recognised in future years for unsatisfied performance obligations at 30 June 2019:		
Services revenue	**2,137,094**	
Construction revenue	**405,869**	
Total	**2,542,963**	

In line with the Group's accounting policy described following, the transaction price expected to be recognised in future years excludes variable consideration that is constrained.

The average duration of contracts is given below, however some contracts will vary from these typical lengths. Revenue is typically earned over these varying timeframes.

Services: 1 to 5 years
Construction: 1 to 2 years

* The comparative information has not been restated following the adoption of AASB 15 and continues to be reported under the previous accounting policy. Refer to note 31 for further details.

1. REVENUE AND OTHER INCOME (continued)

Recognition and measurement – effective from 1 July 2018

Revenue from contracts with customers

The Group is in the business of providing construction and maintenance services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Construction services

Construction contracts are assessed to identify the performance obligations contained in the contract. The total transaction price is allocated to each individual performance obligation. Typically, the Group's construction contracts contain a single performance obligation.

Work is performed on assets that are controlled by the customer or on assets that have no alternative use to the Group, with the Group having right to payment for performance to date. As performance obligations are satisfied over time, revenue is recognised over time using an output method based on work certified to date.

Customers are typically invoiced on a monthly basis and invoices are paid on normal commercial terms.

Services contracts

Contracts for performance of maintenance activities cover servicing of assets and involve various activities. These activities tend to be substantially the same with the same pattern of transfer to the customer. Where this is the case, which is the majority of the services contracts, these services are taken to be one performance obligation and the total transaction price is allocated to the performance obligation identified.

Performance obligations are fulfilled over time as the Group largely enhances assets which the customer controls. Customers are typically invoiced monthly for an amount that is calculated on either a schedule of rates or a cost plus basis. For these contracts, the transaction price is determined as an estimate of this variable consideration.

Variable consideration

If the consideration in the contract includes a variable amount, the Group estimates the amount of the consideration to which it is entitled in exchange for transferring the goods and services to the customer. The Group includes some or all of this variable consideration in the transaction price only to the extent it is highly probable that a significant reversal of the cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Certain contracts are subject to claims which are enforceable under the contract. If the claim does not result in any additional goods or services, the transaction price is updated and the claim accounted for as variable consideration.

Significant financing component

Using the practical expedient in AASB 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer or the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Interest income

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

Recognition and measurement – policies applied prior to 1 July 2018

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

Rendering of Services

Where the contract outcome could be reliably measured, revenue was recognised as services were rendered to the customer for maintenance contracts. For construction contracts refer to the accounting policy below.

Where the contract outcome could not be reliably measured, contract costs were recognised as an expense as incurred, and where it was probable that the costs would be recovered, revenue was recognised only to the extent that costs had been incurred. This also applied to construction contracts.

Construction contracts

Revenue arising from fixed price contracts was recognised in accordance with the percentage of completion method. Stage of completion was agreed with the customer on a work certified to date basis, as a percentage of the overall contract. Revenue from cost plus contracts was recognised by reference to the recoverable costs incurred plus a percentage of fees earned during the financial year. The percentage of fees earned during the financial year was based on the stage of completion of the contract.

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

	2019 $'000	2018 $'000
2. EXPENSES		
Finance costs		
Loans and overdrafts	**62**	14
Finance charges payable under finance leases and hire purchase contracts	**1,048**	438
Tax shortfall interest charge	**820**	-
	1,930	452
Depreciation and amortisation		
Depreciation expense	**19,490**	17,222
Amortisation of intangible assets	**-**	625
Amortisation of deferred contract fulfilment costs	**1,306**	-
	20,796	17,847
Employee benefits expense		
Employee benefits expense	**772,161**	923,451
Defined contribution superannuation expense	**53,871**	64,189
	826,032	987,640
Lease payments and other expenses		
Minimum lease payments – operating lease	**10,966**	12,971
Government grants included in the income statement	**-**	2,501

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 9 and 10 for details on depreciation and amortisation.

Employee benefits expense

Refer to note 15 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. The Group has not claimed or recognised the R&D tax offset for the current year.

	2019 $'000	2018 $'000
3. INCOME TAX		
The major components of income tax expense are:		
Income statement		
Current income tax		
Current income tax charge	**26,338**	34,791
Adjustments in respect of previous years	**1,757**	644
Deferred income tax		
Temporary differences	**3,218**	(4,865)
Income tax expense reported in the income statement	**31,313**	30,570
Statement of Comprehensive Income		
Deferred tax related to items recognised in Statement of Comprehensive income during the year:		
Unrealised gain on equity instrument designated at fair value through other comprehensive income	**34**	271
	34	271
Amounts credited directly to equity		
Share based payment	**(106)**	-
Income tax benefit reported in equity	**(106)**	-
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	**83,426**	102,845
Income tax rate of 30% (2018: 30%)	**25,028**	30,854
- Share based payment expense	**389**	240
- R&D repayment*/(receipt)	**6,311**	(750)
- Other	**(415)**	226
Aggregate income tax expense	**31,313**	30,570

* During the period, the Company made a one-off provision net of interest totalling $6,311,000. The provision resulted from the receipt of Notices of Amended Assessments from the Australian Taxation Office relating to the 2015 and 2016 income years. The amended assessments relate to Research and Development tax incentives claimed by the Company in those years which were subsequently deemed to be ineligible.

	2019 $'000 Current Income Tax	2019 $'000 Deferred Income Tax	2018 $'000 Current Income Tax	2018 $'000 Deferred Income Tax
3. INCOME TAX (continued)				
Recognised deferred tax assets and liabilities				
Opening balance	(8,522)	35,304	(3,603)	25,966
Opening balance adjustment on application of AASB 15 and AASB 9 (refer note 31)	-	1,873	-	-
Charged to income	**(28,095)**	**(3,218)**	(35,435)	4,865
Charged to equity	**-**	**72**	-	(271)
Other / payments	**36,822**	**(7)**	30,516	4,744
Closing balance	**205**	**34,024**	(8,522)	35,304
Amounts recognised on the consolidated statement of financial position:				
Deferred tax asset		**34,164**		35,304
Deferred tax liability		**(140)**		-
		34,024		35,304

	2019 $'000	2018 $'000
Deferred income tax at 30 June relates to the following:		
Deferred tax assets		
Provisions	**28,842**	29,709
Depreciation	**-**	1,425
Other	**6,148**	4,875
Gross deferred tax assets	**34,990**	36,009
Set-off of deferred tax liabilities	**(826)**	(705)
Net deferred tax assets	**34,164**	35,304
Deferred tax liabilities		
Accelerated depreciation	**(288)**	-
Other	**(678)**	(705)
Gross deferred tax liabilities	**(966)**	(705)
Set-off against deferred tax assets	**826**	705
Net deferred tax liabilities	**(140)**	-

3. INCOME TAX (continued)

Unrecognised temporary differences

At 30 June 2019, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries.

