

TOGETHER WE DELIVER.

Annual Report 2015



TOGETHER WE GROW.

OUR PURPOSE

To build, maintain and improve our customers' operations through the reliable delivery of safe, cost effective and customer-focused solutions.

OUR VISION

Monadelphous will achieve long term sustainable growth by being recognised as a leader in its 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.

OUR STRATEGY

Markets and Growth

We aim to maximise growth and returns from our core markets of resources and energy, to broaden our services in those core markets, to expand our presence in infrastructure and to extend core services to overseas locations.

People

We aim to attract, develop and retain the right people who are highly competent, live our values and actively contribute to the long-term, overall success of Monadelphous.

Productivity

We aim to continuously improve our service delivery and support processes to realise cost efficiency and margin improvement.


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 2015 financial year.

References in this Report to 'the year', 'the reporting period' and 'the period' relate to the financial year 1 July 2014 to 30 June 2015, unless otherwise stated. All dollar figures are expressed in Australian currency, unless otherwise stated.

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





MONADELPHOUS
EMPLOYEE
WORKING AT THE
DEHYDRATION
BED, KARRATHA
GAS PLANT,
KARRATHA,
WESTERN
AUSTRALIA

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ABOUT MONADELPHOUS

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

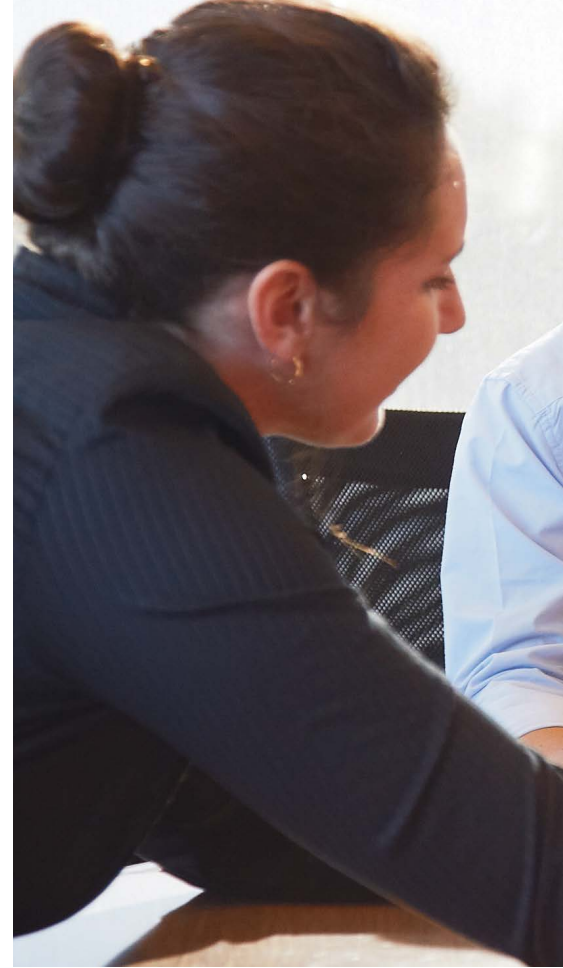
The Company builds, maintains and improves customer operations through safe, reliable, innovative and cost effective service solutions. It aims to be recognised as a leader in its chosen markets and a truly great company to work for, work with and invest in.

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 refocused on maintenance and construction services in the resources industry.



Monadelphous' shares were relisted on the main board of the stock exchange in 1991 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 biggest companies in the resources, energy and infrastructure sectors.

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

1.865\$B

2015 SALES
REVENUE

4,536

PEOPLE AT YEAR END



Images clockwise

Monadelphous employees working together at the Perth head office

Resource Estimator Aaron Brown working at the Dehydration Bed at Karratha Gas Plant, Karratha, Western Australia

Overlooking by-pass module and slug catcher vessel at Spring Gully Pipeline Compression Facility, Roma, Queensland (photo courtesy of Australia Pacific LNG)



OUR OPERATIONS

Monadelphous has two operating divisions, comprising:

Engineering Construction



The Engineering Construction division provides large-scale multidisciplinary project management and construction services. These include fabrication, modularisation, offsite pre-assembly, procurement and installation of structural steel, mechanical and process equipment, piping, plant commissioning, demolition, remediation works and electrical and instrumentation services. The division's core markets are resources, energy and infrastructure.

SinoStruct, a wholly owned subsidiary, which offers a comprehensive fabrication service including project management and innovative logistics, is part of the division.

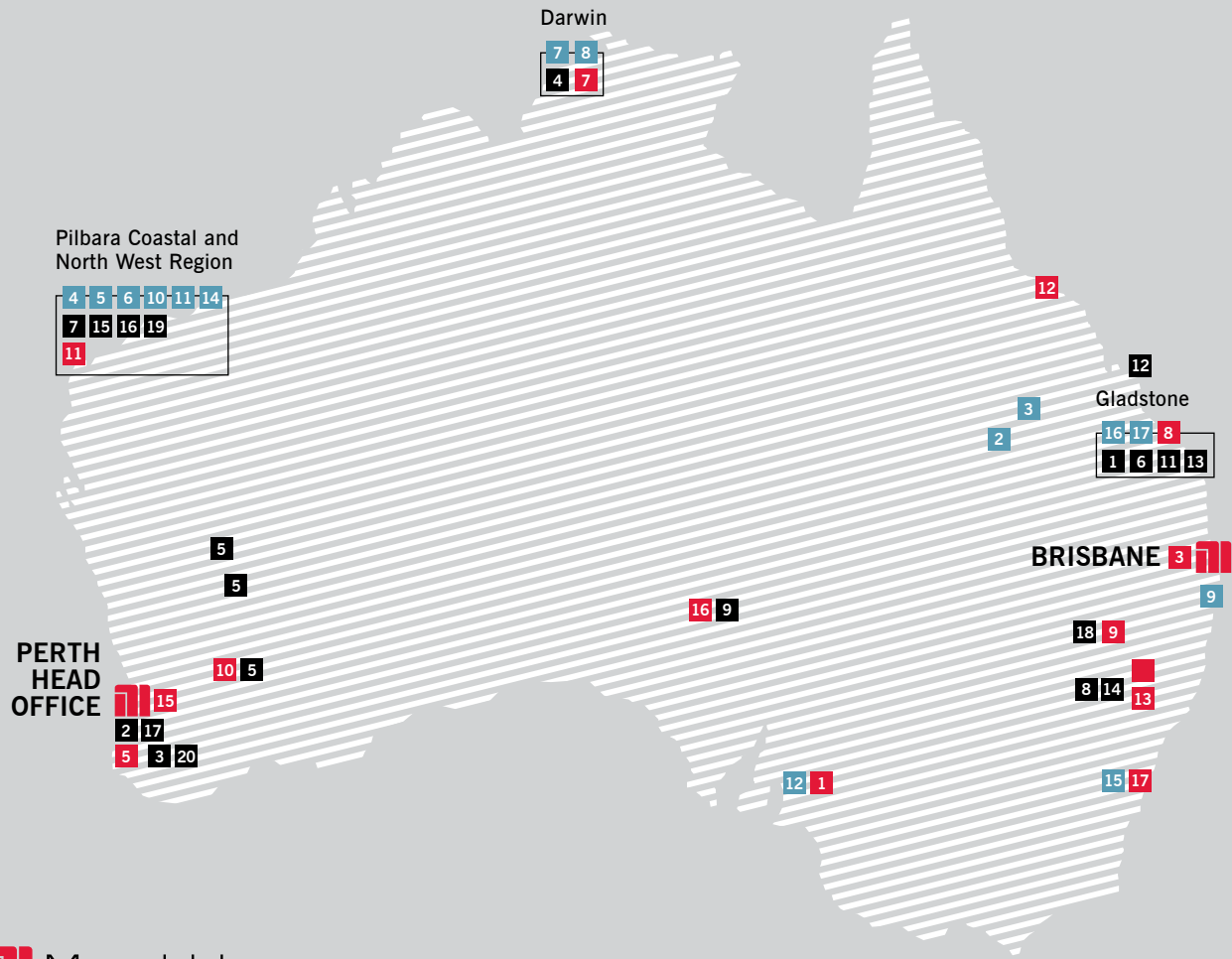
Maintenance and Industrial Services



The Maintenance and Industrial Services division specialises in the planning, management and execution of mechanical and electrical maintenance services, turnarounds, fixed plant maintenance services and sustaining capital works. The division's core markets are resources and energy.

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

OUR SERVICES AND LOCATIONS



- Engineering Construction
- Maintenance and Industrial Services
- Locations



ENGINEERING AND CONSTRUCTION

| PROJECT | COMMODITY | LOCATION |
|--|-----------|----------------------|
| 1 Ashburton Lyndhurst Irrigation Project | Water | Methven, New Zealand |
| 2 Australia Pacific LNG Project | Oil & Gas | Queensland |
| 3 Central Highlands Regional Council East Nogoia Water Treatment Plant | Water | Emerald |
| 4 Wheatstone Ashburton West Pipeline | Oil & Gas | Onslow |
| 5 Fortescue River Gas Pipeline Joint Venture | Oil & Gas | Solomon Hub |
| 6 Gorgon Pipes, Cables and Tubes | Oil & Gas | Barrow Island |
| 7 Ichthys LNG Project - Pipeline for onshore facilities | Oil & Gas | Darwin |
| 8 Ichthys LNG Project - Utility and offsite area works | Oil & Gas | Darwin |
| 9 Oxley Creek Sewage Treatment Plant | Water | Brisbane |
| 10 Port Hedland CD3 Route Upgrade | Iron Ore | Port Hedland |
| 11 Cape Lambert Port B - Dumpers, screen house and associated conveyor and transfer stations | Iron Ore | Cape Lambert |
| 12 SA Water Corporation - General Maintenance contract | Water | Adelaide |
| 13 Barrhill Chertsey Irrigations - Scheme Stage 2 | Water | Methven, New Zealand |
| 14 Sino Iron Project | Iron Ore | Cape Preston |
| 15 Sydney Water Corporation - General Contract | Water | Sydney |
| 16 Wiggins Island Coal Export Terminal - Approach jetty and wharf | Coal | Golding Point |
| 17 Wiggins Island Coal Export Terminal - Supply of fabricated steelwork and commissioning of shiploader. | Coal | Golding Point |

MAINTENANCE AND INDUSTRIAL SERVICES

| CONTRACT | COMMODITY | LOCATION |
|---|-----------------------|--------------------------------|
| 1 Boyne Smelters Ltd Maintenance | Alumina | Gladstone |
| 2 BP Turnarounds and Capital Projects | Oil & Gas | Kwinana |
| 3 Collie Basin Coal Infrastructure (CBCI) | Power | Collie |
| 4 ConocoPhillips Darwin LNG Plant | Oil & Gas | Darwin |
| 5 BHP Billiton Nickel West - Maintenance and Turnaround | Nickel | Kalgoorlie, Leinster, Mt Keith |
| 6 Gladstone Ports Corporation | Coal | Gladstone |
| 7 Gorgon Project Facilities Maintenance | Oil & Gas | Barrow Island |
| 8 Rio Tinto Maintenance and Turnaround | Coal | Hunter Valley |
| 9 BHP Billiton Maintenance and Turnaround | Copper, Uranium, Gold | Olympic Dam |
| 10 Oil Search Limited Field Construction Services | Oil & Gas | Southern Highlands, PNG |
| 11 Queensland Alumina Limited | Alumina | Gladstone |
| 12 Queensland Curtis LNG Project | Oil and Gas | Curtis Island |
| 13 Rio Tinto Alcan Yarwun | Alumina | Gladstone |
| 14 Rio Tinto Coal Maintenance and Turnaround | Coal | Hunter Valley |
| 15 Rio Tinto Iron Ore Maintenance and Turnaround | Iron Ore | Pilbara |
| 16 Rio Tinto Sustaining Capital Works | Iron Ore | North West, WA |
| 17 Tronox KMK Cogeneration Plant Works | Power | Kwinana |
| 18 Whitehaven Coal Mining | Coal | Gunnedah |
| 19 Woodside Maintenance and Turnarounds | Oil & Gas | Karratha |
| 20 Worsley Refinery Project | Alumina | Collie |

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

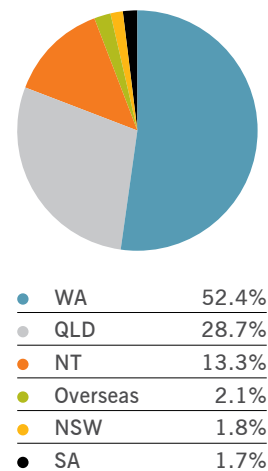
The Company operates major offices in Perth and Brisbane with a network of workshop facilities across Australia.

LOCATIONS

| |
|-------------------------------|
| 1 Adelaide |
| 2 Auckland, New Zealand |
| 3 Brisbane |
| 4 Beijing, China (SinoStruct) |
| 5 Bunbury |
| 6 Christchurch, New Zealand |
| 7 Darwin |
| 8 Gladstone |
| 9 Gunnedah |
| 10 Kalgoorlie |
| 11 Karratha |
| 12 Mackay |
| 13 Mt Thorley |
| 14 Muswellbrook |
| 15 Perth |
| 16 Roxby Downs |
| 17 Sydney |
| 18 Ulaanbaatar, Mongolia |

Work in Western Australia dominated the Company's revenue in 2015, followed by Queensland.

GEOGRAPHY [%]



PERFORMANCE AT A GLANCE

Sales revenue for the year was \$1.865 billion. The result was impacted by a deterioration of market conditions driven by a fall in commodity prices across the resources and energy sectors.



SUMMARY OF 2015 PERFORMANCE

The Company's focus on improving efficiency and productivity largely offset the downward pressure on margins arising from customer cost-reduction programs and an increasingly competitive environment.

Financial

- Sales revenue down 19.9% to \$1.865 billion
- NPAT of \$105.8 million, EBITDA of \$168.0 million
- EPS of 113.9 cents, DPS of 92 cents fully franked
- Robust cashflow from operations of \$117.8 million, conversion rate of 88%

Operations

- Weaker market conditions led to reduced activity levels
- \$450 million of new contracts and contract extensions
- Cost reduction program delivered annualised savings of \$56 million

Markets and Growth

- Expanded water business with acquisition of Water Infrastructure Group
- Strengthened position in coal seam gas (CSG) sector
- Commenced process to establish North American presence

Safety and Wellbeing

- Record safety performance
- Total Case Incident Frequency Rate (TCIFR) improved 3% to 3.16 incidents per million man-hours worked
- Continued focus on safety leadership and risk management

People and Culture

- 4,536 people at year-end
- Consolidation of support and service functions
- Key talent retention rates continue to be strong

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 52.

In addition, the Company's Board of Directors and Executive monitor a broad range of key performance indicators across the business.

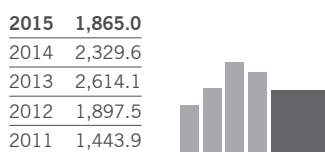


Image Gathering lines feeding into inlet separators on Train 1 of Eurombah Creek Gas Processing Facility, Eurombah, Queensland (photo courtesy of Australia Pacific LNG)

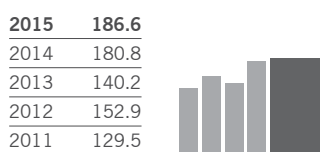
**TCIFR IMPROVED
3% TO 3.16
INCIDENTS PER
MILLION MAN-
HOURS WORKED**



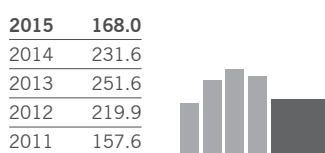
SALES REVENUE [\$ M]



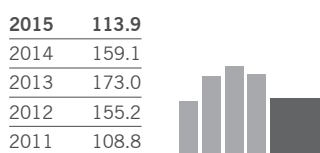
NET CASH POSITION AT JUNE 30 [\$ M]



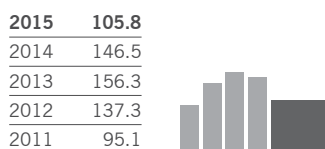
EBITDA# [\$ M]



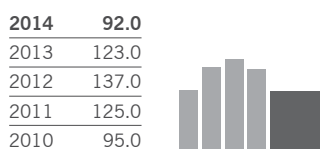
EARNINGS PER SHARE [C]



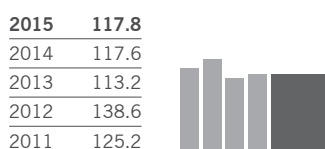
NET PROFIT AFTER TAX [\$ M]



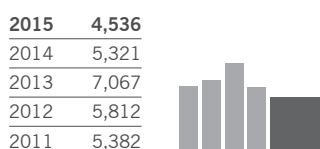
DIVIDENDS PER SHARE [C]



OPERATING CASH FLOW [\$ M]



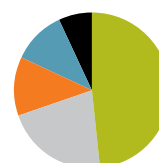
EMPLOYEE NUMBERS*



* Comparatives rebased to exclude Skystar employees.

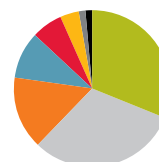
Comparatives restated to reflect a change in accounting policy.

END CUSTOMER [%]



| | |
|----------------|-------|
| Oil & Gas | 48.5% |
| Iron Ore | 21.4% |
| Infrastructure | 12.3% |
| Coal | 11.0% |
| Other Minerals | 6.8% |

SERVICE MARKET [%]



| | |
|--------------|-------|
| SMP* | 31.3% |
| SMP* & E&I** | 31.2% |
| Pipelines | 14.9% |
| O&M*** | 9.7% |
| Marine | 6.4% |
| Water | 3.8% |
| E&I** | 1.4% |
| Fabrication | 1.3% |

SMP* Structural, mechanical and piping
E&I** Electrical and instrumentation
O&M*** Operations and maintenance

CHAIRMAN'S REPORT



Monadelphous undertook a number of initiatives during the year to broaden its services in core markets, further expand into infrastructure and extend core services to overseas locations.

It is with pleasure that I present the 2015 Monadelphous Group Limited Annual Report. Monadelphous achieved a satisfactory performance during the period despite tighter market conditions in the resources and energy sectors.

Sales revenue for the year was \$1.865 billion, down 19.9 per cent on 2013/14. This reflected the further decline in market conditions and the continued focus by customers on reducing capital and operating expenditure. Net profit after tax (NPAT) was \$105.8 million, down 23.6 per cent compared to the underlying [^] result in 2013/14 which excluded a one-off gain from the sale of aviation support services business Skystar Airport Services. Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$168.0 million.

The Company's focus on improving efficiency and productivity largely offset the market driven downward pressure on margins. Earnings per share (EPS) was 113.9 cents.

The Board of Directors declared a final dividend of 46 cents per share fully franked, taking the full-year dividend to 92 cents per share fully franked. The Monadelphous Group Limited Dividend Reinvestment Plan was made available to shareholders for both the interim and final dividends.

Monadelphous' disciplined approach to working capital management ensured the maintenance of a healthy balance sheet. This approach helped the Company achieve

a record net cash position of \$186.6 million at 30 June, and cash flow from operations of \$117.8 million for the year.

The Company reported another record safety performance at 30 June, with a 3 per cent improvement in the total case injury frequency rate.

Challenging market conditions persisted during the year, resulting in reduced activity levels across the business and continued pressure from customers to reduce costs. The company-wide cost reduction program delivered a further reduction in the cost base of the business. A number of initiatives were implemented during the period to protect margins and ensure overheads remain aligned to business activity levels.

The achievements of 2014/15, in a deteriorating market, were only made possible by the dedication and efforts of our people. Monadelphous remains committed to attracting, developing and retaining highly competent people, who live our values and actively contribute to our long-term, overall success.

The Company's total workforce was about 4,500 employees at the end of the year, down 15 per cent. The review and consolidation of support and services functions as part of the cost reduction program contributed to this decrease. Key talent retention rates, however, continue to be strong.

Monadelphous remains committed to long term sustainable growth through maximising returns in its core service markets and securing additional sources of revenue in new markets. The acquisition of Water Infrastructure Group in March 2015 expanded the Company's geographical presence into the New Zealand market, which includes the growing irrigation sector, and provides opportunities in the infrastructure maintenance market within Australia.

In the new financial year and beyond, Monadelphous will look to build on its core capabilities and establish itself in new markets domestically. The Company aims to grow services in water, marine and related infrastructure, and capitalise on integrated engineer, procure and construct (EPC) and multidisciplinary execution

opportunities. The Company will endeavour to develop opportunities in power generation, transmission and distribution.

Internationally, Monadelphous will seek to grow its business in Papua New Guinea and establish a position in the energy market in North America. Other opportunities include globalising the well-established China-based fabrication business and exploring prospects to enter South America and South East Asia.

The Company will continue to drive enhancements in productivity, maintain a healthy balance sheet and deliver sustainable financial performance. It will do this with an ongoing focus in the all-important area of health and safety management.

EXECUTIVE AND MANAGEMENT CHANGES

In November 2014, Zoran Bebic, formerly the Company's Chief Financial Officer, was appointed to the role of Executive General Manager of the Maintenance and Industrial Services division, following the retirement of Arif Erdash. Zoran has been with the company in excess of 22 years and has successfully held a number of corporate and general management roles.

Phil Trueman, previously the Company's General Manager, Human Resources, was appointed Chief Financial Officer. Phil is a Chartered Accountant and has been employed by the Company since 2003.

The Board of Monadelphous extends its gratitude to Arif Erdash for his valued contribution to the Company's successful growth and development and wish him well for his retirement.

Finally, I thank all our stakeholders for their loyalty and support and particularly our people for their dedication, commitment and highly valued contribution.

John Rubino | Chairman

[^] Refer to page 13 for the definition of underlying and reconciliation of related financial information.

MANAGING DIRECTOR'S REPORT



Monadelphous continued to focus on maximising opportunities, improving productivity and reducing costs, implementing a number of initiatives to protect margins and ensure overheads remain aligned to business activity levels.

Monadelphous has capitalised on the opportunities available to it in the resources and energy sectors in recent years. The change in market conditions over the past two years resulted in reduced activity levels across the business and the Company's performance is a reflection of the trends in commodity prices in the resources and energy markets during this period.

The 2014/15 year presented a number of challenges for the Company as a result of further reductions in capital and operating expenditure by customers. Oil and gas construction and maintenance activities accounted for almost 50 per cent of sales revenue.

The achievements in the latest year are a testament to the focus placed throughout the business on maximising opportunities, reducing costs and improving our productivity and financial administration in this challenging environment. This discipline, along with the Company's ongoing diversification efforts, ensured the business adapted to the reduced activity levels while still maintaining its flexibility to respond to future opportunities and challenges.

New contracts and contract extensions valued at \$450 million were secured during the year. This included work secured in new service markets of water and pipelines. Subsequent to the reporting period, the Company announced a further \$430 million in new contracts.

A record rolling 12-month total case injury frequency rate (TCIFR) of 2.81 incidents per million man-hours worked was achieved during the year, before finishing at 3.16. This was an improvement on the previous year. The lost time injury frequency rate (LTIFR) was 0.08 incidents per million man-hours worked, with one incident recorded. An enduring focus on safety leadership and the continued development of processes and systems underlies the Company's improvement in this area.

Employee numbers reduced to 4,536 at 30 June as a number of projects were completed and construction activity slowed.

The Monadelphous Registered Training Organisation continued to provide training and development for employees across the business, with qualified trainers delivering more than 2,700 courses at the Employee Development Centre in Belmont and on project sites. Supervisor development remained a priority, and is a key foundation in ensuring work is completed in a safe, cost effective and productive manner. The Graduate Development Program continues to provide new talent for the business, and is an important part of the development of our future leaders.

Monadelphous' commitment to diversity in the workplace was supported by a number of initiatives. Commitment to our Indigenous employees was highlighted through the development and distribution of an updated Reconciliation Action Plan, our company-wide celebration of NAIDOC Week, and the cultural awareness training sessions delivered to a broad cross-section of our employees. The Company also progressed its measurable objectives on gender diversity to enhance female participation in the workforce.

Cost saving initiatives helped to drive improved productivity during the year. The tight market conditions contributed to the improved availability in the labour talent pool and downward pressure on wages. The Company renegotiated a number of labour agreements during the period.

In response to the reduced activity levels in the business and customers' significant focus on cost reduction, the Company continued its company-wide cost reduction program and implemented a number of key initiatives. These included aligning staffing levels to current business activity, consolidation

across the Company of support and service functions, the renegotiation of office leases and key supply agreements, improved project management practices and the rationalisation and disposal of surplus plant and equipment. Structural changes and consolidation of functions were key contributors to the lower overhead cost.

Over the past two years, the company-wide cost reduction program has delivered cost savings in excess of \$100 million on an annualised basis, with an additional \$56 million of cost 2014/15. This included \$19 million in overhead reductions.

The Company renewed its banking facilities for a further two years on improved pricing and terms and conditions, reflecting the strong long term performance of the business.

ENGINEERING CONSTRUCTION

The Engineering Construction division reported revenue of \$1.25 billion, down 25.5 per cent compared to the previous year. The result reflected the reducing volume of project activity in the resources and energy markets.

Key contracts completed during the year included the Company's first marine contract at the Wiggins Island Coal Export Terminal, in Queensland.

The division also successfully undertook three projects for Australian Pacific LNG in Queensland in the coal seam gas sector and construction of a gas pipeline for the Fortescue River Gas Pipeline Joint Venture at Solomon Hub in the Pilbara, Western Australia (WA).

Other contract activity included mechanical works at the Ichthys LNG Project in Darwin, Northern Territory, Monadelphous' largest ever contract awarded, and a major structural,

56\$M

IN ANNUALISED SAVINGS ACHIEVED THROUGH THE COMPANY-WIDE COST REDUCTION PROGRAM

mechanical and piping package for Sino Iron, at Cape Preston, WA, awarded during the year.

The Water Infrastructure Group (WI Group) business acquired during the year was integrated into the division.

Wiggins Island Coal Export Terminal

In June 2015, Monadelphous announced that MMM, an unincorporated joint arrangement in which Monadelphous holds a 50 per cent interest, will be lodging a counterclaim in the Supreme Court of Queensland in response to a claim filed against Monadelphous by the owners of Wiggins Island Coal Export Terminal Pty Ltd (WICET).

MMM has to date received successful adjudication from the Building and Construction Industry Payment Agency (BCIPA) (a Queensland statutory agency designed to facilitate the adjudication of payments in the construction industry by expert adjudicators) for payments relating to the project totalling approximately \$90 million.

WICET filed a claim relating to the MMM contracts in the Supreme Court of Queensland totalling approximately \$130 million (net of the proceeds of bank guarantees plus general damages, interest and costs), in which it seeks to recover monies, the majority of which include those paid to MMM under BCIPA and variations previously approved by WICET.

Monadelphous rejects WICET's position as outlined in the claim and will vigorously defend the proceedings. Further, it will pursue a counterclaim through MMM in excess of \$200 million to recover costs associated with changes in the scope and nature of the works required to be completed, and the value of bank guarantees drawn down. Monadelphous considers that MMM has good grounds for making such claims.

MAINTENANCE AND INDUSTRIAL SERVICES

The Maintenance and Industrial Services division recorded sales revenue of \$621 million for the year, a 6.4 per cent reduction compared to the previous year. The division worked closely with its customers to reduce

costs and improve productivity, retaining all of its service contracts in an intensely competitive environment.

Major contract activity undertaken during the year included the facilities management services contract at the Chevron Australia operated Gorgon Project on Barrow Island, WA; major turnarounds at the Woodside-operated Karratha Gas Plant and Pluto LNG Facility and at Conoco Phillips' Darwin LNG Plant. In addition to its field construction services work for Oil Search Limited at its oil and gas production and support facilities in Papua New Guinea (PNG), Monadelphous also completed additional project work at the Agogo Production Facility.

Monadelphous continued to build on its strong relationships with key customers. Subsequent to the year end the Company secured a new three-year facilities maintenance services contract associated with the Barrow Island, WA, assets operated by Chevron Australia, for the operation and maintenance of facilities and utilities. The contract includes water and wastewater treatment plants, power generation and distribution systems, as well as the management and maintenance of various buildings, vehicles, plant and equipment.

OUTLOOK

Australian market conditions are expected to remain soft on the back of historically low commodity prices in most sectors of the resources and energy market. Customers will continue to focus on reducing operating costs, improving productivity and restraining capital expenditure. Opportunities for new major construction contracts in the resources and energy sector are likely to remain at reduced levels.

Prospects for maintenance and industrial services are expected to be positive, particularly in the oil and gas sector. Activity is expected to ramp up over the next few years as a number of multi-billion dollar LNG projects move to the operational phase. More broadly, maintenance service activity is expected to normalise following a long period of deferred activity. Monadelphous' leading position in the services market places it in a strong position to capitalise on these opportunities.

Margins will remain under pressure as competition is high for a smaller pipeline of work, with capital expenditure decisions delayed and operating expenditure tightened. The Company will focus on additional initiatives aimed at reducing costs to protect margins and improve sustainability. Further consolidation of the Company's fixed cost base will be a priority.

Monadelphous remains committed to advance its long term market growth strategy and diversification of revenue sources through a number of key initiatives. These include extending engineering capability and broadening services to undertake multidisciplinary projects and provide more cost-effective solutions for customers, as well as expanding the range of industrial services provided to customers.

The Company will seek to strengthen its position in growing infrastructure markets throughout Australia and New Zealand including leveraging the recent acquisition of WI Group. Geographical diversification initiatives will continue, including converting opportunities for China-based fabrication services to international customers, progressing expansion opportunities in PNG and Mongolia and entering the growing oil and gas market in North America.

Importantly, Monadelphous' strong balance sheet provides the capacity to pursue investment opportunities that support these diversification and growth objectives.

Rob Velletri | Managing Director



COMPANY PERFORMANCE

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

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 Restated* | 2012 \$'000 Restated* | 2011 \$'000 Restated* |
|---|------------------|----------------|-----------------------------|-----------------------------|-----------------------------|
| Revenue | 1,869,505 | 2,332,960 | 2,617,459 | 1,904,984 | 1,449,252 |
| Underlying EBITDA [^] | 167,975 | 221,242 | 251,591 | 203,660 | 157,555 |
| Profit before income tax expense | 147,041 | 205,203 | 221,159 | 194,456 | 135,824 |
| Income tax expense | 41,216 | 58,693 | 64,845 | 57,121 | 40,757 |
| Profit after income tax expense | 105,825 | 146,510 | 156,314 | 137,335 | 95,067 |
| Basic earnings per share | 113.91c | 159.05c | 173.03c | 155.24c | 108.84c |
| Interim dividends per share (fully franked) | 46c | 60c | 62c | 50c | 40c |
| Final dividends per share (fully franked) | 46c | 63c | 75c | 75c | 55c |
| Net tangible asset backing per share | 391.75c | 387.22c | 333.45c | 270.34c | 214.54c |
| Total equity and reserves | 368,098 | 362,665 | 308,034 | 245,642 | 193,234 |
| Depreciation | 22,932 | 25,656 | 28,726 | 26,541 | 23,341 |
| Debt to equity ratio | 6.3% | 10.2% | 17.9% | 20.6% | 22.2% |
| Return on equity | 28.7% | 40.4% | 50.7% | 55.9% | 49.2% |
| EBITDA margin | 9.0% | 9.9% | 9.6% | 11.6% | 10.9% |

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

Reconciliation of profit before income tax to underlying EBITDA (unaudited).

| | 2015 \$'000 | 2014 \$'000 |
|--------------------------------|----------------|----------------|
| Profit before income tax | 147,041 | 205,203 |
| Profit on sale of subsidiaries | - | (10,353) |
| Interest expense | 1,701 | 3,101 |
| Interest revenue | (4,478) | (3,371) |
| Depreciation expense | 22,932 | 25,656 |
| Amortisation expense | 779 | 1,006 |
| Underlying EBITDA [^] | 167,975 | 221,242 |

* Certain amounts shown here do not correspond to the amounts disclosed in prior years' Financial Statements and reflect restatements made.

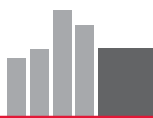
ENGINEERING CONSTRUCTION

The Engineering Construction division, which provides large-scale multidisciplinary project management and construction services, cemented its position in the Queensland coal seam gas (CSG) sector and successfully completed projects throughout a broad range of sectors in resources, energy and infrastructure.

SALES
REVENUE OF
1.25\$B

SALES REVENUE
[\$ M]

| | |
|------|---------|
| 2015 | 1,245.5 |
| 2014 | 1,670.8 |
| 2013 | 1,943.5 |
| 2012 | 1,245.0 |
| 2011 | 1,073.7 |



The division reported sales revenue of \$1.25 billion, down 25.5 per cent, as historically low commodity prices caused a further decline in activity in mining and oil and gas.

Despite challenging conditions and an increasingly competitive environment, \$250 million of new contracts were secured during the year. The contract wins included work in iron ore, water, pipelines, and upstream CSG.

The safety performance of the division was exceptional with no lost-time injury incidents. A number of projects were delivered with a zero total case injury frequency rate (TCIFR) demonstrating Monadelphous' commitment to safety. The Supervisor Safety Leadership Training Program continued, with 98 per cent of supervisors across the division successfully completing the program.

In support of the company-wide cost reduction program, the division's overhead structure was rationalised to ensure alignment with reduced levels of operational activity. Other initiatives included labour productivity improvement and innovation in project execution, as well as the rationalisation and disposal of surplus plant and equipment.

Retention of key talent remained high in spite of reductions in activity levels. A number of experienced employees were transferred between projects to ensure the effective utilisation and retention of skills and experience, as well as provide career development and progression opportunities. The division's investment

in, and development of, future talent continued through the Company's Graduate Development Program.

The Water Infrastructure Group (WI Group) business was successfully integrated into the division during the year. The business has well established customer relationships with councils, utilities and the private sector and supports the Company's long term market diversification strategy.

The division progressed its overseas expansion strategy and commenced a process to establish a presence in North America to pursue opportunities in the shale oil and gas market. Other overseas opportunities being pursued include irrigation prospects in New Zealand, extending core services such as water and pipelines in Papua New Guinea and Canada, and expanding fabrication services to customers internationally.

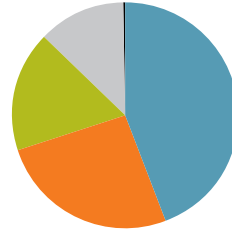
Subsequent to the reporting period, new water and fabrication services contracts were secured.

The first was a contract with Barrhill Chertsey Irrigation Ltd and Electricity Ashburton Limited Joint Venture for the design, construction and commissioning of a 40 km gravity and pressurised piped irrigation scheme for farming properties in Methven, New Zealand. The New Zealand agreement was the first irrigation contract for Monadelphous following the acquisition of WI Group.