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.

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.

	2019 $'000	2018 $'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	**50,565**	71,479
Earnings used in calculation of basic and diluted earnings per share	**50,565**	71,479
	Number	Number
Number of shares		
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	**94,127,723**	93,916,738
Effect of dilutive securities		
Shares issuable associated with Arc West Group Pty Ltd acquisition	**-**	49,372
Performance Rights	**166,737**	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**94,294,460**	93,966,110

Conversions, calls, subscriptions or issues after 30 June 2019:

On 1 July 2019, 82,771 Performance Rights vested and were exercised.

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.

	2019 $'000	2018 $'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	**161,173**	183,773
Short term deposits	**2,869**	25,000
	164,042	208,773
Reconciliation of net profit after tax to the net cash flows from operating activities		
Net profit	**52,113**	72,275
Adjustments for		
Depreciation of non-current assets	**19,490**	17,222
Amortisation and impairment of intangible assets	**1,306**	625
Net profit on sale of property, plant and equipment	**(3,442)**	(2,934)
Share-based payment expense/(credit)	**2,953**	(480)
Unrealised foreign exchange gain	**(409)**	(1,673)
Share of profits from joint ventures	**(7,144)**	(374)
Other	**(2,101)**	1,678
Changes in assets and liabilities		
Increase in receivables	**(34,659)**	(40,086)
Decrease in inventories	**36,698**	22,682
Increase in contract assets	**(31,136)**	-
Decrease/(increase) in deferred tax assets	**3,085**	(9,252)
Increase/(decrease) in payables	**19,568**	(20,172)
(Decrease)/increase in provisions	**(31,770)**	7,231
(Decrease)/increase in income tax payable	**(8,727)**	4,919
Increase/(decrease) in deferred tax liabilities	**140**	(14)
Net cash flows from operating activities	**15,965**	51,647

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 $12,498,577 (2018: $15,152,164).

Reconciliation of liabilities arising from financing activities

	2018 $ '000	Cash flows $'000	Non-cash changes New leases $'000	2019 $'000
Hire purchase liabilities	20,971	**1,459**	**12,499**	**34,929**
Loan	-	**3,300**	**-**	**3,300**
	20,971	**4,759**	**12,499**	**38,229**

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.

	2019 $'000	2018 $'000
6. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	**252,636**	217,611
Less allowance account for impairment losses	**(3,634)**	(3,643)
	249,002	213,968
Other debtors	**74,117**	74,403
Less allowance account for impairment losses	**(270)**	-
	322,849	288,371

Trade receivables generally have 30 to 60 days terms.

Allowance account for trade receivables impairment losses

	2019 $'000	2018 $'000
Movements in loss allowance based on lifetime ECL:		
Balance at the beginning of the year	3,643	2,794
AASB 15 transition adjustment	(181)	-
Balance at the beginning of the year - restated	**3,462**	2,794
Increase in loss allowance	**172**	849
Balance at the end of the year	**3,634**	3,643

Recognition and measurement

Trade receivables – effective 1 July 2018

Refer to accounting policies of financial assets in note 31 Financial Assets.

Other debtors - effective 1 July 2018

Other debtors include contract assets that are unconditional (see note 7). These assets are reclassified to trade receivables when invoiced.

Trade receivables – policy applied prior to 1 July 2018

Trade receivables 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.

Other debtors - policy applied prior to 1 July 2018

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

	2019 $'000
7. CONTRACT ASSETS	
CURRENT	
Contract assets	**29,372**
NON CURRENT	
Contract assets	**289**

Contract assets are net of expected credit losses of $275,000. Included in contract assets are deferred project fulfilment costs of $455,000.

Significant changes in contract assets

Prior to the initial application of AASB 15, contract assets were disclosed within Inventories. The contract asset balance at 30 June 2019 has increased when compared with the balance on transition as at 1 July 2018 (refer to note 31) as a result of changes in the progress of completion and the timing of invoicing.

Recognition and measurement

Contract assets – effective from 1 July 2018

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration. If the Group's right to an amount of consideration is unconditional (other than the passage of time), the contract asset is classified as a receivable.

Refer to accounting policies of revenue from contracts with customers in note 1.

Project fulfilment costs - effective 1 July 2018

If project fulfilment costs are within the scope of AASB 15, the Group recognises these costs as an asset only if the costs relate directly to a contract, the costs generate or enhance resources and the costs are expected to be recovered.

These costs are amortised on a systematic basis that is consistent with the transfer of goods and services under the contract. If not capitalised, project fulfilment costs are expensed as incurred.

	Notes	2019 $'000	2018 $'000
8. INVENTORIES			
Construction work in progress			
Cost incurred to date plus profit recognised			1,432,940
Consideration received and receivable as progress billings			(1,451,339)
			(18,399)
Represented by:			
Amounts due to customers	13		65,599
Amounts due from customers			47,200
Raw materials and consumables		4,607	

Recognition and measurement

Construction work-in-progress – policies applied prior to 1 July 2018

For the comparative period, construction work-in-progress was stated at the aggregate of contract costs incurred to date plus profits recognised to date (see note 1 for the accounting policy for revenue recognition) less recognised losses and progress billings. Costs included all costs directly related to specific contracts.

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.

Following the adoption of AASB 15, amounts previously disclosed as construction work-in-progress are now disclosed as receivables (refer note 6), contract assets (refer to note 7) or contract liabilities (refer to note 13).

Raw materials and consumables

Raw materials and consumables are stated at the lower of cost and net realisable value. Prior to the adoption of AASB 15 on 1 July 2018, raw materials and consumables directly related to specific contracts were included in construction work in progress.

9. 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	Plant and Equipment $'000	Plant and Equipment Under Hire Purchase $'000	Total $'000
Year ended 30 June 2019					
Net carrying amount at 1 July 2018	13,411	16,425	46,762	25,385	101,983
Additions	**1,400**	**2,276**	**18,260**	**12,499**	**34,435**
Assets transferred	**-**	**-**	**(9,209)**	**9,209**	**-**
Disposals	**-**	**(5)**	**(1,523)**	**-**	**(1,528)**
Depreciation charge	**-**	**(1,085)**	**(13,265)**	**(5,140)**	**(19,490)**
Exchange differences	**-**	**-**	**37**	**-**	**37**
Net carrying amount at 30 June 2019	**14,811**	**17,611**	**41,062**	**41,953**	**115,437**
At 30 June 2019					
Gross carrying amount – at cost	**14,811**	**28,647**	**166,842**	**51,436**	**261,736**
Accumulated depreciation	**-**	**(11,036)**	**(125,780)**	**(9,483)**	**(146,299)**
Net carrying amount	**14,811**	**17,611**	**41,062**	**41,953**	**115,437**
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

Property, plant and equipment pledged as security

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

	2019 $'000	2018 $'000
Assets pledged as security	**41,953**	25,385

9. 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.

10. INTANGIBLE ASSETS AND GOODWILL

	Intangible Assets $'000	Goodwill $'000	Total $'000
Year ended 30 June 2019			
At 1 July 2018	-	3,120	3,120
At 30 June 2019	-	**3,120**	**3,120**
Year ended 30 June 2018			
At 1 July 2017	625	2,720	3,345
On business combination	-	400	400
Amortisation	(625)	-	(625)
At 30 June 2018	-	3,120	3,120

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 year 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 individual CGUs exceeding their 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.

11. INTEREST IN JOINT VENTURES

Mondium Pty Ltd

On 21 October 2016, an Australian 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. The Group's interest in Mondium Pty Ltd is not material.

Zenviron Pty Ltd

On 26 July 2016, a joint venture company, Zenviron Pty Ltd was formed between Monadelphous and ZEM Energy Investments Pty Ltd. The Group has a 55% ownership interest in the joint venture and a 50% interest in the voting rights. The principal activity of Zenviron is to deliver multi-disciplinary construction services in the renewable energy market in Australia and New Zealand.

The Group considers that it has joint control with its respective joint venture partner over Mondium Pty Ltd and Zenviron Pty Ltd as relevant decisions at a Board and Shareholder level require unanimous agreement.

Zenviron Pty Ltd results, assets and liabilities are as follows:

	2019 $'000	2018 $'000
Summarised statement of financial position		
Cash and cash equivalents	**23,272**	17,087
Current assets	**73,127**	35,987
Non-current assets	**4,574**	1,413
Current liabilities	**(61,486)**	(26,158)
Current financial liabilities	**(735)**	-
Non-current liabilities	**(3,824)**	(10,261)
Non-current financial liabilities	**(2,037)**	-
Equity	**12,392**	981
Group's share of Zenviron Pty Ltd net assets	**6,815**	540
Summarised statement of financial performance		
Revenue from contracts with customers	**220,618**	89,210
Cost of sales	**(197,171)**	(80,105)
Profit before tax	**16,326**	1,203
Income tax expense	**(4,915)**	(365)
Profit after tax	**11,411**	838
Profit and total comprehensive income for the year	**11,411**	838
Depreciation expense	**(770)**	(354)
Interest income	**362**	145
Interest expense	**(23)**	(201)
Group's share of profit for the year	**6,276**	461

Commitments and contingent liabilities relating to Joint Ventures

The Group's share of insurance bond guarantees issued by Joint Ventures at 30 June 2019 was $9,782,482 (2018: $9,823,596).

Joint ventures had no capital commitments at 30 June 2019 (2018: $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.

	2019 $'000	2018 $'000
12. OTHER NON-CURRENT ASSETS		
Other non-current assets	**2,921**	2,806

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 a financial asset at fair value through other comprehensive income (30 June 2018: available-for-sale investment). Refer note 31. Fair value is calculated using quoted prices in active markets.

	2019 $'000	2018 $'000
13. TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	**113,661**	68,946
Contract liabilities	**33,579**	-
Advances on construction work in progress	**-**	65,599
Sundry creditors and accruals	**37,101**	29,463
	184,341	164,008

Significant changes to contract liabilities

During the year an amount of $24,782,000 of contract liabilities recognised at the date of initial application of AASB 15 was recognised as revenue. At 30 June 2019 advance payments of $33,579,000 have been received from customers. Contract liabilities fluctuate based on progress of completion of contracts.

Recognition and measurement

Trade and other payables

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 30 days.

Contract liability – effective 1 July 2018

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

14. INTEREST BEARING LOANS AND BORROWINGS

	2019 $'000	2018 $'000
CURRENT		
Hire purchase liability – secured	**9,668**	7,944
Loan – secured	**1,200**	-
	10,868	7,944
NON-CURRENT		
Hire purchase liability – secured	**25,261**	13,027
Loan – secured	**2,100**	-
	27,361	13,027

Terms and conditions

Hire purchase agreements have an average term of three years. The average discount rate implicit in the hire purchase liability is 3.35% (2018: 4.09%). 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 2019

15. PROVISIONS

	2019 $'000	2018 $'000
CURRENT		
Employee benefits	**44,690**	67,837
Workers' compensation	**18,363**	26,269
	63,053	94,106
NON-CURRENT		
Employee benefits – long service leave	**4,542**	5,259
Movements in provisions		
Workers compensation		
Carrying amount at the beginning of the year	26,269	
Additional provision	**2,140**	
Amounts utilised during the year	**(10,046)**	
Carrying amount at the end of the financial year	**18,363**	

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.

16. 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 2019, the Group is in a net cash position of $125,813,000 (2018: $187,802,000) and has a debt to equity ratio of 9.7% (2018: 5.3%) which is within the Group's net cash and debt to equity target levels.

During the year ended 30 June 2019, management paid dividends of $53,673,000. 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.

	2019 $'000	2018 $'000
17. DIVIDENDS PAID AND PROPOSED		
Declared and paid during the year		
Current year interim		
Interim franked dividend for 2019 (25 cents per share) (2018: 30 cents per share)	**23,561**	28,199
Previous year final		
Final franked dividend for 2018 (32 cents per share) (2017: 30 cents per share)	**30,112**	28,174
Unrecognised amounts		
Current year final		
Final franked dividend for 2019 (23 cents per share) (2018: 32 cents per share)	**21,688**	30,115
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	**58,351**	53,356
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	**(9,295)**	(12,906)
	49,056	40,450

Tax rates

The tax rate at which paid dividends have been franked is 30% (2018: 30%). Dividends payable will be franked at the rate of 30% (2018: 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.

	2019 $'000	2018 $'000
18. CONTRIBUTED EQUITY		
Ordinary shares – Issued and fully paid	**129,992**	126,972
Reserved shares	**(1,269)**	(1,269)
	128,723	125,703

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.