HIGHLIGHTS



REVENUE BY END CUSTOMER [%]



| | |
|------------------|-------|
| ● Oil & Gas | 44.3% |
| ● Iron Ore | 25.7% |
| ● Infrastructure | 17.3% |
| ● Coal | 12.5% |
| ● Other | 0.2% |

44%
OIL AND GAS
REVENUES

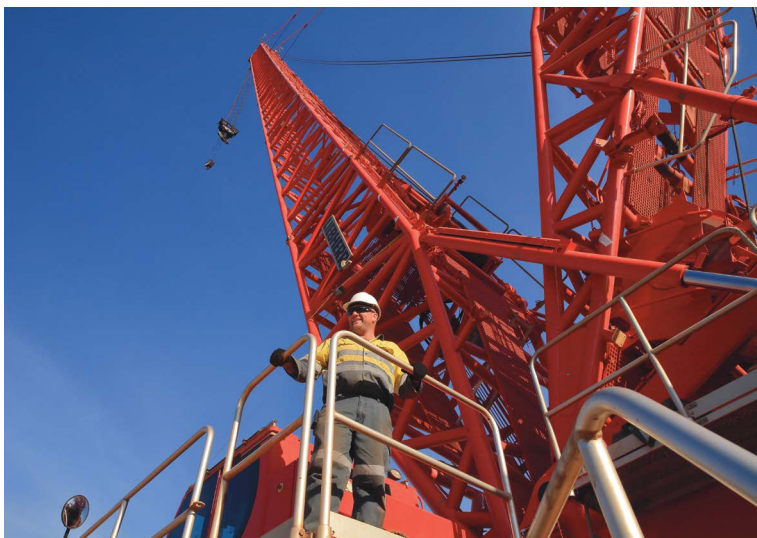
**CEMENTED
POSITION IN
UPSTREAM CSG
MARKET**

100% OF SITES HAD ZERO
LOST TIME INJURIES



Top Overlooking by-pass module and slug catcher vessel at Spring Gully Pipeline Compression Facility, Roma, Queensland (photo courtesy of Australia Pacific LNG)

Bottom Pipe racks, including single weld hook-ups and pup piece installation, Ichthys LNG Project, Darwin, Northern Territory



The second was through the China-based fabrication business SinoStruct, which secured a major contract with Australian Pacific LNG for the supply of wellhead separator skids to be commissioned at various locations in the Surat Basin, Queensland.

RESOURCES

The division was impacted by key iron ore customers significantly reducing capital expenditure levels as a result of the lower activity in the mining and minerals sector.

Major projects undertaken included the structural, mechanical and piping (SMP), installation and commissioning works within Concentrator Lines 3 to 6 of the \$160 million iron ore construction contract at the Sino Iron Project, Cape Preston, Western Australia (WA). The majority of the work, which commenced in July 2014, was on the main magnetic separator, ball mill and secondary magnetic separation facilities.

Work continued on the Rio Tinto Iron Ore Cape Lambert Port B Project, WA. This contract comprised SMP works for the supply and installation of a screen house, two car dumpers and associated conveyor and transfer stations. Safety performance on the project was exceptional with 1.9 million man-hours completed without a recordable injury.

The SMP, electrical and instrumentation (E&I) works on the BHP Billiton CD3R Route Upgrade was successfully completed during the year. The work comprised brownfields SMP and E&I work from Car Dumper 3 to Ship Loader 1 and 2 at Nelson Point, Port Hedland, WA.

Consistent with the Company's markets and growth strategy, the division has progressed with identifying and exploring opportunities under an engineer, procure and construct (EPC) delivery model with early contractor involvement (ECI) on potential new projects.

ENERGY

Work progressed on Monadelphous' largest-ever construction contract at Inpex's Ichthys Onshore LNG Facility in Darwin, Northern Territory (NT). The safety performance on the project to date has been strong and the project is progressing well. The contract includes the SMP works for the offsite and utilities areas of the facility.

Monadelphous has cemented its position in the CSG market with three contracts for Australia Pacific LNG in Queensland, awarded in the previous year. The contracts involved the construction of upstream gas processing and compression facilities associated with the CSG-to-LNG project.

In November 2014, Monadelphous secured a contract with Australia Pacific LNG for the construction of the Spring Gully Pipeline Compression Facility at Roma, in Queensland.

TRANSMISSION PIPELINES

The transmission pipelines business completed two large construction contracts in WA during the year. The first was the Fortescue River Gas Pipeline from Compressor Station 1 on the Dampier to Bunbury Natural Gas Pipeline (DBNGP) to the Fortescue Metals Group-operated Solomon Hub in the Pilbara. The second was the construction of the Wheatstone Ashburton West Pipeline near Onslow to link the Chevron Australia-operated Wheatstone project's domestic gas plant with the DBNGP. Both projects were completed on schedule with strong environmental and safety performances.

Work continued on the EPC contract with JKC on the gas export pipeline for the Ichthys LNG Project Onshore LNG Facility

Image top Monadelphous employee with 600 tonne heavy lift crane utilised to install preassembled tank flare, Ichthys LNG Project, Darwin, Northern Territory

Image right Aerial view of East Nogoia Water Treatment Plant on open day, Emerald, Queensland

in Darwin, NT. The pipelines business continues to explore opportunities overseas as part of its geographical expansion, and aims to enter the growing CSG market in Queensland.

MARINE

Work was completed on the Company's first marine contract, carried out by the MMM joint venture, at the Wiggins Island Coal Export Terminal Project at Gladstone, Queensland.

The scope of work involved the construction of a new coal export wharf, and included a 1.8 km approach jetty and transfer tower platform, 0.5 km wharf structure, wharf conveyor, berthing and mooring dolphins, ship access platforms, a jetty conveyor and transfer tower and shiploader. The project employed more than 1,300 people at its peak and involved in excess of 2.6 million man-hours. A highlight of the project was the final lift and installation of the completed 1,200 tonne shiploader onto the wharf, in September 2014.

WATER

The Monadelphous Water Infrastructure business provides multidisciplinary services in engineering, including design management, construction, commissioning and operations and maintenance. A number of projects were undertaken and completed during the period.

The design and construction of the East Nogoia Water Treatment Plant for the Central Highlands Regional Council in Emerald, Queensland, was completed during the year. The plant processes raw water from the Nogoia River, and supplies potable water to the local community. A key innovation in the project's washwater handling system resulted in a reduced capital cost for the customer.

In November 2014, Monadelphous was awarded a contract for the design, supply, construction and commissioning of the flood-affected stages 1-4 of the Oxley Creek Sewage Treatment Plant in Brisbane for Queensland Urban Utilities.

In March 2015, Monadelphous concluded the purchase agreement with WI Group to acquire the contracts and net assets of its design, build and maintain business.

The acquired business is a leading provider of water infrastructure solutions in Australia and New Zealand and provides Monadelphous with strong capability in water design solutions. It has well established customer relationships with councils, utilities and the private sector and supports the Company's long term market growth strategy through the diversification of revenue sources and geographical expansion into markets in Sydney, Adelaide and New Zealand.

A major contract acquired and currently being undertaken is the design and construction of a 240 km irrigation scheme for Ashburton Lyndhurst Irrigation Limited in Methven, New Zealand.

FABRICATION

SinoStruct continued to bid for new work internationally in North and South America. In July 2015, the business secured a three year contract with two one year extension options to fabricate and supply wellhead separator skids at numerous locations around the Surat Basin, Queensland, for Australia Pacific LNG. The agreement covers all supply and fabrication works as required, inclusive of cattle guards.

This work provides an exciting opportunity for SinoStruct to build long term relationships with its customers and exposes the business to potential new customers and opportunities for supply of wellhead separator skids globally. The wellhead separator skid market in

Australia is expected to reach several thousand over the coming decade.

OUTLOOK

The fall in commodity prices in both resources and energy has led to customers reducing operating costs and cutting back on capital expenditure. Productivity and cost reduction will remain a strong focus for the division and efforts in relation to diversification will increase. Monadelphous will continue to actively pursue opportunities in new service and geographical markets.

In the coming year, the division will focus its efforts to expand its offering to customers through its EPC execution and delivery model. It will continue the expansion of services overseas by entering the growing oil and gas market in North America and endeavouring to secure work and capitalise on overseas pipeline prospects. There is strong interest from overseas customers in modular fabrication supplied by the Company's China-based fabrication business.

Monadelphous will also continue to pursue work on offshore platforms in Australia and overseas, and look to broaden its revenue base by providing services outside traditional core areas. Core water services will be offered to new geographical markets, taking advantage of the newly acquired WI Group business relationships in Australia and New Zealand.



MAINTENANCE AND INDUSTRIAL SERVICES

The Maintenance and Industrial Services division, which specialises in the planning, management and execution of multidisciplinary maintenance services, sustaining capital works and turnarounds, continued to foster strong relationships with key customers and retained all existing contracts despite a competitive environment.

35%
IMPROVEMENT
IN TOTAL
CASE INJURY
FREQUENCY RATE

SALES REVENUE [\$ M]

| | |
|------|-------|
| 2015 | 621.2 |
| 2014 | 663.5 |
| 2013 | 661.7 |
| 2012 | 648.5 |
| 2011 | 401.2 |



The division reported sales revenue of \$621.2 million, down 6.4 per cent, as operating expenditure in both resources and energy declined and customers continued to focus on driving productivity and cost reduction in a market of lower commodity prices.

Competition continues to be strong with downward pressure on margins.

Subsequent to the end of the financial year, \$380 million of contracts were secured. The Company was awarded a new three-year facilities maintenance services contract associated with the Barrow Island, Western Australia (WA), assets operated by Chevron Australia, for the operation and maintenance of facilities and utilities. The contract includes water and wastewater treatment plants, power generation and distribution systems, as well as the management and maintenance of various buildings, vehicles, plant and equipment.

In WA, the division secured a three-year contract with a one-year extension option for the provision of labour for maintenance and turnaround services for South 32 Ltd at Worsley Alumina in Collie. In Queensland, a three-year contract to provide project, maintenance and turnaround works for Queensland Alumina Limited (QAL) in Gladstone and a contract for BM Alliance Coal Operations Pty Ltd to provide maintenance works for a major dragline turnaround at Blackwater Mine in Blackwater, were secured.

A number of successful major LNG turnarounds were completed during the year, including Karratha Gas Plant and Pluto LNG Facility in WA and Darwin LNG in the Northern Territory. More than one thousand people were employed for the three large turnarounds. The division was able to retain a large portion of the workforce to transition between the turnarounds.

Safety continued to be fundamental to the division's performance and success. The division achieved another strong safety result for the year, with 70 per cent of sites recordable-injury free. The total case injury frequency rate (TCIFR) improved 35 per cent to 2.41 incidents per million man-hours worked.

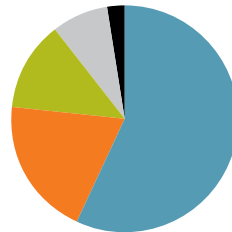
The division's focus on safety was highlighted when it was awarded the highest rating under CHESM (Contractor Health, Environment and Safety Management) from key customer, Chevron Australia. This recognition was a pleasing result for all involved and is evidence of Monadelphous' strong commitment to keeping all its employees safe.

The division continued its efforts to reduce overheads and maximise productivity and maintained a focus on strong financial administration. Further enhancements were made to the division's innovation framework with the launch of a new innovation charter that articulates the commitment and intent to share and implement cost reduction and

HIGHLIGHTS



REVENUE BY END CUSTOMER [%]



| | |
|------------------|-------|
| ● Oil & Gas | 57.0% |
| ● Other Minerals | 19.9% |
| ● Iron Ore | 12.7% |
| ● Coal | 7.9% |
| ● Infrastructure | 2.5% |

THREE MAJOR LNG
TURNAROUNDS
COMPLETED

SALES OF
621.2\$M

CONTINUED FOCUS ON PRODUCTIVITY
THROUGH INNOVATION



Top Resource Estimator Aaron Brown working at the Dehydration Bed at Karratha Gas Plant, Karratha, Western Australia

Bottom Pre-treatment skid at the Agogo Production Facility, CO2 Remediation Project, Papua New Guinea (photo courtesy of Oil Search Limited)

The division has focused on developing and implementing innovative improvements and cost saving initiatives for customers.

improvement initiatives. This initiative will assist customers in their focus to reduce costs and improve productivity.

To further develop and grow the competency of its oil and gas workforce, the division developed and introduced an integrated training and development framework, specifically focusing on oil and gas competencies. The framework encompasses training and assessment of existing and new employees involved in oil and gas projects to ensure the highest quality of service is delivered to customers.

ENERGY

The rapid fall in the oil price during the year impacted the oil and gas sector, with customers assessing their operating expenditure and paying close attention to productivity. The division has focused on developing and implementing innovative improvements and cost saving initiatives for customers.

Major turnarounds were performed successfully at oil and gas facilities, including the Woodside-operated Karratha

Gas Plant and Pluto LNG Facility and ConocoPhillips' Darwin LNG Plant.

In Papua New Guinea, Monadelphous continued to provide field construction services for Oil Search Limited at its oil and gas production and support facilities and completed further project work at the Agogo Production Facility.

It also secured an extension to the facilities management services contract associated with the Gorgon Project operated by Chevron Australia, on Barrow Island, WA. The scope of services includes the operation and maintenance of water and wastewater treatment plants, power generation and distribution systems, as well as the management and maintenance of various buildings, vehicles and equipment. More than 350 people continue to be employed as a result of the contract, which was first secured in 2009. The division also





commenced the ramp up of maintenance services on the Queensland Curtis LNG (QCLNG) plant on Curtis Island following the completion of construction activities.

RESOURCES

The resources sector remained subdued during the year, with customers looking to further reduce costs. The division continued to drive productivity improvements to provide effective cost savings for customers.

Activity included turnaround and maintenance services in WA for Rio Tinto's coastal and inland operations in the Pilbara and BHP Billiton's Nickel West operations in the Goldfields and, in South Australia, multidisciplinary services for BHP Billiton's

Olympic Dam operation at Roxby Downs. A new three-year contract was secured to provide project, maintenance and turnaround works for QAL in Gladstone, Queensland. The new contract extends the relationship with QAL which has seen Monadelphous deliver services at the site since 1990.

OUTLOOK

The environment continues to be challenging, however there will be maintenance and sustaining capital works opportunities, both upstream and downstream, as new oil and gas production assets move from construction into the operational phase. Floating LNG offers other opportunities.

The division will continue with its growth strategy to identify potential new geographical markets and service offerings that leverage the Company's core capability. There will be an ongoing emphasis on efficiency improvement to sustain high levels of customer service and maximise margins.

The Company was awarded a new three-year facilities maintenance services contract associated with the Barrow Island, Western Australia (WA), assets operated by Chevron Australia, for the operation and maintenance of facilities and utilities.

Image left Aerial view of QCLNG Plant, Curtis Island, Queensland

Image top Monadelphous employees working at the Dehydration Bed at Karratha Gas Plant, Karratha, Western Australia

SUSTAINABILITY

Monadelphous is committed to the sustainable development of its business through the effective management of the economic, environmental and social issues and risks encountered by the Company.

Integral to this commitment is maintaining a leadership position in core markets, continuing to develop its markets and growth strategy and maintaining and enhancing the trust and loyalty of customers, employees, communities, shareholders and other stakeholders.

The Company's commitment to a sustainable future is underpinned by principles which shape its culture, business performance and relationship with the environment and communities in which it operates.

In our culture we:

- Deliver what we promise;
- Recognise our people and their collective knowledge, capabilities, values and experience are our most valuable asset and that diversity in our workforce enhances the source of our competitive advantage;
- Undertake actions and decisions that reflect the highest standards of conduct, in accordance with the Company's Code of Conduct;
- Believe that all injuries are preventable and that the Safe Way is the Only Way; and
- Embrace organisational learning.

In our business performance we:

- Take a long-term approach to the management of stakeholder relationships;
- Consistently deliver high quality work and innovative services and products;

- Practice responsible corporate governance;
- Continuously improve operational processes and systems; and
- Deliver strong and consistent financial performance.

In our environment and communities we:

- Show concern for the locations in which we operate; and
- Minimise impacts and disturbances associated with our business activities.

By following these principles, the Company will ensure sustainable development and continue to deliver strong returns to shareholders.

PEOPLE

At Monadelphous, it is recognised that the Company's source of competitive advantage is its people, and its continued success is a reflection of their quality and skills. Monadelphous remains focused on attracting, developing and retaining the right people who are highly competent, live the values and actively contribute to the long term success of the business.

Weaker market conditions in resources and energy sectors and the continued slowdown in construction and maintenance activity across core markets resulted in the Company's total workforce decreasing by 15 per cent during 2014/15 to 4,536 employees at 30 June.

Learning and Development Focus

The retention of key talent remains an important focus area for Monadelphous. The Company recognises the importance of investing in the development of its employees to improve their future productivity and enable career progression. The following programs were undertaken during the period:

Graduate Development Program

The Company's Graduate Development Program continued to provide new talent. Seven new university graduates were recruited and 17 employees successfully completed the Monadelphous graduate program during the year. At the end of 2014/15, the Company had 60 employees enrolled in the program.

Employee Development Centre

The Monadelphous Registered Training Organisation at the Employee Development Centre in Belmont, Western Australia (WA) services employee pre-mobilisation requirements for the Company's projects. It has the capability to provide accredited training across a range of courses applicable to project work. During the year the qualified trainers delivered more than 2,700 courses at the centre and on project sites.



Frontline Management Program

Supervisory development is a key initiative to ensure that Monadelphous' operations are managed in the safest, most cost effective and productive way. Members of the learning and development team work alongside the Company's 212 leading hands, 370 supervisors and 87 superintendents to assess competency, provide training and coach individuals to help them improve their leadership skills.

The Company has 120 supervisors enrolled in an accredited Certificate IV in Frontline Management program which formally recognises their training. Many of the safety leadership components of the program are mandatory for Monadelphous' supervisors.

Emerging Leaders Program

Monadelphous continued its commitment to future leadership with a further intake to our Emerging Leaders Program. Twenty three employees from across the Company were taken through an intensive three-day development program and associated individual coaching during the year.

Succession Planning

Monadelphous remained focused on identifying and retaining top talent. In the year ahead, the Company will place additional focus on succession planning for business-critical roles to ensure it is well invested in its people and prepared for future market conditions. This will

also ensure that the Company has the right number of skilled people fulfilling the right roles to enable it to meet its strategic objectives.

Diversity

Our workforce consists of people with diverse cultures, backgrounds and skills, and this diversity enriches our breadth of knowledge, capability and experience.

Monadelphous is committed to diversity, and manages and recruits based on competence and performance. It believes in the principle of equal opportunity in employment for all people, regardless of any personal attributes such as gender, sexual preference, marital status, pregnancy, family responsibilities, ethnicity, political or religious belief, cultural background, disability and age.

The Company continues to work in accordance with its Reconciliation Action Plan (RAP), which covers the period 2014-2016 and was launched during NAIDOC Week 2014.

The RAP continues the commitment made by Monadelphous to make Indigenous people feel welcome, respected and valued as employees, business partners and members of the community. It brings together a wide range of initiatives in employment, training and partnerships, and formalises a commitment to continue contributing to a sustainable future for Indigenous people.

In addition to holding NAIDOC Week activities at worksites in July 2014, the Company sponsored related activities in Karratha, WA, and in Darwin, Northern Territory (NT).

Monadelphous maintained a stable proportion of Indigenous employees in its workforce. Highlights of our success in this area included representation exceeding 10 per cent of the project workforce at the Sino Iron Project at Cape Preston, WA and engagement of an indigenous engineering student on a cadetship.

Cultural Awareness Training sessions were conducted during the year to ensure Monadelphous employees were provided with the opportunity to continue to build their cultural competency. The popular sessions seek to improve employee understanding of Indigenous customs and their influence at work and in the wider community.

Image left M&IS Executive General Manager Zoran Bebic, Mining Minerals West General Manager Daniel Kennedy and Area Manager Jamie Burgess with Donnybrook's award winning eV vehicle at the Perth office

Image right Fabrication Apprentice Kody Ware from the Karratha Workshop at the launch of Ngarda Radio, Roebourne, Western Australia

The Company has submitted its 2014/15 Workplace Gender Equality Report. A copy of this can be found on the Workplace Gender Equality Agency's website and on the Monadelphous website.

The Company progressed its measurable objectives on gender diversity to enhance female participation in the workforce. These are detailed in the Monadelphous Corporate Governance Statement, which is also on the Company's website.

In 2015/16, the Company will introduce its Diversity Committee made up of a cross section of employees. The committee will meet to discuss and consider a broad range of workplace diversity actions.

SAFETY

The Monadelphous Safety and Wellbeing value whereby all employees actively care for others remains at the forefront of business considerations. Safety has for many years strongly contributed to attracting and retaining quality employees and business partners, and delivering on customers' demand for safety performance excellence. This continued during the year with another strong safety result. Further development activities to sustain improvement continued during 2014/15.

A record rolling 12-month total case injury frequency rate (TCIFR) was attained during the year at 2.81 incidents per million man-hours worked. The Company finished the year with a TCIFR of 3.16, an improvement of 3 per cent on the previous year. The lost time injury frequency rate was 0.08 with just one incident recorded during the year.

TCIFR
3.16
INCIDENTS PER MILLION
MAN-HOURS WORKED.
AN IMPROVEMENT OF 3%

Strong leading indicators reflecting the Company's continued investment in compliance activities, supervision, leadership and culture, have supported its ongoing improvement in lagging indicators and a bottom-line reduction in safety incidents. Supervisor safety and leadership competency development rates reached record levels in the year to support the desired safety culture. Focus on fatal risk areas continued with the implementation of comprehensive controls to further reduce risk.

The investment by Monadelphous in a contemporary incident and safety data management system in the previous year is now reaping rewards with improved reporting and analysis of safety data to support decision making.

Monadelphous has again contributed towards industry development of safety excellence through sponsorship of the Chamber of Minerals and Energy WA Safety and Health Conference. This is the sixth year of support provided to this industry-led event.

COMMUNITY

Monadelphous has a long history of investing in the communities in which it operates and working in partnerships that support the development of these regions. The Company supports its employees in their efforts to live the Monadelphous values through their involvement in initiatives that assist charitable organisations.

The Company is focused on helping to address local needs and priorities. It encourages staff to contribute through participation in community events and provides support to worthy educational institutions and charitable foundations by way of sponsorships and ongoing donations.

Engagement with industry organisations that help Monadelphous in building its future workforce continued through the support of Engineers Australia in Queensland and WA. Monadelphous continues to partner with Australian universities such as the University of Western Australia and Curtin University to support the training and development of the next generation of engineers.

Employees frequently raise funds and volunteer their time in events and activities to assist the communities in which they live and work. Staff raised money for various charitable causes through fundraising activities including RUOK Day and

Moveover, and through participation in a number of events such as the Bridge to Brisbane, Perth City to Surf and the Ride to Conquer Cancer.

Monadelphous sponsored various local initiatives including students at Donnybrook District High School in the Perth electric vehicle challenge and the launch of local community Ngarda radio in Roebourne, WA. The Company continued its support of disadvantaged families through The Smith Family and Foodbank Christmas appeals, and contributed to protecting the environment by participating in Clean Up Australia Day.

Monadelphous also supported Oil Search Limited's initiative to support the elimination of violence against women in Papua New Guinea, and contributed funds towards the management of a women's safe house in the country's Highlands.

ENVIRONMENT

The Company is committed to minimising the impact of its activities on the environment by identifying and mitigating risks to the natural environment and community heritage.

Continuing with the strong environmental performance of previous years, no serious environmental incidents were reported during the year. Monadelphous continued to voluntarily monitor and report its carbon emissions data through the Carbon Disclosure Project. The Company's total carbon emissions remain under the threshold for legislative reporting. In 2014/15, total emissions and Scope 1 and 2 emissions (National Greenhouse and Energy Reporting Act) are on track to reduce compared to the previous year.

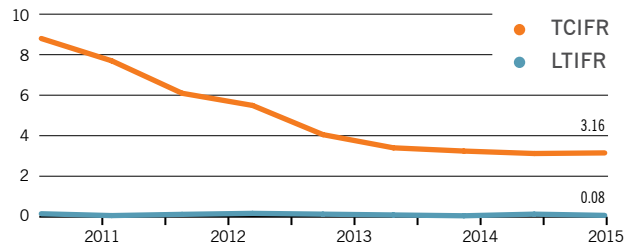
Monadelphous often undertakes work in sensitive environmental locations. During the year, the Company completed contracts at the Wiggins Island Coal Export Terminal Project at Gladstone, Queensland, adjacent to the World Heritage Listed Great Barrier Reef, and pipeline works for the Chevron-operated Gorgon Project's CO₂ injection operations on Barrow Island, WA, which is a Class A Nature Reserve. No serious environmental events occurred during construction and positive customer feedback was received in relation to the Company's environmental performance.

At a Monadelphous storage yard in Port Hedland, an osprey, built a nest on the bridle of a Monadelphous 400 tonne crawler crane



HIGHLIGHTS

INJURY FREQUENCY RATES*



* 12-month rolling average (per million man-hours worked).

**CONTINUED
FOCUS ON SAFETY
LEADERSHIP**

**ANOTHER
STRONG SAFETY
PERFORMANCE**

during the year. The osprey is a protected species. The Monadelphous heavy lift team obtained the necessary permits, confirmed no eggs were present in the nest and carefully lowered the boom to remove the nest.

During works on the Oxley Creek Sewage Treatment Plant in Brisbane, the Monadelphous team identified a large turtle in one of the settling tanks. The RSPCA was contacted and the team planned the rescue. The turtle was raised through a box system to reduce handling stress. It was taken by the RSPCA to be checked, cleaned, x-rayed and given a clean bill of health before being released into the nearby river system.

The recording and management of fauna, through rescue and relocation, during construction of the Fortescue River Gas Pipeline and Wheatstone Ashburton West Pipeline projects across the Pilbara, resulted in a total in excess of 5,000 individual animal interactions.

Monadelphous changed its operating system to Office 365 during the year, enabling optimisation of cloud-based programs and further reducing reliance on paper-based outputs.

With continued focus on climate change within the Australian and world communities, Monadelphous has introduced new measures and targets for carbon emissions and energy-use reduction. Initiatives in these areas are expected to deliver efficiency and cost reduction in 2015/16.

GOVERNANCE

The Board of Directors of Monadelphous Group Limited is responsible for establishing the Company's corporate governance framework having regard to the ASX Corporate Governance Council Principles and Recommendations. The Board guides and monitors the business and affairs of Monadelphous on behalf of the

shareholders, by whom they are elected and to whom they are accountable. The Company has in place charters, policies and procedures which support the framework to ensure a high standard of governance is maintained.

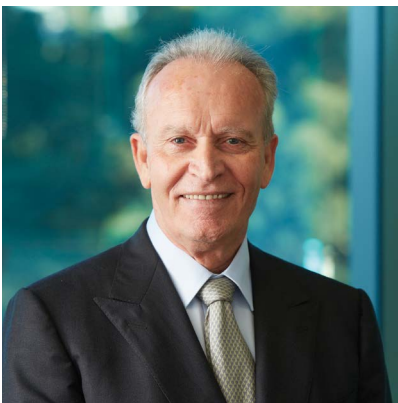
For Monadelphous' full Corporate Governance Statement, Board and Sub-Committee charters and the Company's governance policies, please refer to the Company's website.

Monadelphous has a long history of investing in the communities in which it operates.



Image Supervisor Stephen Bishop and Fitter Jay Bruce working on the Train 3 turnaround at Karratha Gas Plant, Karratha, Western Australia

BOARD OF DIRECTORS



JOHN RUBINO
Chairman

John was appointed to the Board on 18 January 1991. Initially serving as Managing Director and Chairman, John resigned as Managing Director on 30 May 2003 and continued as Chairman. John has 49 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 is a Mechanical Engineer with 36 years of experience in the construction and engineering services industry. Rob 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. He is a Civil Engineer with 43 years of experience in the construction and engineering services industry. Peter is a Fellow of the Institution of Engineers, Australia.

TOGETHER WE LEAD THE WAY



CHRIS MICHELMORE
Independent Non-Executive Director

Chris was appointed to the Board on 1 October 2007. He has 43 years of experience in the construction and engineering services industry throughout Australia, South East Asia and the Middle East. Chris is a Civil and Structural Engineer and a Fellow of the Institution of Engineers, Australia.



DIETMAR VOSS
Independent Non-Executive Director

Dietmar was appointed to the Board on 10 March 2014. He has 41 years of experience in the oil and gas, and mining and minerals industries throughout Australia, the US, Europe, the Middle East and Africa. Dietmar is a Chemical Engineer and has completed a Masters of Business Administration, in addition to a law degree.

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Image Monadelphous employees installing structural steel at the Sino Iron Project at Cape Preston

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2015.

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 49 years experience in the construction and engineering services industry Also a director of one other publicly listed entity, Tech Mpire Limited (formerly Fortunis Resources Limited) (ASX: TMP) – appointed 20 March 2012, resigned 29 June 2015 |
| Robert Velletri Managing Director | Appointed 26 August 1992 Mechanical Engineer, Corporate Member of Engineers Australia Appointed as Managing Director on 30 May 2003 36 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 43 years experience in the construction and engineering services industry Also a non-executive director of the following other publicly listed entities, Service Stream Limited (ASX: SSM) – appointed 1 November 2010 and Becton Property Group Limited (ASX: BEC) – appointed 25 July 2008, resigned 26 February 2013 |
| Christopher Percival Michelmore Independent Non-Executive Director | Appointed 1 October 2007 Civil Engineer, Fellow of Engineers Australia Member Institution of Structural Engineers, UK 43 years experience in the construction and engineering services industry |
| Dietmar Robert Voss Independent Non-Executive Director | Appointed 10 March 2014 Chemical Engineer 41 years experience in the oil and gas, and mining and minerals industries |

COMPANY SECRETARIES

| | |
|---|--|
| Zoran Bebic Company Secretary and Chief Financial Officer | Appointed 24 August 2009, resigned 8 December 2014 Certified Practising Accountant, Member of CPA Australia 22 years experience in the construction and engineering services industry |
| Philip Trueman Company Secretary and Chief Financial Officer | Appointed 21 December 2007 Chartered Accountant, Member Chartered Accountants Australia and New Zealand and the South African Institute of Chartered Accountants 15 years experience in the construction and engineering services industry |
| Kristy Glasgow Company Secretary | Appointed 8 December 2014 Chartered Accountant, Member Chartered Accountants Australia and New Zealand 10 years experience in the construction and engineering services industry |

DIRECTORS' REPORT

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

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

| | Ordinary Shares | Options over Ordinary Shares |
|------------------|--------------------|---------------------------------|
| C. G. B. Rubino | 2,022,653 | Nil |
| R. Velletri | 2,100,000 | 200,000 |
| P. J. Dempsey | 78,000 | Nil |
| C. P. Michelmore | 31,753 | Nil |
| D. R. Voss | 2,852 | Nil |

EARNINGS PER SHARE

| | Cents |
|----------------------------|--------|
| Basic Earnings Per Share | 113.91 |
| Diluted Earnings Per Share | 113.91 |

DIVIDENDS

| | Cents | \$'000 |
|---------------------------------|-------|--------|
| Final dividends declared | | |
| – on ordinary shares | 46.00 | 42,869 |
| Dividends paid during the year: | | |
| <i>Current year interim</i> | | |
| – on ordinary shares | 46.00 | 42,779 |
| <i>Final for 2014</i> | | |
| – on ordinary shares | 63.00 | 58,462 |

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 18 in the financial report).

The registered office of Monadelphous Group Limited is located at:

59 Albany Highway
Victoria Park
Western Australia 6100

DIRECTORS' REPORT

CORPORATE INFORMATION (continued)

Nature of operations and principal activities

Engineering Services

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

Services provided include:

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

General

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

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

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

Employees

The consolidated entity employed 4,536 employees as of 30 June 2015 (2014: 5,321 employees).

OPERATING AND FINANCIAL REVIEW

Review

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

| Operating results for the year | 2015 \$'000 | 2014 \$'000 |
|---------------------------------|----------------|----------------|
| Revenue from services | 1,865,027 | 2,329,589 |
| Profit after income tax expense | 105,825 | 146,510 |

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

Contract awards

On 31 July 2015 Monadelphous announced it had been awarded new construction and maintenance contracts for customers in the resources, energy and infrastructure markets, with a combined value of approximately \$130 million. The contracts included:

- A three-year contract to provide project, maintenance and shutdown works for Queensland Alumina Limited in Gladstone, Queensland.
- A three-year contract with two one-year extension options for Australia Pacific LNG Pty Ltd for the fabrication and supply of wellhead separator skids to be commissioned at various locations around the Surat Basin, Queensland. This contract is with SinoStruct, Monadelphous' China fabrication business.
- A contract with the Barrhill Chertsey Irrigation Limited and Electricity Ashburton Limited Joint Venture for the design, construction and commissioning of a 40 km long, gravity and pressurised piped irrigation scheme for farming properties in Methven, New Zealand.
- A three-year contract with a one-year extension option for the provision of labour services for South32 Worsley Alumina Pty Ltd at Worsley Alumina in Collie, Western Australia.
- A contract with BM Alliance Coal Operations Pty Ltd to provide maintenance works for a major dragline shutdown at Blackwater Mine in Blackwater, Queensland.

On 17 August 2015 Monadelphous announced it had been awarded a new three-year facilities maintenance services contract associated with the Barrow Island assets operated by Chevron Australia Pty Ltd ("Chevron"). The contract is for the operation and maintenance of facilities and utilities, and includes water and wastewater treatment plants, power generation and distribution systems, as well as the management and maintenance of various buildings, vehicles, plant and equipment.

Dividends declared

On 17 August 2015, the directors of Monadelphous Group Limited declared a final dividend on ordinary shares in respect of the 2015 financial year. The total amount of the dividend is \$42,869,313 which represents a fully franked final dividend of 46 cents per share. This dividend has not been provided for in the 30 June 2015 financial statements. The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the dividend.

Other than the items noted above, there are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Refer to the Chairman's report for information regarding the likely developments and future results.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

The Company strives to continually improve its environmental performance.

DIRECTORS' REPORT

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 2,105,000 unissued ordinary shares under options as follows:

- 1,620,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of \$17.25. The options expire between 9 September 2015 and 14 September 2015.
- 20,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of \$19.31. The options expire between 9 September 2015 and 14 September 2015.
- 375,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of \$19.70. The options expire between 9 September 2015 and 14 September 2016.
- 90,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of \$17.05. The options expire between 14 September 2015 and 14 September 2017.

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

Shares issued as a result of the exercise of options

During the financial year, employees and directors have exercised 210,500 options at a weighted average exercise price of \$14.84. As a result of the exercise of 210,500 options, 118,440 new fully paid ordinary shares were issued.

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

The total amount of insurance contract premiums paid during the financial year was \$258,545 (2014: \$77,923).

INDEMNIFICATION OF AUDITORS

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

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 30 June 2015 outlines the Key Management Personnel remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

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

Details of Key Management Personnel

(i) Directors

| | |
|------------------|---|
| C. G. B. Rubino | Chairman |
| R. Velletri | Managing Director |
| P. J. Dempsey | Lead Independent Non-Executive Director |
| C. P. Michelmore | Independent Non-Executive Director |
| D. R. Voss | Independent Non-Executive Director |

(ii) Executives

| | |
|------------|--|
| D. Foti | Executive General Manager, Engineering Construction |
| A. Erdash | Executive General Manager, Maintenance & Industrial Services (resigned 21 November 2014) |
| Z. Bebic | Executive General Manager, Maintenance & Industrial Services |
| P. Trueman | Chief Financial Officer and Company Secretary (appointed 21 November 2014) |

Remuneration Philosophy

The performance of the Company depends 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 high calibre executives, and the linking of executive rewards to shareholder value, in its remuneration framework.

Remuneration Committee

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

The remuneration committee utilises remuneration survey data compiled by a recognised remuneration research organisation across a range of industries and geographic regions. The salary survey data is updated every 6 months and is used to assess the appropriateness of the nature and amount of remuneration of directors and the executive management team. This assessment is made with reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

In determining the levels of remuneration of directors and executives, the remuneration committee takes into consideration the performance of the Group, business unit and the individual.