	2019		2018	
	Number of Shares	**$'000**	Number of Shares	$'000
Beginning of the financial year	94,108,311	126,972	93,928,264	124,234
Dividend reinvestment plan	**186,176**	**3,020**	180,047	2,738
End of the financial year	**94,294,487**	**129,992**	94,108,311	126,972

During the year ended 30 June 2019, no employees exercised options to acquire fully paid ordinary shares.

Reserved shares

	2019		2018	
	Number of Shares	**$'000**	Number of Shares	$'000
Beginning of the financial year	85,500	(1,269)	85,500	(1,269)
Acquisition of reserved shares	**6,875**	**-**	-	-
End of the financial year	**92,375**	**(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.

	2019 $'000	2018 $'000
19. RESERVES AND RETAINED EARNINGS		
Foreign currency translation reserve	**84**	(191)
Share-based payment reserve	**32,721**	29,662
Fair value reserve for financial assets (2018: Available-for-sale reserve)	**902**	821
	33,707	30,292
Retained earnings	**231,006**	238,486
Movements in retained earnings		
Balance at the beginning of the year	238,486	223,380
Opening balance adjustment of AASB 15	(4,127)	-
Opening balance adjustment of AASB 9	(245)	-
Balance at the beginning of the year – restated	234,114	223,380
Net profit attributable to equity holders of the parent	**50,565**	71,479
Total available for appropriation	**284,679**	294,859
Dividends paid	**(53,673)**	(56,373)
Balance at the end of the year	**231,006**	238,486

Movements in reserves

	Foreign Currency Translation Reserve $'000	Share-Based Payment Reserve $'000	Fair Value Reserve for Financial Assets $'000	Total $'000
At 1 July 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
Foreign currency translation	**275**	**-**	**-**	**275**
Share-based payment	**-**	**2,953**	**-**	**2,953**
Adjustment to deferred tax asset recognised on employee share trust	**-**	**106**	**-**	**106**
Net fair value gain of financial assets	**-**	**-**	**81**	**81**
At 30 June 2019	**84**	**32,721**	**902**	**33,707**

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.

Fair value reserve for financial assets (previously: Available-for-sale reserve)

The fair value reserve for financial assets (2018: Available-for-sale reserve) is used to record the movement in fair value of financial assets.

20. SUBSIDIARIES

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

		Percentage Held by Consolidated Entity		Parent Entity Investment	
Name	Country of Incorporation	2019 %	2018 %	2019 $'000	2018 $'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	Australia	100	100	5,440	5,440
R.I.G. Installations (Newcastle) Pty Ltd	Australia	100	100	1,488	1,488
RE&M Services Pty Ltd	Australia	100	100	-	-
Pilbara Rail Services Pty Ltd	Australia	100	100	-	-
EC Projects Pty Ltd*	Australia	100	-	-	-
Monadelphous PNG Ltd	Papua New Guinea	100	100	-	-
Moway International Limited	Hong Kong	100	100	515	443
Moway AustAsia Steel Structures Trading (Beijing) Company Limited	China	100	100	-	-
Monadelphous Singapore Pte Ltd	Singapore	100	100	304	144
Monadelphous Mongolia LLC	Mongolia	100	100	-	-
Monadelphous Inc.	USA	100	100	1,806	1,806
Monadelphous Marcellus LLC	USA	100	100	-	-
MKT Pipelines Limited	Canada	100	100	-	-
Monadelphous Engineering NZ Pty Ltd	New Zealand	100	100	8,587	-
Monadelphous Sdn Bhd	Malaysia	100	100	-	-
				76,622	67,803

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.

21. INTEREST IN JOINT OPERATIONS

Joint operations interests

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

			Group Interest	
Joint Arrangement	Principal Activity	Principal Place of Business	2019 %	2018 %
Monadelphous Worley JV PNG	Engineering, Procurement and Construction & Maintenance Support Work in PNG	PNG	**65**	65
Monadelphous Worley JV	Engineering, Procurement and Construction & Maintenance Support Work	Brisbane, QLD	**65**	65
China Petroleum Engineering & Construction (Australia) Pty Ltd and Monadelphous Engineering Pty Ltd Joint Venture	Maintenance Support Work	Brisbane, QLD	**50**	-

Commitments and contingent liabilities relating to joint operations

There were no capital commitments or contingent liabilities relating to the joint operations at 30 June 2019 (2018: $nil).

Impairment

There were no assets employed in the joint operations during the year ended 30 June 2019 (2018: $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 and short-term deposits.

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.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

Risk exposures and responses

Interest rate risk

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

	Notes	2019 $'000	2018 $'000
Financial assets/liabilities			
Cash and cash equivalents	5	**164,042**	208,773
Loan - secured	14	**(3,300)**	-
Net exposure		**160,742**	208,773

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 2019, 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 2019, 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 2019, the Group had the following exposure to foreign currency:

	PGK AUD $'000	USD AUD $'000	Euro AUD $'000
Year ended 30 June 2019			
Financial assets			
Cash and cash equivalents	**5,835**	**32,974**	**229**
Trade and other receivables	**5,826**	**15,771**	**-**
Financial liabilities			
Trade and other payables	**(1,250)**	**(1,615)**	**-**
Net Exposure	**10,411**	**47,130**	**229**
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

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk exposures and responses (continued)

Foreign currency risk (continued)

At 30 June 2019, 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 2019, 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) 2019 $'000	Post Tax Profit Higher/(Lower) 2018 $'000	Other Comprehensive Income Higher/(Lower) 2019 $'000	Other Comprehensive Income Higher/(Lower) 2018 $'000
+5% (2018: +5%)	**(1,650)**	(727)	**-**	-
-5% (2018: -5%)	**1,650**	727	**-**	-

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

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's maximum exposure to credit risk is its cash, trade and other receivables and contract assets representing $516,263,000 at 30 June 2019 (2018: $497,144,000).

Following the adoption of AASB 9, the Group considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period.

Except for trade receivables, contract assets and other short-term receivables (see below), expected credit losses (ECL's) are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL's are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the Group considers information that is reasonable and supportable, including historical experience and forward-looking information. Forward-looking information considered includes consideration of external sources of economic information. In particular, the Group takes into account the counterparties external credit rating (as far as available), actual or expected significant changes in the operating results of the counterparty and macroeconomic indicators when assessing significant movements in credit risk.

In the prior period, impairment losses were recognised when there was objective evidence of impairment.

Trade receivables and contract assets

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 and contract assets 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.