Remuneration Structure

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

DIRECTORS' REPORT

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. An amount not exceeding the amount determined is then divided between the directors based on their experience, contributions to the Company and the prevailing market conditions. The most recent determination was at the Annual General Meeting held on 20 November 2014 when shareholders approved an aggregate remuneration of \$600,000 in the 'not to exceed sum' paid to non-executive directors.

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

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

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

The remuneration of non-executive directors for the period ending 30 June 2015 is detailed in Table 1 on page 38 of this report.

Executive remuneration

Objective

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

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

Structure

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

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

The proportion of fixed remuneration and variable remuneration is established for each member of the executive management team by the remuneration committee. Tables 1 and 2 on pages 38 and 39 of this report detail the proportion of fixed and variable remuneration for each of the executive directors and the members of the executive management team of the Company.

Fixed remuneration

Objective

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

Fixed remuneration is reviewed annually by the remuneration committee and the process consists of a review of company-wide, business unit and individual performance and relevant comparative remuneration in the market and internally.

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.

Structure

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

The fixed remuneration component of the executives of the Company is detailed in Tables 1 and 2 on pages 38 and 39 of this report.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Executive remuneration (continued)

Variable remuneration – Short term incentive (STI)

Objective

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

Structure

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

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

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

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

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

The overall performance rating for the Company was not at a level to result in the award of the STI for the 2014 or 2015 financial year. No amounts were paid or are payable in relation to Key Management Personnel.

Variable remuneration – Long term incentive (LTI)

Objective

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

Structure

LTI grants to executives are delivered at the discretion of the remuneration committee in the form of options. The individual performance rating of each executive and the annual cost to the Company, on an individual basis, of any issue is taken into account when determining the amount, if any, of options granted. No Directors or Key Management Personnel received options during the year ended 30 June 2015. 75,000 options were forfeited by Key Management Personnel during the year. All executives are eligible to participate in the Monadelphous Group Limited Employee Option Plan.

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

25% 2 years after the options were issued

25% 3 years after the options were issued

50% 4 years after the options were issued

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

Hedging of equity awards

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

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Executive remuneration (continued)

Proposed incentive plan for 30 June 2016

Over the past 12 months, Monadelphous has undertaken a review of its STI and LTI programs for KMP and other employees, to identify the most appropriate incentive plan that is best aligned to the creation of shareholder wealth.

The Board is considering the conversion of the current separate STI and LTI programs into a simplified combined incentive model that rewards past performance of both the Company and the employee, continues to act as a retention mechanism and motivates the employee to grow the Company through long term share ownership, thereby aligning the incentive model with the interests of shareholders in an optimal manner.

Proposed awards under the plan will be comprised of cash and performance rights (effectively zero priced options) which convert to shares over a vesting period. Service period and disposal restrictions will be incorporated within the plan to ensure employee retention and long term share ownership. In order to drive shareholder value any rewards provided will be based on the performance of the Company and will be comparable to the current STI and LTI plans.

Performance targets will include measures that are linked to the achievement of Company strategy.

Awards may be granted annually, to allow flexibility and alignment to the business cycle and prevailing market environment, and will be at the Board's discretion.

It is expected that the new model will take effect for the performance year ending 30 June 2016.

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:

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 | 2012 \$'000 | 2011 \$'000 |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Profit after income tax expense | 105,825 | 146,510 | 156,314 | 137,335 | 95,067 |
| Basic earnings per share | 113.91c | 159.05c | 173.03c | 155.24c | 108.84c |
| Share Price | \$9.37 | \$15.71 | \$16.14 | \$21.86 | \$18.40 |

A review of the Company's performance and returns to shareholders over the last five years has been provided on page 13 of this report.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of Key Management Personnel

Table 1: Remuneration for the year ended 30 June 2015

| | Short Term Benefits | | | Post Employment | | Long Term Benefits | Share-Based Payments | | Total | Total Performance Related % | Total Options Related % |
|--|---------------------|-----------------|-------------|--------------------|------------------------|-----------------------|---|--------------------|------------------|-----------------------------|-------------------------|
| | Salary & Fees \$ | Non Monetary \$ | Cash STI \$ | Super-annuation \$ | Retirement Benefits \$ | Long Service Leave \$ | Total excluding Share Based Payments \$ | Options LTI \$ | | | |
| <i>Non-Executive Directors</i> | | | | | | | | | | | |
| P. J. Dempsey | 124,201 | 4,446 | – | 11,799 | – | – | 140,446 | – | 140,446 | – | – |
| C. P. Michelmore | 107,777 | 3,858 | – | 4,848 | – | – | 116,483 | – | 116,483 | – | – |
| D. R. Voss | 106,604 | 3,817 | – | 10,127 | – | – | 120,548 | – | 120,548 | – | – |
| Subtotal Non-Executive Directors | 338,582 | 12,121 | – | 26,774 | – | – | 377,477 | – | 377,477 | – | – |
| <i>Executive Directors</i> | | | | | | | | | | | |
| C. G. B. Rubino | 418,717 | 14,740 | – | 18,783 | – | 10,894 | 463,134 | – | 463,134 | – | – |
| R. Velletri | 964,275 | 40,778 | – | 18,783 | – | 31,103 | 1,054,939 | (539,655) | 515,284 | (104.73) | (104.73) |
| Subtotal Executive Directors | 1,382,992 | 55,518 | – | 37,566 | – | 41,997 | 1,518,073 | (539,655) | 978,418 | (55.16) | (55.16) |
| <i>Other Key Management Personnel</i> | | | | | | | | | | | |
| D. Foti | 700,303 | 29,430 | – | 18,783 | – | 26,388 | 774,904 | (290,387) | 484,517 | (59.93) | (59.93) |
| A. Erdash * | 472,540 | 21,197 | – | 14,449 | – | 8,548 | 516,734 | (174,232) | 342,502 | (50.87) | (50.87) |
| Z. Bebic | 518,505 | 22,038 | – | 18,783 | – | 26,468 | 585,794 | (174,232) | 411,562 | (42.33) | (42.33) |
| P. Trueman ^ | 224,371 | 9,547 | – | 10,837 | – | 10,787 | 255,542 | – | 255,542 | – | – |
| Subtotal Other Key Management Personnel | 1,915,719 | 82,212 | – | 62,852 | – | 72,191 | 2,132,974 | (638,851) | 1,494,123 | (42.76) | (42.76) |
| Total | 3,637,293 | 149,851 | – | 127,192 | – | 114,188 | 4,028,524 | (1,178,506) | 2,850,018 | (41.35) | (41.35) |

* A. Erdash ceased to meet the definition of Key Management Personnel on 21 November 2014 following his resignation from the Company. Remuneration receivable for the period up to the date of resignation is disclosed in Table 1.

^ P. Trueman met the definition of Key Management Personnel from 21 November 2014 following his appointment as a Chief Financial Officer. Remuneration in Table 1 is remuneration from the date of his appointment.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of Key Management Personnel (continued)

Table 2: Remuneration for the year ended 30 June 2014

| | Short Term Benefits | | | Post Employment | | Long Term Benefits | Share-Based Payments | | Total | Total Performance Related % | Total Options Related % |
|--|---------------------|-----------------|-------------|--------------------|------------------------|-----------------------|---|----------------|------------------|-----------------------------|-------------------------|
| | Salary & Fees \$ | Non Monetary \$ | Cash STI \$ | Super-annuation \$ | Retirement Benefits \$ | Long Service Leave \$ | Total excluding Share Based Payments \$ | Options LTI \$ | | | |
| <i>Non-Executive Directors</i> | | | | | | | | | | | |
| P. J. Dempsey | 121,101 | 1,425 | – | 11,202 | – | – | 133,728 | – | 133,728 | – | – |
| C. P. Michelmore | 110,000 | 1,294 | – | – | – | – | 111,294 | – | 111,294 | – | – |
| D. R. Voss * | 22,469 | 264 | – | 2,134 | – | – | 24,867 | – | 24,867 | – | – |
| I. Tollman ^ | 46,667 | 549 | – | – | – | – | 47,216 | – | 47,216 | – | – |
| Subtotal Non-Executive Directors | 300,237 | 3,532 | – | 13,336 | – | – | 317,105 | – | 317,105 | – | – |
| <i>Executive Directors</i> | | | | | | | | | | | |
| C. G. B. Rubino | 436,419 | 4,707 | – | 17,775 | – | 7,966 | 466,867 | – | 466,867 | – | – |
| R. Velletri | 898,589 | 16,633 | – | 17,775 | – | 17,809 | 950,806 | 391,064 | 1,341,870 | 29.14 | 29.14 |
| Subtotal Executive Directors | 1,335,008 | 21,340 | – | 35,550 | – | 25,775 | 1,417,673 | 391,064 | 1,808,737 | 21.62 | 21.62 |
| <i>Other Key Management Personnel</i> | | | | | | | | | | | |
| D. Foti | 701,209 | 11,774 | – | 17,775 | – | 13,872 | 744,630 | 209,729 | 954,359 | 21.98 | 21.98 |
| A. Erdash | 480,154 | 11,015 | – | 17,775 | – | 15,522 | 524,466 | 125,837 | 650,303 | 19.35 | 19.35 |
| Z. Bebic | 466,566 | 8,511 | – | 17,775 | – | 8,730 | 501,582 | 125,837 | 627,419 | 20.06 | 20.06 |
| Subtotal Other Key Management Personnel | 1,647,929 | 31,300 | – | 53,325 | – | 38,124 | 1,770,678 | 461,403 | 2,232,081 | 20.67 | 20.67 |
| Total | 3,283,174 | 56,172 | – | 102,211 | – | 63,899 | 3,505,456 | 852,467 | 4,357,923 | 19.56 | 19.56 |

* D. R. Voss met the definition of Key Management Personnel from 10 March 2014 following his appointment as a Director. Remuneration in Table 2 is remuneration from the date of his appointment.

^ I. Tollman ceased to meet the definition of Key Management Personnel on 31 January 2014 following his resignation from the Company. Remuneration receivable for the period up to the date of resignation is disclosed in Table 2.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of Key Management Personnel (continued)

Table 3: Compensation options: Granted during the year ended 30 June 2015

During and year ended 30 June 2015, no options were granted as equity compensation benefits to Key Management Personnel.

Table 4: Compensation options: Granted during the year ended 30 June 2014

During the year ended 30 June 2014, no options were granted as equity compensation benefits to Key Management Personnel.

Table 5: Shares issued on exercise of compensation options during the year ended 30 June 2015

During the year ended 30 June 2015, no shares were issued on exercise of compensation options by Key Management Personnel.

Additional disclosures relating to options and shares

Table 6: Option holdings of Key Management Personnel

| Options held in Monadelphous Group Limited | Balance at Beginning of Period 1 July 2014 | Granted as Remuneration | Options Vested and Lapsed # | Net Change Other | Balance at End of Period 30 June 2015 |
|--|--|-------------------------|-----------------------------|------------------|---------------------------------------|
| Directors | | | | | |
| C. G. B. Rubino | – | – | – | – | – |
| R. Velletri | 300,000 | – | (100,000) | – | 200,000 |
| P. J. Dempsey | – | – | – | – | – |
| C. P. Michelmore | – | – | – | – | – |
| D. R. Voss | – | – | – | – | – |
| Executives | | | | | |
| D. Foti | 187,500 | – | (62,500) | – | 125,000 |
| A. Erdash* | 112,500 | – | (37,500) | (75,000) | – |
| Z. Bebic | 112,500 | – | (37,500) | – | 75,000 |
| P. Trueman [^] | – | – | – | 45,000 | 45,000 |
| Total | 712,500 | – | (237,500) | (30,000) | 445,000 |

* A. Erdash ceased to meet the definition of Key Management Personnel on 21 November 2014 following his resignation from the Company. Net change other represents options granted in 2011 which were forfeited on resignation.

[^] P. Trueman met the definition of Key Management Personnel from 21 November 2014 following his appointment as Chief Financial Officer. Net change other represents options held on date of appointment as Chief Financial Officer.

During the year ended 30 June 2015, 237,500 compensation options held by Key Management Personnel vested but were not exercised. These options lapsed on 30 September 2014. The value of options lapsed during the year was \$nil.

No options held by Key Management Personnel at 30 June 2015 had vested or were exercisable at that date.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Additional disclosures relating to options and shares (continued)

Table 7: Shareholdings of Key Management Personnel

| <i>Shares held in Monadelphous Group Limited</i> | Balance at Beginning of Period 1 July 2014 | Granted as Remuneration | On Exercise of Options | Net Change Other | Balance at End of Period 30 June 2015 |
|--|--|-------------------------|------------------------|------------------|---------------------------------------|
| Directors | | | | | |
| C. G. B. Rubino | 2,022,653 | – | – | – | 2,022,653 |
| R. Velletri | 2,100,000 | – | – | – | 2,100,000 |
| P. J. Dempsey | 78,000 | – | – | – | 78,000 |
| C. P. Michelmore | 20,374 | – | – | 11,379 | 31,753 |
| D. R. Voss | – | – | – | 2,852 | 2,852 |
| Executives | | | | | |
| D. Foti | 359,316 | – | – | – | 359,316 |
| A. Erdash* | 472,053 | – | – | (472,053) | – |
| Z. Bebic | 120,000 | – | – | (92,500) | 27,500 |
| P. Trueman [^] | – | – | – | – | – |
| Total | 5,172,396 | – | – | (550,322) | 4,622,074 |

* A. Erdash ceased to meet the definition of Key Management Personnel on 21 November 2014 following his resignation from the Company. Net change other represents shares held on resignation date.

[^] P. Trueman met the definition of Key Management Personnel from 21 November 2014 following his appointment as a Chief Financial Officer.

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 was as follows:

| | Directors' Meetings | Meetings of Committees | | |
|-------------------------------------|---------------------|------------------------|--------------|------------|
| | | Audit | Remuneration | Nomination |
| Number of meetings held: | 18 | 7 | 5 | 1 |
| Number of meetings attended: | | | | |
| C. G. B. Rubino | 16 | – | – | 1 |
| R. Velletri | 18 | – | – | – |
| P. J. Dempsey | 18 | 7 | 5 | 1 |
| C. P. Michelmore | 18 | 7 | 5 | 1 |
| D. R. Voss | 17 | 7 | 5 | – |

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) |
| C. P. Michelmore | P. J. Dempsey | C. P. Michelmore |
| D. R. Voss | D. R. Voss | P. J. Dempsey |

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 Class Order 98/100. The Company is an entity to which the Class Order applies.

CORPORATE GOVERNANCE

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

The Company's Corporate Governance Statement is detailed on the company's website.

DIRECTORS' REPORT

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

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



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

In relation to our audit of the financial report of Monadelphous Group Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
17 August 2015

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

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 | 29,500 |
| Assurance related | - |
| | <u>29,500</u> |

Signed in accordance with a resolution of the directors.

C. G. B. Rubino
Chairman
Perth, 17 August 2015

INDEPENDENT AUDIT REPORT



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

Report on the financial report

We have audited the accompanying financial report of Monadelphous Group Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In the notes to the financial statements, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

INDEPENDENT AUDIT REPORT



Opinion

In our opinion:

- a. the financial report of Monadelphous Group Limited is 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 2015 and of its performance for the year ended on that date
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion the remuneration report of Monadelphous Group Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'Ernst & Young', with a large, stylized flourish at the end.

Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz', with a large, stylized flourish at the end.

G H Meyerowitz
Partner
Perth
17 August 2015

DIRECTORS' DECLARATION

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

- 1) In the opinion of the directors:
 - (a) the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 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 52.
- 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 2015.
- 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 18 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, 17 August 2015

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

| | Notes | 2015 \$'000 | 2014 \$'000 |
|---|-------|--------------------|----------------|
| Continuing Operations | | | |
| REVENUE | 1 | 1,869,505 | 2,332,960 |
| Cost of services rendered | | (1,676,143) | (2,089,319) |
| GROSS PROFIT | | 193,362 | 243,641 |
| Other income | 1 | 4,099 | 5,696 |
| Profit on disposal of subsidiaries | | – | 10,353 |
| Business development and tender expenses | | (17,688) | (16,375) |
| Occupancy expenses | | (2,999) | (2,783) |
| Administrative expenses | | (28,430) | (33,181) |
| Finance costs | 2 | (1,701) | (3,101) |
| Unrealised foreign currency gain | | 398 | 953 |
| PROFIT BEFORE INCOME TAX | | 147,041 | 205,203 |
| Income tax expense | 3 | (41,216) | (58,693) |
| PROFIT AFTER INCOME TAX | | 105,825 | 146,510 |
| PROFIT ATTRIBUTABLE TO MEMBERS OF MONADELPHOUS GROUP LIMITED | 17 | 105,825 | 146,510 |
| Basic earnings per share (cents per share) | 4 | 113.91 | 159.05 |
| Diluted earnings per share (cents per share) | 4 | 113.91 | 158.95 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| NET PROFIT FOR THE PERIOD | 105,825 | 146,510 |
| OTHER COMPREHENSIVE INCOME | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Foreign currency translation | 41 | 58 |
| Income tax effect | – | – |
| | 41 | 58 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | 41 | 58 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF MONADELPHOUS GROUP LIMITED | 105,866 | 146,568 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT AS 30 JUNE 2015

| | Notes | 2015 \$'000 | 2014 \$'000 |
|---------------------------------------|-------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 209,835 | 217,859 |
| Trade and other receivables | 6 | 375,167 | 230,833 |
| Inventories | 7 | 80,544 | 157,580 |
| Total current assets | | 665,546 | 606,272 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 96,190 | 109,277 |
| Intangible assets and goodwill | 9 | 3,012 | 3,791 |
| Deferred tax assets | 3 | 28,204 | 28,086 |
| Other non-current assets | 10 | 1,247 | 2,731 |
| Total non-current assets | | 128,653 | 143,885 |
| TOTAL ASSETS | | 794,199 | 750,157 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 287,228 | 225,862 |
| Interest bearing loans and borrowings | 12 | 11,891 | 20,001 |
| Income tax payable | 3 | 4,288 | 3,352 |
| Provisions | 13 | 105,777 | 113,346 |
| Total current liabilities | | 409,184 | 362,561 |
| Non-current liabilities | | | |
| Interest bearing loans and borrowings | 12 | 11,334 | 17,030 |
| Provisions | 13 | 5,583 | 7,782 |
| Deferred tax liabilities | 3 | – | 119 |
| Total non-current liabilities | | 16,917 | 24,931 |
| TOTAL LIABILITIES | | 426,101 | 387,492 |
| NET ASSETS | | 368,098 | 362,665 |
| EQUITY | | | |
| Contributed equity | 16 | 117,310 | 112,115 |
| Reserves | 17 | 30,441 | 34,787 |
| Retained earnings | 17 | 220,347 | 215,763 |
| TOTAL EQUITY | | 368,098 | 362,665 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

| | Attributable to Equity Holders | | | | |
|---|--------------------------------|--|---|--------------------------------|-----------------|
| | Issued Capital \$'000 | Share-Based Payment Reserve \$'000 | Foreign Currency Translation Reserve \$'000 | Retained Earnings \$'000 | Total \$'000 |
| At 1 July 2014 | 112,115 | 34,667 | 120 | 215,763 | 362,665 |
| Other comprehensive income | – | – | 41 | – | 41 |
| Profit for the period | – | – | – | 105,825 | 105,825 |
| Total comprehensive income for the period | – | – | 41 | 105,825 | 105,866 |
| Transactions with owners in their capacity as owners | | | | | |
| Share-based payments | – | (4,387) | – | – | (4,387) |
| Exercise of employee options | 1,640 | – | – | – | 1,640 |
| Acquisition of reserved shares | (1,269) | – | – | – | (1,269) |
| Dividend reinvestment plan | 4,824 | – | – | – | 4,824 |
| Dividends paid | – | – | – | (101,241) | (101,241) |
| At 30 June 2015 | 117,310 | 30,280 | 161 | 220,347 | 368,098 |
| | Attributable to Equity Holders | | | | |
| | Issued Capital \$'000 | Share-Based Payment Reserve \$'000 | Foreign Currency Translation Reserve \$'000 | Retained Earnings \$'000 | Total \$'000 |
| At 1 July 2013 | 83,448 | 30,855 | 62 | 193,669 | 308,034 |
| Other comprehensive income | – | – | 58 | – | 58 |
| Profit for the period | – | – | – | 146,510 | 146,510 |
| Total comprehensive income for the period | – | – | 58 | 146,510 | 146,568 |
| Transactions with owners in their capacity as owners | | | | | |
| Share-based payments | – | 3,591 | – | – | 3,591 |
| Exercise of employee options | 17,609 | – | – | – | 17,609 |
| Dividend reinvestment plan | 11,058 | – | – | – | 11,058 |
| Adjustment to deferred tax asset recognised on Employee Share Trust | – | 221 | – | – | 221 |
| Dividends paid | – | – | – | (124,416) | (124,416) |
| At 30 June 2014 | 112,115 | 34,667 | 120 | 215,763 | 362,665 |

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

| | Notes | 2015 \$'000 | 2014 \$'000 |
|---|-------|------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers (inclusive of GST) | | 1,844,858 | 2,677,254 |
| Payments to suppliers and employees (inclusive of GST) | | (1,698,941) | (2,495,554) |
| Interest received | | 4,478 | 3,267 |
| Borrowing costs | | (1,701) | (3,101) |
| Other income | | 1,410 | 2,091 |
| Income tax paid | | (32,341) | (66,338) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 5 | 117,763 | 117,619 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant and equipment | | 4,354 | 9,321 |
| Purchase of property, plant and equipment | | (3,117) | (4,240) |
| Proceeds from disposal of subsidiaries | | – | 15,547 |
| Loan to associates | 6, 27 | (5,957) | – |
| Acquisition of controlled entities | 19 | (6,000) | – |
| NET CASH FLOWS FROM/(USED) IN INVESTING ACTIVITIES | | (10,720) | 20,628 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (96,418) | (113,358) |
| Proceeds from issue of shares | | 1,640 | 17,609 |
| Purchase of reserved shares | | (1,269) | – |
| Proceeds from borrowings | | – | 3,000 |
| Repayment of borrowings | | (4,098) | (4,882) |
| Payment of finance leases | | (15,361) | (19,109) |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | | (115,506) | (116,740) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| Net foreign exchange differences | | 439 | 1,011 |
| Cash and cash equivalents at beginning of period | | 217,859 | 195,341 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 5 | 209,835 | 217,859 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

The consolidated financial report of Monadelphous Group Limited (the Group) and its subsidiaries for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of directors on 17 August 2015.

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 in Victoria Park, Western Australia.

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

Basis of preparation

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

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board as applicable to a for-profit entity.
- has also been prepared on a historical cost basis, except for available-for-sale investments, which 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 ASIC Class Order 98/100. The Company is an entity to which the class order 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 after 1 July 2014.
- 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 2015. 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 18. 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.

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.

Prior to 1 July 2009

The purchase method of accounting was used to account for all business combinations.

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), the Mongolian subsidiary (Monadelphous Mongolia LLC) and the US subsidiary (Monadelphous Engineering US Inc.). 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2015

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 Hong Kong, Chinese, Singaporean, New Zealand, US and Mongolian subsidiaries 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 30.

Key judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Management have identified the following critical accounting policies for which significant judgements, estimates and assumptions are made:

Revenue

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

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

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

Taxation

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

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

Share based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date on which they are granted. The fair value is determined by an external valuer using a binomial model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Workers Compensation

Refer note 13 for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2015

| 1. REVENUE AND OTHER INCOME | 2015 \$'000 | 2014 \$'000 |
|--|------------------|------------------|
| Rendering of services | 1,865,027 | 2,329,589 |
| Finance revenue | 4,478 | 3,371 |
| Revenue | 1,869,505 | 2,332,960 |
| Net gains on disposal of property, plant and equipment | 2,689 | 3,605 |
| Other income | 1,410 | 2,091 |
| Other income | 4,099 | 5,696 |

Recognition and measurement

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

Rendering of Services

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

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

Construction contracts

When accounting for construction contracts, the contracts are either combined or segmented if this is deemed necessary to reflect the substance of the agreement. Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. Stage of completion is agreed with the customer on a work certified to date basis, as a percentage of the overall contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of fees earned during the financial year. The percentage of fee earned during the financial year is based on the stage of completion of the contract.

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

Interest income

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2015

| 2. EXPENSES | 2015 \$'000 | 2014 \$'000 |
|--|----------------|------------------|
| Finance costs | | |
| Bank loans and overdrafts | 220 | 619 |
| Finance charges payable under finance leases and hire purchase contracts | 1,481 | 2,482 |
| | 1,701 | 3,101 |
| Depreciation and amortisation | | |
| Depreciation expense | 22,932 | 25,656 |
| Amortisation of intangible assets | 779 | 1,006 |
| | 23,711 | 26,662 |
| Employee benefits expense | | |
| Employee benefits expense | 822,145 | 1,017,459 |
| Defined contribution superannuation expense | 44,852 | 42,822 |
| | 866,997 | 1,060,281 |
| Lease payments and other expenses | | |
| Minimum lease payments – operating lease | 28,145 | 28,119 |
| Government grants included in the income statement | 7,626 | 10,463 |

Recognition and measurement

Finance costs

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

Depreciation and amortisation

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

Employee benefits expense

Refer to note 13 for employee benefits expense and note 25 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 10% deduction as a government grant when there is reasonable assurance it will be received and any attached conditions will be complied with. As the grant relates to R&D expenditure already incurred it is recognised in the income statement in the period it became receivable as a reduction to cost of sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2015

| 3. INCOME TAX | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| The major components of income tax expense are: | | |
| Income statement | | |
| <i>Current income tax</i> | | |
| Current income tax charge | 41,398 | 52,591 |
| Adjustments in respect of previous years | (494) | 599 |
| <i>Deferred income tax</i> | | |
| Temporary differences | 576 | 6,913 |
| Adjustments in respect of previous years | (264) | (1,410) |
| Income tax expense reported in the income statement | 41,216 | 58,693 |
| Statement of changes in equity | | |
| Share-based payment reserve | – | (221) |
| Income tax (benefit) / expense reported in equity | – | (221) |
| 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 | 147,041 | 205,203 |
| Income tax rate of 30% (2014: 30%) | 44,112 | 61,561 |
| – Adjustments in respect of previous years | (758) | (812) |
| – Share based payment expense | (1,316) | 254 |
| – R&D | (2,288) | (3,139) |
| – Other | 1,466 | 829 |
| Aggregate income tax expense | 41,216 | 58,693 |

Recognised deferred tax assets and liabilities

| | 2015 \$'000 Current Income Tax | 2015 \$'000 Deferred Income Tax | 2014 \$'000 Current Income Tax | 2014 \$'000 Deferred Income Tax |
|---|---|--|---|--|
| Opening balance | (3,352) | 27,967 | (27,269) | 33,730 |
| Disposal | – | – | 94 | (268) |
| Charged to income | (40,903) | (313) | (53,190) | (5,503) |
| Charged to equity | – | – | 241 | (20) |
| Other / payments | 39,967 | – | 76,772 | 28 |
| Acquisition | – | 550 | – | – |
| Closing balance | (4,288) | 28,204 | (3,352) | 27,967 |
| Amounts recognised on the consolidated statement of financial position: | | | | |
| Deferred tax asset | | 28,204 | | 28,086 |
| Deferred tax liability | | – | | (119) |
| | | 28,204 | | 27,967 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2015

| 3. INCOME TAX (continued) | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Deferred income tax at 30 June relates to the following: | | |
| <i>Deferred tax assets</i> | | |
| Provisions | 31,223 | 32,095 |
| Share-based payments | – | 53 |
| Other | 1,048 | 1,288 |
| Gross deferred tax assets | 32,271 | 33,436 |
| Set-off of deferred tax liabilities | (4,067) | (5,350) |
| Net deferred tax assets | 28,204 | 28,086 |
| <i>Deferred tax liabilities</i> | | |
| Accelerated depreciation | 4,009 | 5,215 |
| Other | 58 | 254 |
| Gross deferred tax liabilities | 4,067 | 5,469 |
| Set-off against deferred tax assets | (4,067) | (5,350) |
| Net deferred tax liabilities | – | 119 |

Unrecognised temporary differences

At 30 June 2015, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries, as the Group has no liability for additional taxation should unremitted earnings be remitted (2014: \$nil).

Tax consolidation

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

Recognition and Measurement

Current taxes

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

Deferred Taxes

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2015

| 4. EARNINGS PER SHARE | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| 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 | 105,825 | 146,510 |
| Earnings used in calculation of basic and diluted earnings per share | 105,825 | 146,510 |
| | Number | Number |
| Number of shares | | |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share | 92,901,735 | 92,116,475 |
| Effect of dilutive securities | | |
| Share options | – | 57,510 |
| Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share | 92,901,735 | 92,173,985 |

Conversions, calls, subscriptions or issues after 30 June 2015:

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

Calculation of earnings per share

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

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

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

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

There are 2,105,000 share options excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2015

| 5. CASH AND CASH EQUIVALENTS | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| 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 | 169,835 | 172,859 |
| – Short term deposits | 40,000 | 45,000 |
| | 209,835 | 217,859 |
| Reconciliation of net profit after tax to the net cash flows from operating activities | | |
| Net profit | 105,825 | 146,510 |
| Adjustments for | | |
| Depreciation of non-current assets | 22,932 | 25,656 |
| Amortisation and impairment of intangible assets | 779 | 1,006 |
| Net profit on sale of property, plant and equipment | (2,689) | (3,605) |
| Profit on sale of subsidiaries | – | (10,353) |
| Impairment of other non-current assets | 1,170 | 780 |
| Share-based payment (credit)/expense | (4,387) | 3,591 |
| Unrealised foreign exchange gain | (398) | (953) |
| Other | 315 | – |
| Changes in assets and liabilities | | |
| (Increase)/decrease in receivables | (132,670) | (11,694) |
| (Increase)/decrease in inventories | 79,485 | 16,152 |
| (Increase)/decrease in deferred tax assets | 432 | 5,501 |
| Decrease in derivative instruments | – | 263 |
| Increase/(decrease) in payables | 57,734 | (5,522) |
| Increase/(decrease) in provisions | (11,582) | (26,105) |
| Increase/(decrease) in income tax payable | 936 | (23,823) |
| Increase/(decrease) in deferred tax liabilities | (119) | 215 |
| Net cash flows from operating activities | 117,763 | 117,619 |

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 \$5,652,437 (2014: \$2,879,421).

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.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2015

| 6. TRADE AND OTHER RECEIVABLES | Notes | 2015 \$'000 | 2014 \$'000 |
|------------------------------------|-------|----------------|----------------|
| CURRENT | | | |
| Trade receivables | | 278,867 | 192,071 |
| Less allowance for impairment loss | | (3,642) | (4,204) |
| | | 275,225 | 187,867 |
| Loan to associates | 27 | 7,957 | 2,000 |
| Other debtors | | 91,985 | 40,966 |
| | | 375,167 | 230,833 |

| Allowance for impairment loss | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Movements in the allowance for impairment loss were as follows: | | |
| Balance at the beginning of the year | 4,204 | 4,310 |
| Charge/(credit) for the year reflected in administrative expenses in the income statement | (562) | (106) |
| Balance at the end of the year | 3,642 | 4,204 |

Trade receivables past due not impaired

At 30 June 2015, the ageing of trade receivables, past due but not considered impaired is as follows:

| | 2015 \$'000 | 2014 \$'000 |
|--------------|----------------|----------------|
| 31 – 60 Days | 23,643 | 37,025 |
| 61 – 90 Days | 3,639 | 3,914 |
| 91+ Days | 16,151 | 9,235 |
| TOTAL | 43,433 | 50,174 |

Payment terms on these amounts have not been re-negotiated however credit has been stopped where the credit limit has been exceeded. In this case, payment terms will not be extended. Each business unit has been in direct contact with the relevant debtor and is satisfied that payment will be received.

Receivables not impaired nor past due

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

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

Other debtors

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

Recognition and measurement

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2015

| 7. INVENTORIES | Notes | 2015 \$'000 | 2014 \$'000 |
|--|-------|------------------|-----------------|
| Construction work in progress | | | |
| Cost incurred to date plus profit recognised | | 4,708,463 | 4,671,662 |
| Consideration received and receivable as progress billings | | (4,819,766) | (4,696,135) |
| | | (111,303) | (24,473) |
| Represented by: | | | |
| Amounts due to customers | 11 | 191,847 | 182,053 |
| Amounts due from customers | | 80,544 | 157,580 |

Amounts due to customers

Advances received for construction work not yet commenced or for committed subcontractor work not yet received are recognised as a current liability in trade and other payables. Refer note 11.

Credit risk of amounts due from customers

Details regarding credit risk of amounts due from customers are disclosed in note 21.

Recognition and measurement

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2015

8. PROPERTY, PLANT AND EQUIPMENT

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

| | Property | | Plant and Equipment | | | Total \$'000 |
|--|----------------------------|---------------------|-------------------------------------|----------------------------------|---|-----------------|
| | Freehold Land \$'000 | Buildings \$'000 | Leasehold Improvements \$'000 | Plant and Equipment \$'000 | Plant and Equipment under Hire Purchase \$'000 | |
| Year ended 30 June 2015 | | | | | | |
| Net carrying amount at 1 July 2014 | 13,411 | 17,608 | 1,559 | 37,427 | 39,272 | 109,277 |
| Additions | – | 1,280 | – | 1,837 | 5,653 | 8,770 |
| Additions through business combinations (Note 19) | – | – | – | 2,740 | – | 2,740 |
| Assets transferred | – | – | – | 8,123 | (8,123) | – |
| Disposals | – | (16) | – | (1,649) | – | (1,665) |
| Depreciation charge | – | (1,118) | (226) | (13,685) | (7,903) | (22,932) |
| Net carrying amount at 30 June 2015 | 13,411 | 17,754 | 1,333 | 34,793 | 28,899 | 96,190 |
| At 30 June 2015 | | | | | | |
| Cost | 13,411 | 24,553 | 2,261 | 143,111 | 48,393 | 231,729 |
| Accumulated depreciation | – | (6,799) | (928) | (108,318) | (19,494) | (135,539) |
| Net carrying amount | 13,411 | 17,754 | 1,333 | 34,793 | 28,899 | 96,190 |
| Year ended 30 June 2014 | | | | | | |
| Net carrying amount at 1 July 2013 | 13,411 | 18,320 | 1,807 | 51,028 | 51,090 | 135,656 |
| Additions | – | 13 | – | 4,227 | 2,879 | 7,119 |
| Assets transferred | – | 21 | (21) | 4,478 | (4,478) | – |
| Disposals through sale of subsidiaries | – | – | – | (2,126) | – | (2,126) |
| Disposals | – | (8) | – | (5,708) | – | (5,716) |
| Depreciation charge | – | (738) | (227) | (14,472) | (10,219) | (25,656) |
| Net carrying amount at 30 June 2014 | 13,411 | 17,608 | 1,559 | 37,427 | 39,272 | 109,277 |
| At 30 June 2014 | | | | | | |
| Cost | 13,411 | 23,347 | 2,261 | 139,166 | 61,308 | 239,493 |
| Accumulated depreciation | – | (5,739) | (702) | (101,739) | (22,036) | (130,216) |
| Net carrying amount | 13,411 | 17,608 | 1,559 | 37,427 | 39,272 | 109,277 |

Property, plant and equipment pledged as security

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

| | 2015 \$'000 | 2014 \$'000 |
|----------------------------|----------------|----------------|
| Assets pledged as security | 30,232 | 40,831 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2015

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Recognition and measurement

Property, plant and equipment

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

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

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

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

Impairment of non-financial assets other than goodwill

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2015

| 9. INTANGIBLE ASSETS AND GOODWILL | Intangible Assets \$'000 | Goodwill \$'000 | Total \$'000 |
|-----------------------------------|-----------------------------|--------------------|-----------------|
| Year ended 30 June 2015 | | | |
| At 1 July 2014 | 844 | 2,947 | 3,791 |
| Amortisation | (779) | – | (779) |
| At 30 June 2015 | 65 | 2,947 | 3,012 |
| Year ended 30 June 2014 | | | |
| At 1 July 2013 | 1,850 | 2,947 | 4,797 |
| Amortisation | (1,006) | – | (1,006) |
| At 30 June 2014 | 844 | 2,947 | 3,791 |

Description of the Group's intangible assets

Intangible assets relate to the fair value of contracts acquired on acquisition of PearlStreet Energy Services Pty Ltd (subsequently re-named Monadelphous Energy Services Pty Ltd). Intangible assets have been assessed as having a finite life and are amortised using the straight line method over a period of 4 years.