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

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk exposures and responses (continued)

Credit risk (continued)

With effect from 1 July 2018, the Group applies a simplified approach in calculating ECLs for trade receivables and contract assets. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due ageing for groupings of various customer segments with similar loss patterns.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

A receivable is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Evidence that a receivable is credit-impaired includes observable data about significant financial difficulty of the debtor or a breach of contract, such as a default or past due event.

Set out below is the information about the credit risk exposure at 30 June 2019 on the Group's trade receivables and contract assets, for which lifetime expected credit losses are recognised, using a provision matrix:

		Trade receivables					
			Days past due				
	Contract assets	Current	<31 days	31-60 days	61-90 days	>91 days	Total
30 June 2019							
Expected credit loss rate (%)	**0.93**	**0.78**	**0.78**	**1.32**	**2.01**	**13.56**	
Total estimated gross carrying amount at default ($'000)	**29,661**	**202,152**	**26,770**	**7,325**	**4,023**	**12,366**	**252,636**
Expected credit loss ($'000)	**275**	**1,570**	**209**	**97**	**81**	**1,677**	**3,634**

At 30 June 2018, the ageing of trade receivables, past due but not considered impaired was as follows:

	2018 $'000
1-30 Days	33,706
31-60 Days	9,054
61+ Days	19,332
	62,092

Other balances within trade and other receivables at 30 June 2019 did not contain impaired assets and were not past due. It was expected that these other balances would be received when due.

Financial instruments and cash deposits

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. Term deposits typically have an original maturity of three months or less and other bank deposits are on call. These financial assets are considered to have low credit risk.

Write off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk exposures and responses (continued)

Liquidity risk

Financing facilities available

	2019 $'000	2018 $'000
At balance date the following financing facilities had been negotiated and were available		
Total facilities:		
- Bank guarantee and performance bonds	**490,000**	460,000
- Revolving credit	**90,300**	64,559
	580,300	524,559
Facilities used at balance date:		
- Bank guarantee and performance bonds	**209,925**	181,759
- Revolving credit	**38,229**	20,971
	248,154	202,730
Facilities unused at balance date:		
- Bank guarantee and performance bonds	**280,075**	278,241
- Revolving credit	**52,071**	43,588
	332,146	321,829

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 14 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 and secured loans. 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 2019.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 2019					
Financial liabilities					
Trade and other payables	**184,341**	**-**	**-**	**184,341**	**184,341**
Hire purchase liability	**6,053**	**4,738**	**26,917**	**37,708**	**34,929**
Bank Loans	**654**	**644**	**2,172**	**3,470**	**3,300**
Net maturity	**191,048**	**5,382**	**29,089**	**225,519**	**222,570**
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

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.

Listed equity investments measured at fair value through other comprehensive income (2018 – Available-for-sale financial assets): The carrying amount is equal to the fair value calculated using quoted prices in active markets (level 1 – see below).

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 2019 or 30 June 2018.

	Notes	2019 $'000	2018 $'000
23. COMMITMENTS AND CONTINGENCIES			
Hire purchase commitments			
Payable:			
- Within one year		10,791	8,625
- Later than one year but not later than five years		26,917	14,269
Minimum lease payments		37,708	22,894
Less future finance charges		(2,779)	(1,923)
Present value of minimum lease payments		34,929	20,971
Current liability	14	9,668	7,944
Non-current liability	14	25,261	13,027
		34,929	20,971

Hire purchase agreements have an average term of three years.

	2019 Properites $'000	2019 Other $'000	2019 Total $'000	2018 Total $'000
Operating lease commitments				
Minimum lease payments				
- Within one year	9,465	190	9,655	13,692
- Later than one year but not later than five years	23,695	188	23,883	33,744
- Later than five years	19,616	-	19,616	-
Aggregate lease expenditure contracted for at balance date but not provided for	52,776	378	53,154	47,436

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 16 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 $4,355,277 at 30 June 2019 (2018: $9,618,122).

Guarantees

	2019 $'000	2018 $'000
Guarantees given to various clients for satisfactory contract performance	209,925	181,759

Monadelphous Group Limited and all controlled entities marked # in note 20 have entered into a deed of cross guarantee.
Refer to note 30 for details.

Contingent Liabilities

During the period, Monadelphous received a claim for property damage and associated losses arising from a fire which occurred while the Company was performing shutdown services for a customer. No legal proceedings have been commenced. Liability for the claim has not yet been established and the Company intends to defend the matter. Monadelphous has not made any admission of liability, and is working with its insurers to respond to the claim.

The Group is subject to various other 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.

24. SUBSEQUENT EVENTS

Dividends declared

On 19 August 2019, the directors of Monadelphous Group Limited declared a final dividend on ordinary shares in respect of the 2019 financial year. The total amount of the dividend is $21,687,732 which represents a fully franked final dividend of 23 cents per share. This dividend has not been provided for in the 30 June 2019 financial statements. The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the dividend.

Acquisition of iPipe Services assets

On 5 July 2019, Monadelphous Group Limited completed the purchase of assets of iPipe Services, a provider of technology solutions, construction and maintenance services to the coal seam gas sector. Total consideration of the acquisition was approximately $3,000,000. The acquisition was not material to the Group.

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	2019 $'000	2018 $'000
Information relating to Monadelphous Group Limited parent entity			
Current assets		**140,758**	185,199
Total assets		**2,064,004**	1,848,312
Current liabilities		**(1,842,800)**	(1,643,210)
Total liabilities		**(1,870,677)**	(1,656,557)
Net assets		**193,327**	191,755
Contributed equity		**128,723**	125,703
Share-based payment reserve		**32,293**	28,675
Fair value reserve for financial asset at FVOCI (previously: Available-for-sale reserve)		**902**	821
Retained earnings		**31,409**	36,556
Total equity		**193,327**	191,755
Profit after tax		**48,526**	52,676
Total comprehensive income of the parent entity		**48,607**	53,310
Contingent liabilities			
Guarantees	23	**209,925**	181,759

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 2019 (2018: $nil).

26. SHARE BASED PAYMENT EXPENSE

During the year, 257,379 Performance Rights were granted by Monadelphous Group Limited under the Combined Reward Plan ("CR Plan") in respect of the 2018 award. The Performance Rights vest into shares in equal instalments, one, two and three years subsequent to award, subject to the employee remaining in the employ of the company at those particular dates.

The fair value of each Performance Right issued during the period was estimated on the date of grant using a discounted cash flow calculation. Specifically, the Monadelphous Group Limited share price has been discounted at the dividend yield in order to account for the dividends that the rights holder forgoes over the life of the rights. A dividend yield of 3.96% to 4.44% has been used in the calculation.

The weighted average fair value of Performance Rights granted in the period was $13.90. The weighted average remaining contractual life for the Performance Rights outstanding at 30 June 2019 was 1 year.

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

	2019		2018	
	Number of Performance Rights	**Weighted Average Exercise Price $**	Number of Options	Weighted Average Exercise Price $
Balance at the beginning of the year	-	-	30,000	17.05
Issued during the year	**257,379**	**-**	-	-
Forfeited during the year	**(8,972)**	**-**	(30,000)	17.05
Balance at the end of the year	**248,407**	**-**	-	-
Exercisable during the next year	**82,771**	**-**	-	-

Subsequent to 30 June 2019, the Board has approved the issue of additional Performance Rights relating to the 2018/19 financial year, to certain employees to the value of approximately $4,000,000. The rights will be issued based on the dividend reinvestment plan price for the 2019 final dividend to be determined in October 2019. It is estimated that approximately 220,000 Performance Rights will be granted under the terms of the CR Plan for the year ended 30 June 2019.

The share-based payment expense relating to the Monadelphous Group Limited Combined Reward Plan for the year ended 30 June 2019 was $3,513,531 (2018: $nil) for the consolidated entity. $2,167,803 relates to Performance Rights issued in 2018. $1,345,728 relates to Performance Rights to be awarded subsequent to 30 June 2019, calculated based on an estimate of the fair value using the 30 June 2019 share price. The Performance Rights were approved by the Board on 30 July 2019, except for those relating to the CEO which will be subject to approval at the Annual General Meeting in November 2019.

For the year ended 30 June 2019, the Group has recognised $80,000 of share-based payment expense in the Income Statement (2018: $800,000) relating to shares to be issued as part of the acquisition of Arc West Group Pty Ltd. $640,000 (2018: $1,280,000) 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 Combined Reward 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. 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 2019

	2019 $	2018 $
27. AUDITORS' REMUNERATION		
The auditor of Monadelphous Group Limited is Ernst & Young.		
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	**296,053**	254,534
- Other services in relation to the entity and any other entity in the consolidated entity		
- tax compliance	**36,089**	30,411
- assurance related	**-**	31,000
	332,142	315,945

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.

	2019 $	2018 $
28. RELATED PARTY DISCLOSURES		
Compensation of key management personnel		
Short term benefits	**3,952,777**	4,088,037
Post-employment	**146,296**	141,888
Long term benefits	**71,081**	114,159
Share-based payments	**696,245**	-
Total compensation	**4,866,399**	4,344,084

Zenviron

The group had sales to the joint venture during the year totalling $12,954,834 (2018: $10,213,000).

Mondium

At 30 June 2019, an amount totalling $1,264,000 (2018: $1,864,000) 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 3.25% per annum.

The group had sales to the joint venture during the year totalling $5,799,662 (2018: $1,266,335).

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 2019, the Engineering Construction division contributed revenue of $622.9 million (2018: $949.9 million) and the Maintenance and Industrial Services division contributed revenue of $998.4 million (2018: $841.1 million). Included in these amounts is $13.0 million (2018: $7.0 million) of inter-entity revenue and $131.0 million (2018: $49.1 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.

29. OPERATING SEGMENTS (continued)

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 19% (2018: 28%) of the Group's revenue. Two other customers individually contributed 17% and 12% 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

	2019 $'000	2018 $'000
Revenue from external customers		
Australia	**1,308,515**	1,607,987
New Zealand	**29,484**	51,473
Mongolia	**80,622**	16,173
Other overseas locations	**58,648**	59,248
	1,477,269	1,734,881

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:

	2019 $'000	2018 $'000
Consolidated Income Statement and Comprehensive Income		
Profit before income tax	**61,949**	117,063
Income tax expense	**(23,251)**	(31,422)
Net profit after tax for the period	**38,698**	85,641
Reconciliation of Retained Earnings		
Retained earnings at the beginning of the period	243,195	213,927
Opening balance adjustment on application of AASB 9	(245)	-
Dividends paid	**(53,673)**	(56,373)
Net profit after tax for the period	**38,698**	85,641
Retained earnings at the end of the period	**227,975**	243,195

30. DEED OF CROSS GUARANTEE (continued)

	2019 $'000	2018 $'000
Consolidated Statement of Financial Position		
ASSETS		
Current assets		
Cash and cash equivalents	**129,277**	173,927
Trade and other receivables	**326,156**	297,046
Contract assets	**30,566**	33,363
Total current assets	**485,999**	504,336
Non-current assets		
Investments in subsidiaries	**7,872**	7,639
Property, plant and equipment	**106,220**	92,458
Deferred tax assets	**28,021**	32,262
Intangible assets and goodwill	**3,120**	3,120
Other non-current assets	**2,921**	2,806
Total non-current assets	**148,154**	138,285
TOTAL ASSETS	**634,153**	642,621
LIABILITIES		
Current liabilities		
Trade and other payables	**153,318**	128,526
Interest bearing loans and borrowings	**10,868**	7,944
Income tax payable	**198**	7,092
Provisions	**48,693**	83,077
Total current liabilities	**213,077**	226,639
Non-current liabilities		
Interest bearing loans and borrowings	**27,361**	13,027
Provisions	**3,822**	4,561
Total non-current liabilities	**31,183**	17,588
TOTAL LIABILITIES	**244,260**	244,227
NET ASSETS	**389,893**	398,394
EQUITY		
Contributed equity	**128,723**	125,703
Reserves	**33,195**	29,496
Retained earnings	**227,975**	243,195
TOTAL EQUITY	**389,893**	398,394

31. OTHER ACCOUNTING STANDARDS

Other accounting policies

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

With the exception of trade receivables, that do not have a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under AASB 15.

Financial assets at amortised cost

The Group measures financial assets at amortised cost where the objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

Financial assets at fair value

For financial assets at fair value, gains and losses will either be reported in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through OCI.

Gains and losses on financial assets designated at fair value through OCI are not recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Impairment of financial assets

The Group recognises an allowance for ECLs for trade receivables, contract assets and other debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses and recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Definition of default

The Group considers a financial asset to be in default when contractual payments are 90 days past due or when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

Write off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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.

31. OTHER ACCOUNTING STANDARDS (continued)

New and amended Accounting Standards and Interpretations adopted during the year

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 2018.