Impairment testing of the Group's intangible assets and goodwill

At 30 June 2015, no impairment loss has been recognised in the income statement (2014: \$nil).

Goodwill acquired through a business combination 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 KT Pty Ltd and the entity Monadelphous Energy Services Pty Ltd. None of the 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 reasonable possible changes in key assumptions would result in the carrying amount exceeding the recoverable amount.

Recognition and measurement

Goodwill

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

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

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

Intangible assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2015

| 10. OTHER NON-CURRENT ASSETS | 2015 \$'000 | 2014 \$'000 |
|---------------------------------|----------------|----------------|
| Other non-current assets | 1,247 | 2,731 |

At 30 June 2014 and 2015, other non-current assets consist of investments in AnaeCo Limited (ASX: ANQ). The Group has a 15.02% interest in AnaeCo Limited, whose principal activity is the development and commercialisation of a process for the treatment of organic municipal solid waste. During the year the investment was reclassified from available-for-sale securities to investments in associates. The investment is not considered to be material.

Recognition and measurement

Available-for-sale securities

Available-for-sale securities are equity securities that are designated as available-for-sale. After initial recognition, available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement. The fair values of investments are determined by reference to the quoted market bid price at the close of business on the reporting date.

Investments in associates

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The Group's investments in associates are accounted for using the equity method. The Group recognises its share of the results of operations of the associate in the consolidated income statement. The Group's investment in associates are not material.

| 11. TRADE AND OTHER PAYABLES | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| CURRENT | | |
| Trade payables | 64,908 | 28,965 |
| Advances on construction work in progress – Amounts due to customers | 191,847 | 182,053 |
| Sundry creditors and accruals | 30,473 | 14,844 |
| | 287,228 | 225,862 |

Recognition and measurement

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2015

| 12. INTEREST BEARING LOANS AND BORROWINGS | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| CURRENT | | |
| Hire purchase liability – secured | 10,224 | 15,903 |
| Bank loan – secured | 1,667 | 4,098 |
| | 11,891 | 20,001 |
| NON-CURRENT | | |
| Hire purchase liability – secured | 11,334 | 15,363 |
| Bank loan – secured | – | 1,667 |
| | 11,334 | 17,030 |

Terms and conditions

Bank loans are repayable monthly. Interest is charged at the bank's fixed rate. Bank loans are secured either by way of registered first mortgages over land and buildings of a controlled entity, with an interlocking debenture from the parent entity and controlled entities, or by a fixed and floating charge over the assets of certain companies within the group. The average discount rate implicit in the bank loans is 5.66% (2014: 5.48%).

Hire purchase agreements have an average term of three years. The average discount rate implicit in the hire purchase liability is 5.31% (2014: 6.18%). 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 2015

| 13. PROVISIONS | 2015 \$'000 | 2014 \$'000 |
|--|------------------------|----------------|
| CURRENT | | |
| Employee benefits | 70,931 | 78,200 |
| Workers' compensation | 34,846 | 35,146 |
| | 105,777 | 113,346 |
| NON-CURRENT | | |
| Employee benefits – long service leave | 5,583 | 7,782 |
| | 2015 \$'000 | |
| Movements in provisions | | |
| Workers' compensation | | |
| Carrying amount at the beginning of the year | 35,146 | |
| Additional provision | 10,959 | |
| Amounts utilised during the year | (11,259) | |
| Carrying amount at the end of the financial year | 34,846 | |

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, annual leave, 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.

Long service leave

The liability for long term benefits including long service leave 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 national government 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 year period through negotiation with the relevant insurance company. The provision has been created to cover the expected costs associated with closing out each insurance policy and is adjusted accordingly based on the actual payroll incurred and the severity of incidents that have occurred during each period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2015

14. CAPITAL MANAGEMENT

Capital is managed by the Group's Chief Financial Officer in conjunction with the Group's Finance & 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 2015, the Group is in a net cash position of \$186,610,000 (2014: \$180,828,000) and has a debt to equity ratio of 6.3% (2014: 10.2%) which is within the Group's net cash and debt to equity target levels.

During the year ended 30 June 2015, management paid dividends of \$101,241,251. 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.

15. DIVIDENDS PAID AND PROPOSED

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Declared and paid during the year | | |
| <i>Current year interim</i> | | |
| Interim franked dividend for 2015 (46 cents per share) (2014: 60 cents per share) | 42,779 | 55,385 |
| <i>Previous year final</i> | | |
| Final franked dividend for 2014 (63 cents per share) (2013: 75 cents per share final) | 58,462 | 69,031 |
| Unrecognised amounts | | |
| <i>Current year final</i> | | |
| Final franked dividend for 2015 (46 cents per share) (2014: 63 cents per share) | 42,869 | 58,388 |
| 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 | 71,807 | 72,679 |
| 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 | (18,373) | (25,023) |
| | 53,434 | 47,656 |

Tax rates

The tax rate at which paid dividends have been franked is 30% (2014: 30%). Dividends payable will be franked at the rate of 30% (2014: 30%).

Recognition and measurement

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2015

| 16. CONTRIBUTED EQUITY | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Ordinary shares – Issued and fully paid | 118,579 | 112,115 |
| Reserved shares | (1,269) | – |
| | 117,310 | 112,115 |

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.

| | 2015 | | 2014 | |
|---------------------------------|-------------------|----------------|------------------|---------|
| | Number of Shares | \$'000 | Number of Shares | \$'000 |
| Beginning of the financial year | 92,679,570 | 112,115 | 90,940,258 | 83,448 |
| Exercise of employee options | 118,440 | 1,640 | 1,101,371 | 17,609 |
| Dividend reinvestment plan | 396,149 | 4,824 | 637,941 | 11,058 |
| End of the financial year | 93,194,159 | 118,579 | 92,679,570 | 112,115 |

During the year ended 30 June 2015, under the Monadelphous Group Limited Employee Option Plan, employees have exercised the option to acquire fully paid ordinary shares at a weighted average exercise price of \$14.84. All shares were issued as new fully paid ordinary shares.

Reserved shares

| | 2015 | | 2014 | |
|---------------------------------|------------------|----------------|------------------|--------|
| | Number of Shares | \$'000 | Number of Shares | \$'000 |
| Beginning of the financial year | – | – | – | – |
| Acquisition of reserved shares | 85,500 | (1,269) | – | – |
| End of the financial year | 85,500 | (1,269) | – | – |

Recognition and measurement

Contributed equity

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

Reserved shares

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2015

| 17. RESERVES AND RETAINED EARNINGS | 2015 \$'000 | 2014 \$'000 |
|--|------------------|----------------|
| Foreign currency translation reserve | 161 | 120 |
| Share-based payment reserve | 30,280 | 34,667 |
| | 30,441 | 34,787 |
| Retained earnings | 220,347 | 215,763 |
| Movements in retained earnings | | |
| Balance at the beginning of the year | 215,763 | 193,669 |
| Net profit attributable to members of Monadelphous Group Limited | 105,825 | 146,510 |
| Total available for appropriation | 321,588 | 340,179 |
| Dividends paid | (101,241) | (124,416) |
| Balance at the end of the year | 220,347 | 215,763 |

| Movements in reserves | Foreign Currency Translation Reserve \$'000 | Share-Based Payment Reserve \$'000 | Total \$'000 |
|---|---|--|-----------------|
| At 1 July 2013 | 62 | 30,855 | 30,917 |
| Foreign currency translation | 58 | – | 58 |
| Share-based payment | – | 3,591 | 3,591 |
| Adjustment to deferred tax asset recognised on Employee Share Trust | – | 221 | 221 |
| At 30 June 2014 | 120 | 34,667 | 34,787 |
| Foreign currency translation | 41 | – | 41 |
| Share-based payment | – | (4,387) | (4,387) |
| At 30 June 2015 | 161 | 30,280 | 30,441 |

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 25 for further details of these plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GROUP STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2015

18. SUBSIDIARIES

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

| Name | Country of Incorporation | Percentage Held by Consolidated Entity | | Parent Entity Investment | |
|---|--------------------------|--|--------|--------------------------|-------------|
| | | 2015 % | 2014 % | 2015 \$'000 | 2014 \$'000 |
| Parent: | | | | | |
| Monadelphous Group Limited | | | | | |
| Controlled entities of Monadelphous Group Limited: | | | | | |
| #Monadelphous Engineering Associates Pty Ltd | Australia | 100 | 100 | 27,047 | 30,459 |
| #Monadelphous Properties Pty Ltd | Australia | 100 | 100 | 1,941 | 1,941 |
| #Monadelphous Engineering Pty Ltd | Australia | 100 | 100 | 4,219 | 4,780 |
| #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 | 5,541 |
| #Monadelphous KT Pty Ltd | Australia | 100 | 100 | 16,139 | 16,257 |
| #Monadelphous Energy Services Pty Ltd | Australia | 100 | 100 | 4,434 | 4,434 |
| #M Workforce Pty Ltd | Australia | 100 | 100 | – | – |
| M&ISS Pty Ltd* | Australia | 100 | – | – | – |
| SinoStruct Pty Ltd | Australia | 100 | 100 | 208 | 306 |
| Monadelphous Group Limited Employee Share Trust | Australia | 100 | 100 | – | – |
| Monadelphous Holdings Pty Ltd | Australia | 100 | 100 | – | – |
| M Maintenance Services Pty Ltd* | Australia | 100 | – | – | – |
| MGJV Pty Ltd* | Australia | 70 | – | – | – |
| Monadelphous PNG Ltd | Papua New Guinea | 100 | 100 | – | – |
| Moway International Limited | Hong Kong | 100 | 100 | 443 | 443 |
| Moway AustAsia Steel Structures Trading (Beijing) Company Limited | China | 100 | 100 | – | – |
| Monadelphous Singapore Pte Ltd | Singapore | 100 | 100 | 144 | 144 |
| Monadelphous Mongolia LLC | Mongolia | 100 | 100 | – | – |
| Monadelphous Engineering US Inc.* | USA | 100 | – | – | – |
| Monadelphous Engineering NZ Pty Ltd* | New Zealand | 100 | – | – | – |
| | | | | 60,630 | 65,017 |

Controlled entities subject to the Class Order (Refer to note 29)

* Incorporated during the year

Ultimate parent

Monadelphous Group Limited is the ultimate holding company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GROUP STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2015

19. BUSINESS COMBINATION

Acquisition of Water Infrastructure Group

On 27 February 2015, Monadelphous Group Limited concluded the purchase agreement with Water Infrastructure Group Pty Ltd to acquire the contracts and net assets of its design, build and maintain business. The acquisition forms part of Monadelphous' market growth strategy.

The consideration comprised an initial cash payment of \$6,000,000 and a subsequent cash adjustment to the purchase price on finalisation of the completion accounts at the date of acquisition. The completion accounts are in the process of being finalised.

The provisional fair values of the identifiable assets and liabilities acquired from Water Infrastructure Group Pty Ltd as of the date of acquisition were:

| | Provisional fair value at acquisition date \$'000 |
|---|---|
| Trade and other receivables | 5,707 |
| Net contracts in progress and unbilled revenue | 2,449 |
| Property, plant and equipment | 2,740 |
| Deferred tax asset | 550 |
| | <u>11,446</u> |
| Trade and other payables | 3,632 |
| Provisions | 1,814 |
| | <u>5,446</u> |
| Fair value of identifiable net assets | <u>6,000</u> |
| Acquisition-date fair-value of consideration transferred: | |
| Cash paid | 6,000 |
| Total provisional consideration | <u>6,000</u> |
| The cash outflow on acquisition is as follows: | |
| Net cash acquired with the business | - |
| Cash paid | 6,000 |
| Net consolidated cash outflow | <u>6,000</u> |

The consolidated income statement includes sales revenue for the period ended 30 June 2015 of \$32,050,046 relating to Water Infrastructure Group. Net profit for the period was not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GROUP STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2015

20. INTEREST IN JOINT OPERATIONS

Joint operations interests

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

| Joint Arrangement | Principal Activity | Principal place of business | Group Interest | |
|--|---|-----------------------------|----------------|--------|
| | | | 2015 % | 2014 % |
| AnaeCo Monadelphous Joint Venture | To deliver design and construct waste management systems to the WMRC DiCOM facility. | Shenton Park, WA | 50 | 50 |
| Monadelphous Muhibbah Marine Joint Venture | To construct the approach jetty and ship berth associated with the Wiggins Island Coal Export Terminal. | Gladstone, QLD | 50 | 50 |
| KT-OSD Joint Venture | Design and construction of a transmission pipeline and associated facilities for Hamersley Iron. | West Angelas, WA | 60 | 60 |

Commitments and contingent liabilities relating to joint operations

Details of a contingent liability relating to a legal matter involving Monadelphous Muhibbah Marine Joint Venture are included in note 22.

There were no other capital commitments or contingent liabilities relating to the joint operations at 30 June 2015 (2014: \$nil).

Impairment

No assets employed in the joint operations were impaired during the year ended 30 June 2015 (2014: \$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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 30 JUNE 2015

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's policy to minimise risk from fluctuations in interest rates is to utilise fixed interest rates in its bank 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.

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

(a) Risk exposures and responses

Interest rate risk

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

| | Notes | 2015 \$'000 | 2014 \$'000 |
|---------------------------|-------|----------------|----------------|
| Financial assets | | | |
| Cash and cash equivalents | 5 | 209,835 | 217,859 |
| Net exposure | | 209,835 | 217,859 |

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 2015, reasonable possible movement 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 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\$ and RMB/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 2015, 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 2015, the Group had the following exposure to foreign currency:

| Year ended 30 June 2015 | PGK AUD\$'000 | USD AUD\$'000 |
|------------------------------|------------------|------------------|
| Financial assets | | |
| Cash and cash equivalents | 17,140 | 7,605 |
| Trade and other receivables | 1,780 | 10,584 |
| Financial liabilities | | |
| Trade and other payables | (31) | (3) |
| Net Exposure | 18,889 | 18,186 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 30 JUNE 2015

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Risk exposures and responses (continued)

Foreign currency risk (continued)

| Year ended 30 June 2014 | PGK AUD\$'000 | USD AUD\$'000 |
|------------------------------|------------------|------------------|
| Financial assets | | |
| Cash and cash equivalents | 11,142 | 16,400 |
| Trade and other receivables | 2,819 | – |
| Financial liabilities | | |
| Trade and other payables | – | (661) |
| Net Exposure | 13,961 | 15,739 |

At 30 June 2015, reasonably possible movements in USD foreign exchanges rates, based on a review of historical movements, would not have had a material impact on the Group.

At 30 June 2015, if the PGK 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:

| | Post Tax Profit Higher/(Lower) | | Other Comprehensive Income Higher/(Lower) | |
|--|-----------------------------------|----------------|--|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Judgements of reasonably possible movements relating to financial assets and liabilities denominated in PGK: | | | | |
| +10% (2014: +15%) | (1,322) | (1,466) | – | – |
| -10% (2014: – 15%) | 1,322 | 1,466 | – | – |

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

Credit risk

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

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

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

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

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

The Group's maximum exposure to credit risk is its cash and trade receivables representing \$485,060,000 at 30 June 2015 (2014: \$405,729,000).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 30 JUNE 2015

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Risk exposures and responses (continued)

Liquidity risk

| Financing facilities available | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| At balance date the following financing facilities had been negotiated and were available | | |
| Total facilities: | | |
| – Bank guarantee and performance bonds | 675,000 | 675,590 |
| – Revolving credit | 92,015 | 120,684 |
| | 767,015 | 796,274 |
| Facilities used at balance date: | | |
| – Bank guarantee and performance bonds | 392,598 | 507,282 |
| – Revolving credit | 23,225 | 37,031 |
| | 415,823 | 544,313 |
| Facilities unused at balance date: | | |
| – Bank guarantee and performance bonds | 282,402 | 168,308 |
| – Revolving credit | 68,790 | 83,653 |
| | 351,192 | 251,961 |

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 bank loans and hire purchase/leasing facilities. Refer to note 12 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 bank loans and hire purchase liabilities. The liquidity of the group is managed by the Group's Finance & Accounting department.

The table below reflects all contractually fixed pay-offs, repayments and interest resulting from financial liabilities as of 30 June 2015.