The Group applies, for the first time, AASB 15 *Revenue from Contracts with Customers* ("AASB 15") and AASB 9 *Financial Instruments* ("AASB 9") and the consequential amendments to other Accounting Standards. In accordance with elections available under these new accounting standards (see below for further details), the new accounting policies are effective from 1 July 2018 and comparative information continues to be prepared in line with the accounting policies as disclosed in the 30 June 2018 Financial Report. The cumulative effect of initially applying the Standards has been recognised as an adjustment to the opening balance of retained earnings.

Other revised Standards and Interpretations which apply from 1 July 2018 did not have any material effect on the financial position or performance of the Group.

AASB 15 Revenue from contracts with customers

AASB 15 supersedes AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with its customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to the customer.

The Group adopted AASB 15 using the modified retrospective method of adoption with the date of initial application being 1 July 2018. Under this approach, the Group has elected to apply the standard only to contracts that are not completed contracts at the initial date of application.

The cumulative impact of applying AASB 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under AASB 118, AASB 111 and related interpretations. On transition, the Group has also elected to use the contract modification practical expedient and applied the expedient to all modifications that occurred before the date of initial application.

The nature of adjustments required on adoption of AASB 15 is as follows:

(a) Variable consideration

Under AASB 15, the transaction price reflects the Group's expectations about the consideration to which it will be entitled to receive from the customer. If the consideration promised in a contract includes a variable amount due to enforceable claims, the Group is obliged to estimate the amount of consideration receivable. Before recognising any amount of variable consideration in the transaction price, the Group is required to consider whether the amount of variable consideration is constrained. To include variable consideration in the estimated transaction price under AASB 15, the Group has to conclude that it is highly probable that a significant revenue reversal will not occur in future periods. Revenue was previously recognised to the extent it was probable that future economic benefits would flow to the Group and was measured at the fair value of consideration received or receivable.

(b) Presentation of contract assets and liabilities

In accordance with AASB 15, when either party to the contract has performed, the Group is required to present a contract in the Statement of Financial Position as a contract asset or contract liability depending on the relationship between the Group's performance and the customer's payment. The Group is obliged to present any unconditional right to payment as a receivable. A contract asset is considered to be unconditional if the right to receive payment is only conditional on the passage of time. Under AASB 111, amounts due from customers were previously included in inventories as construction work in progress.

AASB 9 Financial Instruments

AASB 9 replaces parts of AASB 139 *Financial Instruments: Recognition and Measurement* and brings together three aspects of accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied AASB 9 retrospectively with the initial application date being 1 July 2018. The Group has not restated comparative information which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 has been recognised directly in retained earnings.

The nature of the adjustments is described below:

(a) Classification and measurement

Under AASB 9 debt instruments are subsequently measured at fair value through profit or loss, amortised cost or fair value through other comprehensive income (OCI). The classification is based on two criterion: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

31. OTHER ACCOUNTING STANDARDS (continued)

AASB 9 Financial Instruments (continued)

(a) Classification and measurement (continued)

The assessment of the Group's business model was performed on the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the financial asset.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Group. The Group continued measuring at fair value all financial instruments previously held at fair value under AASB 139. The following are the changes in the classification of the Group's financial assets:

- Trade and other receivables, classified as Loans and Receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 July 2018.
- The listed equity investment at 30 June 2018, previously classified as available-for-sale financial asset, is now classified as an equity instrument designated at fair value through OCI (FVOCI) as this investment was not held for trading.

The changes in classifications have not resulted in any measurement difference on adoption of AASB 9. As a result of the change in classification of the Group's listed equity investment, the Available-for-sale reserve of $821,000 at 1 July 2018 has been reclassified to the Fair value reserve for Financial Assets at FVOCI.

(b) Impairment

The adoption of AASB 9 has also changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Group to recognise an allowance for ECL for all debt instruments not held at fair value through profit and loss and contract assets. For trade receivables and contract assets, the Group has applied the standard's simplified approach and has calculated the expected credit loss based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

As at 1 July 2018, the Group reviewed and assessed the existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the Group concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognised lifetime ECL.

With respect to the Group's on demand and term deposits at 30 June 2018, no material adjustments were required on adoption of the ECL approach. These balances were assessed as having low probability of default as they are either on demand or have relatively short maturity dates and it is the Group's policy that these balances are held with reputable financial institutions with high credit ratings.

With respect to the Group's trade receivables and contract assets, 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. As a result, no material adjustment was required on the adoption of the ECL approach.

The following table shows the changes to the classification of the Groups significant financial assets and liabilities on adoption of AASB 9 at 1 July 2018.

	Original Classification under AASB 139	New Classification under AASB 9	Original Carrying Value $'000	Carrying Value under AASB 9 $'000
Cash and term deposits	Loans and receivables	Amortised cost	208,773	208,773
Equity investments	Available for sale	Designated at fair value through OCI	2,806	2,806
Trade and other receivables	Loans and receivables	Amortised cost	288,371	288,190
Trade and other payables	Financial liabilities at amortised cost	Amortised cost	164,008	164,008
Interest bearing loans and borrowings	Financial liabilities at amortised cost	Amortised cost	20,971	20,971

31. OTHER ACCOUNTING STANDARDS (continued)

Impact on Application

The impact of the application of the new standards are analysed by financial statement line items below.

	Notes	30 June 2018 $'000	AASB 9 Transition Adjustments $'000	AASB 15 Transition Adjustments $'000	Opening Balance 1 July 2018 $'000
Trade and other receivables	3	288,371	(181)	-	288,190
Contract assets	1,2,3	-	(169)	21,304	21,135
Inventories	2	47,200	-	(27,199)	20,001
Deferred tax assets	4	35,304	105	1,768	37,177
Total assets		**688,994**	**(245)**	**(4,127)**	**684,622**
Trade and other payables		164,008	-	-	164,008
Total liabilities		**292,866**	**-**	**-**	**292,866**
Net assets		**396,128**	**(245)**	**(4,127)**	**391,756**
Retained Earnings	1,3,4	238,486	(245)	(4,127)	234,114
Total equity		**396,128**	**(245)**	**(4,127)**	**391,756**

1. Adjustment for variable consideration receivable at the date of initial application of AASB 15. The application of the constraint resulted in a reduction in contract assets of $5,895,000.
2. Adjustment relating to the presentation of Contract assets. Contract assets amounting to $27,199,000 have been reclassified from Inventories (construction work in progress) to Contract assets.
3. Adjustment for additional impairment losses under AASB 9 amounting to $181,000 in respect of Trade receivables and $169,000 in respect of Contract assets.
4. Tax impact of adjustments 1 and 3 above.

There has been no material impact on cash flow or other financial statements items on transition.

31. OTHER ACCOUNTING STANDARDS (continued)

Impact on the consolidated Income Statement and Statement of Financial Position at 30 June 2019 of adopting AASB 15

The following table summarises the impact of adoption of AASB 15 on the Group's Consolidated Income Statement and Statement of Financial Position for the current year in comparison to the results that would have been reported had AASB 15 not been applied.

	As reported $'000	Adjustments $'000	Amounts without adoption of AASB 15 $'000
30 June 2019			
Trade and other receivables	322,849	8,200	331,049
Contract assets	29,661	(29,661)	-
Inventories	4,607	27,356	31,963
Deferred tax assets	34,164	(1,768)	32,396
Total assets	**684,986**	**4,127**	**689,113**
Trade and other payables	184,341	-	184,341
Total liabilities	**290,305**	**-**	**290,305**
Net assets	**394,681**	**4,127**	**398,808**
Retained Earnings	231,006	4,127	235,133
Total equity	**394,681**	**4,127**	**398,808**

For the year ended 30 June 2019, there has been no material impact on profit after tax, other comprehensive income or the consolidated statement of cash flows on transition to AASB 15.

31. OTHER ACCOUNTING STANDARDS (continued)

New accounting standards and interpretations issued but not yet effective

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 2019.

AASB 16 Leases

The application date of AASB 16 for the Group is 1 July 2019. 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.

The Group will adopt AASB 16 using the modified retrospective method, recognising right of use assets equivalent to the lease liability at transition. The Group will elect to use the exemptions allowed for lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The timing of recognition of costs will be brought forward as a result of higher interest expense in the earlier years of the leases.

Based on the current assessment a lease liability with a value of approximately $50 - $60 million will be recognised at 1 July 2019.

An assessment of the impact of other relevant new or amended accounting standards and interpretations set out below has yet to be completed:

Reference	Summary	Application date of standard	Application date for Group
AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	This Standard amends AASB 9 Financial Instruments to permit entities to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature. This is subject to meeting other conditions, such as the nature of the business model relevant to the financial asset. Otherwise, the financial assets would be measured at fair value through profit or loss. The Standard also clarifies in the Basis for Conclusion that, under AASB 9, gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognised in profit or loss.	1 January 2019	1 July 2019
AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures	This Standard amends AASB 128 Investments in Associates and Joint Ventures to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128.	1 January 2019	1 July 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2019

31. OTHER ACCOUNTING STANDARDS (continued)

New accounting standards and interpretations issued but not yet effective (continued)

Reference	Summary	Application date of standard	Application date for Group
AASB 2018-1 Annual Improvements to IFRS Standards 2015-2017 Cycle	The amendments clarify certain requirements in: • AASB 3 Business Combinations and AASB 11 Joint Arrangements - previously held interest in a joint operation • AASB 112 Income Taxes - income tax consequences of payments on financial instruments classified as equity • AASB 123 Borrowing Costs - borrowing costs eligible for capitalisation.	1 January 2019	1 July 2019
AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement	This Standards amends AASB 119 Employee Benefits to specify how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments: • Require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after such an event occurs • Clarify that when such an event occurs, an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.	1 January 2019	1 July 2019
AASB Interpretation 23, and relevant amending standards Uncertainty over Income Tax Treatments	The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: • Whether an entity considers uncertain tax treatments separately • The assumptions an entity makes about the examination of tax treatments by taxation authorities • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • How an entity considers changes in facts and circumstances.	1 January 2019	1 July 2019
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	The Standard amends the definition of a business in AASB 3 Business Combinations. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.	1 January 2020	1 July 2020
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard amends AASB 101 Presentation of Financial Statements and AAS 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	1 January 2020	1 July 2020

31. OTHER ACCOUNTING STANDARDS (continued)

New accounting standards and interpretations issued but not yet effective (continued)

Reference	Summary	Application date of standard	Application date for Group
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. AASB 2015-10 deferred the mandatory effective date (application date) of AASB 2014-10 so that the amendments were required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. AASB 2017-5 further defers the effective date of the amendments made in AASB 2014-10 to periods beginning on or after 1 January 2022.	1 January 2022	1 July 2022

INVESTOR INFORMATION

FOR THE YEAR ENDED 30 JUNE 2019

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current at 9 September 2019.

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	5,444	2,563,212	2.72
1,001 - 5,000	3,749	8,948,378	9.49
5,001 - 10,000	661	4,899,263	5.20
10,001 - 100,000	558	14,082,242	14.93
100,001 Over	38	63,801,392	67.66
Total	10,450	94,294,487	100.00

The number of shareholders holding less than marketable parcels is 346.

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	21,859,684	23.18
2.	J P Morgan Nominees Australia Pty Limited	12,459,827	13.21
3.	Citicorp Nominees Pty Limited	8,578,649	9.10
4.	National Nominees Limited	4,414,556	4.68
5.	BNP Paribas Noms Pty Ltd <DRP>	2,657,925	2.82
6.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	2,129,823	2.26
7.	Velham Nominees Pty Ltd <The Velletri Family A/C>	2,100,000	2.23
8.	Wilmar Enterprises Pty Ltd	1,320,000	1.40
9.	Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	1,078,241	1.14
10.	Rubi Holdings Pty Ltd <John Rubino S/F A/C>	1,022,653	1.08
11.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	821,622	0.87
12.	HSBC Custody Nominees (Australia) Limited-GSCO ECA	500,273	0.53
13.	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	381,286	0.40
14.	Mrs Mary Teresa Erdash	335,000	0.36
15.	Neale Edwards Pty Ltd	324,760	0.34
16.	3rd Wave Investors Ltd	300,000	0.32
17.	Merrill Lynch (Australia) Nominees Pty Limited	233,078	0.25
18.	Borromini Pty Ltd	224,000	0.24
19.	Marsden Holdings (Canberra) Pty Ltd	219,423	0.23
20.	UBS Nominees Pty Ltd	219,241	0.23
Total		61,180,041	64.87

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	6,847,659	7.27
The Vanguard Group Inc. (and its subsidiaries)	4,955,614	5.26
Commonwealth Bank of Australia	4,725,871	5.01

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.

INVESTOR INFORMATION

FOR THE YEAR ENDED 30 JUNE 2019

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at The University Club, University of Western Australia, Crawley, WA on Tuesday 19 November 2019 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
Level 11, 172 St Georges Terrace
Perth Western Australia 6000

Telephone: 1300 364 961 (Australia)
+61 3 9946 4415 (Overseas)

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.

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

Susan Lee Murphy AO
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
EC Projects Pty Ltd (incorporated 3 May 2019)

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