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

| Financial liabilities | 2015 \$'000 | 2014 \$'000 |
|-----------------------|----------------|----------------|
| 6 months or less | 294,924 | 236,367 |
| 6 – 12 months | 5,020 | 11,167 |
| 1 – 5 years | 11,867 | 17,873 |
| | 311,811 | 265,407 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 30 JUNE 2015

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Risk exposures and responses (continued)

Maturity analysis of derivative financial instruments and financial liabilities:

| Year ended 30 June 2015 | 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 |
|--------------------------------|----------------------------|------------------------------|--------------------------------|---|------------------------------------|
| Financial liabilities | | | | | |
| Trade and other payables | 287,228 | – | – | 287,228 | 287,228 |
| Bank loan | 1,700 | – | – | 1,700 | 1,667 |
| Hire purchase liability | 5,996 | 5,020 | 11,867 | 22,883 | 21,558 |
| Net maturity | 294,924 | 5,020 | 11,867 | 311,811 | 310,453 |
| Year ended 30 June 2014 | | | | | |
| Financial liabilities | | | | | |
| Trade and other payables | 225,862 | – | – | 225,862 | 225,862 |
| Bank loan | 2,192 | 2,147 | 1,700 | 6,039 | 5,765 |
| Hire purchase liability | 8,313 | 9,020 | 16,173 | 33,506 | 31,266 |
| Net maturity | 236,367 | 11,167 | 17,873 | 265,407 | 262,893 |

(b) Net fair values of financial assets and liabilities

The carrying amounts and estimated aggregate net 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.

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 2015 or 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: UNRECOGNISED ITEMS

FOR THE YEAR ENDED 30 JUNE 2015

| 22. COMMITMENTS AND CONTINGENCIES | Notes | 2015 \$'000 | 2014 \$'000 |
|---|-------|----------------|----------------|
| Hire purchase commitments | | | |
| Payable: | | | |
| – Within one year | | 11,016 | 17,333 |
| – Later than one year but not later than five years | | 11,867 | 16,173 |
| Minimum lease payments | | 22,883 | 33,506 |
| Less future finance charges | | (1,325) | (2,240) |
| Present value of minimum lease payments | | 21,558 | 31,266 |
| Current liability | 12 | 10,224 | 15,903 |
| Non-current liability | 12 | 11,334 | 15,363 |
| | | 21,558 | 31,266 |

Hire purchase agreements have an average term of three years.

| Operating lease commitments | 2015 Properties \$'000 | 2015 Other \$'000 | 2015 Total \$'000 | 2014 Total \$'000 |
|---|------------------------------|-------------------------|-------------------------|-------------------------|
| Minimum lease payments | | | | |
| – Within one year | 15,103 | 9,797 | 24,900 | 29,247 |
| – Later than one year but not later than five years | 35,197 | 2,662 | 37,859 | 55,016 |
| – Later than five years | 14,426 | – | 14,426 | 22,420 |
| Aggregate lease expenditure contracted for at balance date but not provided for | 64,726 | 12,459 | 77,185 | 106,683 |

Other operating leases includes motor vehicles and cranes. 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 two years. Properties under operating leases have an average lease term remaining of one year.

Capital commitments

The consolidated group has capital commitments of \$569,064 at 30 June 2015 (2014: \$1,285,629).

| Guarantees | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Guarantees given to various clients for satisfactory contract performance | 392,598 | 507,282 |

Monadelphous Group Limited and all controlled entities marked # in note 18 have entered into a deed of cross guarantee. Refer to note 29 for details.

Legal dispute with Wiggins Island Coal Export Terminal ('WICET')

In June 2015, Monadelphous announced that MMM, an unincorporated joint arrangement in which Monadelphous holds a 50 per cent interest, will be lodging a counterclaim in the Supreme Court of Queensland in response to a claim filed against Monadelphous by the owners of Wiggins Island Coal Export Terminal Pty Ltd (WICET).

MMM has to date received successful adjudication from the Building and Construction Industry Payment Agency ("BCIPA") (a Queensland statutory agency designed to facilitate the adjudication of payments in the construction industry by expert adjudicators) for payments relating to the project totalling approximately \$90 million.

WICET filed a claim relating to the MMM contracts in the Supreme Court of Queensland totalling approximately \$130 million (net of the proceeds of bank guarantees plus general damages, interest and costs), in which it seeks to recover monies, the majority of which include those paid to MMM under BCIPA and variations previously approved by WICET. Monadelphous rejects WICET's position as outlined in the claim and will vigorously defend the proceedings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: UNRECOGNISED ITEMS

FOR THE YEAR ENDED 30 JUNE 2015

23. SUBSEQUENT EVENTS

Contracts awards

On 31 July 2015 Monadelphous announced it had been awarded new construction and maintenance contracts for customers in the resources, energy and infrastructure markets, with a combined value of approximately \$130 million. The contracts included:

- A three-year contract to provide project, maintenance and shutdown works for Queensland Alumina Limited in Gladstone, Queensland.
- A three-year contract with two one-year extension options for Australia Pacific LNG Pty Ltd for the fabrication and supply of wellhead separator skids to be commissioned at various locations around the Surat Basin, Queensland. This contract is with SinoStruct, Monadelphous' China fabrication business.
- A contract with the Barrhill Chertsey Irrigation Limited and Electricity Ashburton Limited Joint Venture for the design, construction and commissioning of a 40 km long, gravity and pressurised piped irrigation scheme for farming properties in Methven, New Zealand.
- A three-year contract with a one-year extension option for the provision of labour services for South32 Worsley Alumina Pty Ltd at Worsley Alumina in Collie, Western Australia.
- A contract with BM Alliance Coal Operations Pty Ltd to provide maintenance works for a major dragline shutdown at Blackwater Mine in Blackwater, Queensland.

On 17 August 2015 Monadelphous announced it had been awarded a new three-year facilities maintenance services contract associated with the Barrow Island assets operated by Chevron Australia Pty Ltd ("Chevron"). The contract is for the operation and maintenance of facilities and utilities, and includes water and wastewater treatment plants, power generation and distribution systems, as well as the management and maintenance of various buildings, vehicles, plant and equipment.

Dividends declared

On 17 August 2015, the directors of Monadelphous Group Limited declared a final dividend on ordinary shares in respect of the 2015 financial year. The total amount of the dividend is \$42,869,313 which represents a fully franked final dividend of 46 cents per share. This dividend has not been provided for in the 30 June 2015 financial statements. The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the dividend.

Other than the items noted above, there are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2015

| 24. PARENT ENTITY INFORMATION | Notes | 2015 \$'000 | 2014 \$'000 |
|---|-------|----------------|----------------|
| Information relating to Monadelphous Group Limited parent entity | | | |
| Current assets | | 181,951 | 196,225 |
| Total assets | | 1,265,124 | 1,248,099 |
| Current liabilities | | (1,012,854) | (992,286) |
| Total liabilities | | (1,024,188) | (1,007,650) |
| Net assets | | 240,936 | 240,449 |
| Contributed equity | | 117,310 | 112,115 |
| Share-based payment reserve | | 30,280 | 34,667 |
| Retained earnings | | 93,346 | 93,667 |
| Total equity | | 240,936 | 240,449 |
| Profit after tax | | 100,921 | 123,059 |
| Total comprehensive income of the parent entity | | 100,921 | 123,059 |
| Contingent liabilities | | | |
| Guarantees | 22 | 392,598 | 506,692 |

Guarantees entered into by the Group are via the parent entity. Details are contained in note 22.

Capital commitments

The parent entity has capital commitments of \$nil at 30 June 2015 (2014: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2015

25. SHARE BASED PAYMENT EXPENSE

The Monadelphous Group Limited Employee Option Plan and Employee Option Prospectus have been established where eligible directors and employees of the consolidated entity are issued with options over the ordinary shares of Monadelphous Group Limited. The options, issued for nil consideration, are issued in accordance with the guidelines established by the remuneration committee of Monadelphous Group Limited. The options issued carry various terms and exercising conditions. There is currently 1 director and 176 employees participating in these schemes.

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

25% 2 years after the options were issued

25% 3 years after the options were issued

50% 4 years after the options were issued

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

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

| | 2015 | | 2014 | |
|---------------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Balance at the beginning of the year | 3,628,000 | 17.40 | 5,305,750 | 17.18 |
| Granted during the year | | | | |
| – Employee Option Plan – October 2013 | – | – | 90,000 | 17.05 |
| Forfeited during the year | (1,312,500) | 17.33 | (392,500) | 17.78 |
| Exercised during the year | (210,500) | 14.84 | (1,375,250) | 16.42 |
| Balance at the end of the year | 2,105,000 | 17.70 | 3,628,000 | 17.40 |
| Exercisable during the next year | 1,850,000 | 17.52 | 1,285,500 | 17.07 |

The weighted average share price at the date of exercise during the year was \$15.36 (2014: \$19.65).

The weighted average fair values for options outstanding at 30 June 2015 are:

| Number | Grant Date | Final Vesting Date | Fair Value Per Option at Grant Date |
|-----------|------------|--------------------|-------------------------------------|
| 1,420,000 | 3/11/2011 | 14/09/2015 | \$3.49 |
| 20,000 | 17/11/2011 | 14/09/2015 | \$3.39 |
| 200,000 | 23/11/2011 | 14/09/2015 | \$4.05 |
| 375,000 | 1/11/2012 | 14/09/2016 | \$3.52 |
| 90,000 | 5/11/2013 | 14/09/2017 | \$2.91 |

The share-based payment expense for the year ended 30 June 2015 was a credit of \$4,386,873 (2014: expense \$3,590,880) for the consolidated entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2015

25. SHARE BASED PAYMENT EXPENSE (continued)

Options held as at the end of the reporting period

The following table summarises information about options held by the employees as at 30 June 2015:

| Number of Options | Grant Date | Vesting Date | Expiry Date | Exercise Price |
|-------------------|------------|--------------|-------------|----------------|
| 1,420,000 | 3/11/2011 | 01/09/2015 | 14/09/2015 | \$17.25 |
| 20,000 | 17/11/2011 | 01/09/2015 | 14/09/2015 | \$19.31 |
| 200,000 | 23/11/2011 | 01/09/2015 | 14/09/2015 | \$17.25 |
| 93,750 | 1/11/2012 | 01/09/2015 | 14/09/2016 | \$19.70 |
| 93,750 | 1/11/2012 | 01/09/2015 | 14/09/2016 | \$19.70 |
| 187,500 | 1/11/2012 | 01/09/2016 | 14/09/2016 | \$19.70 |
| 22,500 | 5/11/2013 | 01/09/2015 | 14/09/2017 | \$17.05 |
| 22,500 | 5/11/2013 | 01/09/2016 | 14/09/2017 | \$17.05 |
| 45,000 | 5/11/2013 | 01/09/2017 | 14/09/2017 | \$17.05 |

Recognition and Measurement

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

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

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

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

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

26. AUDITORS' REMUNERATION

| | 2015 \$ | 2014 \$ |
|--|------------------|------------|
| The auditor of Monadelphous Group Limited is Ernst & Young. | | |
| <i>Amounts received or due and receivable by Ernst & Young Australia for:</i> | | |
| – An audit or review of the financial report of the entity and any other entity in the consolidated entity | 200,479 | 178,975 |
| – Other services in relation to the entity and any other entity in the consolidated entity | | |
| – tax compliance | 29,500 | 43,500 |
| – assurance related | – | 5,665 |
| | 229,979 | 228,140 |
| <i>Amounts received or due and receivable by other accounting firms for:</i> | | |
| – tax compliance * | 1,064,196 | 1,010,733 |
| – other services | – | 5,508 |
| | 1,064,196 | 1,016,241 |

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.

* Tax compliance fees paid to other accounting firms during the financial year ended 30 June 2015 relate predominantly to the application for Research and Development Tax Concessions and overseas tax compliance services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2015

27. RELATED PARTY DISCLOSURES

Compensation of key management personnel

| | 2015 \$ | 2014 \$ |
|----------------------|------------------|------------|
| Short term benefits | 3,787,144 | 3,339,346 |
| Post employment | 127,192 | 102,211 |
| Long term benefits | 114,188 | 63,899 |
| Share-based payments | (1,178,506) | 852,467 |
| Total compensation | 2,850,018 | 4,357,923 |

Loans to associates

At 30 June 2015, an amount totalling \$7,957,000 (2014: \$2,000,000) had been loaned to an AnaeCo Limited. Monadelphous owns 15.02% of the ordinary share capital of AnaeCo Limited. The loan is included in the statement of financial position within other receivables. Interest is payable on the loan at a rate of 12% per annum. The loan is secured by a first ranking charge over AnaeCo Limited's assets.

28. 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 2015, the Engineering Construction division contributed revenue of \$1,245.5 million (2014: \$1,670.8 million), the Maintenance and Industrial Services division contributed revenue of \$621.2 million (2014: \$663.5 million), and Airport Services contributed revenue of \$nil (2014: \$7.9 million). Included in these amounts is \$1.7 million (2014: \$12.6 million) of inter-entity revenue, which is eliminated on consolidation. The operating divisions are exposed to similar risks and rewards from operations, and are only segmented to facilitate appropriate management structures.

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

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

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

The Group has a number of customers to which it provides services. The largest customer represented 13% of the Group's revenue. Three other customers contributed over 10% of revenue, representing 12%, 11% and 11% of the Group's revenue. There are multiple contracts with these customers, across a number of their subsidiaries, divisions within those subsidiaries and locations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2015

29. DEED OF CROSS GUARANTEE

Pursuant to Class Order 98/1418, relief has been granted to these controlled entities of Monadelphous Group Limited from the *Corporations Act 2001* requirements for preparation, audit and publication of accounts.

As a condition of the Class Order, Monadelphous Group Limited and the controlled entities subject to the Class Order, entered into a deed of indemnity on 9 June 2011, 1 June 2012 and 9 June 2014. 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:

| | 2015 \$'000 | 2014 \$'000 |
|---|------------------|----------------|
| Consolidated Income Statement and Comprehensive Income | | |
| Profit before income tax | 165,377 | 217,129 |
| Income tax expense | (47,510) | (59,408) |
| Net profit after tax for the period | 117,867 | 157,721 |
| Retained earnings at the beginning of the period | 181,870 | 148,565 |
| Dividends paid | (101,241) | (124,416) |
| Retained earnings at the end of the period | 198,496 | 181,870 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2015

29. DEED OF CROSS GUARANTEE (continued)

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Consolidated Statement of Financial Position | | |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 183,674 | 205,990 |
| Trade and other receivables | 379,143 | 244,282 |
| Inventories | 77,536 | 131,892 |
| Total current assets | 640,353 | 582,164 |
| Non-current assets | | |
| Investments in subsidiaries | 795 | 893 |
| Property, plant and equipment | 90,444 | 101,899 |
| Deferred tax assets | 27,280 | 27,398 |
| Intangible assets and goodwill | 3,011 | 3,791 |
| Other non-current assets | 1,247 | 2,731 |
| Total non-current assets | 122,777 | 136,712 |
| TOTAL ASSETS | 763,130 | 718,876 |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 282,030 | 232,605 |
| Interest bearing loans and borrowings | 11,891 | 20,001 |
| Income tax payable | 3,401 | 2,328 |
| Provisions | 102,982 | 110,920 |
| Total current liabilities | 400,304 | 365,854 |
| Non-current liabilities | | |
| Interest bearing loans and borrowings | 11,334 | 17,030 |
| Provisions | 5,406 | 7,340 |
| Total non-current liabilities | 16,740 | 24,370 |
| TOTAL LIABILITIES | 417,044 | 390,224 |
| NET ASSETS | 346,086 | 328,652 |
| EQUITY | | |
| Contributed equity | 117,310 | 112,115 |
| Reserves | 30,280 | 34,667 |
| Retained earnings | 198,496 | 181,870 |
| TOTAL EQUITY | 346,086 | 328,652 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2015

30. OTHER ACCOUNTING STANDARDS

Other accounting standards

Goods and services tax (GST)

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

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

Changes in accounting policies

Monadelphous Group Limited and its subsidiaries ('the Group') has adopted all new and amended Australian Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2014, including:

- AASB 2012-3 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
- Interpretation 21 Levies
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]
- AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]
- AASB 1031 Materiality
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB 2014-1 Part A – Annual Improvements 2010-2012 Cycle Amendments to Australian Accounting Standards – Part A Annual Improvements to IFRSs 2010-2012 Cycle
- AASB 2014-1 Part A – Annual Improvements 2011-2013 Cycle Amendments to Australian Accounting Standards – Part A Annual Improvements to IFRSs 2011-2013 Cycle

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

New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2015.

The potential effects of the following standards and interpretations have not yet been fully determined:

| Reference | Summary | Application date of standard | Application date for Group |
|-------------------------------------|--|------------------------------|----------------------------|
| AASB 9 <i>Financial Instruments</i> | AASB 9 contains accounting requirement for financial instruments, replacing AASB 139. The standard: <ul style="list-style-type: none"> (a) contains a simpler model for classification and measurement of financial assets; (b) a single, forward looking 'expected loss' impairment model that will require more timely recognition of expected credit losses; (c) a substantially reformed approach to hedge accounting including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. | 1 January 2018 | 1 July 2018 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2015

30. OTHER ACCOUNTING STANDARDS (continued)

New accounting standards and interpretations (continued)

| Reference | Summary | Application date of standard | Application date for Group |
|---|--|------------------------------|----------------------------|
| AASB 2014-3 <i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</i> | This standard sets out the guidance on the accounting for acquisition of interests in joint operations in which the activity constitutes a business. | 1 January 2016 | 1 July 2016 |
| AASB 2014-4 <i>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)</i> | This standard clarifies the use of revenue-based methods to calculate depreciation on property, plant and equipment is not appropriate. | 1 January 2016 | 1 July 2016 |
| AASB 15 <i>Revenue from Contracts with Customers</i> | <p>The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <p>Step 1: Identify the contract(s) with a customer</p> <p>Step 2: Identify the performance obligations in the contract</p> <p>Step 3: Determine the transaction price</p> <p>Step 4: Allocate the transaction price to the performance obligations in the contract</p> <p>Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p> <p>Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.</p> <p>The Group has commenced a detailed review of its contracts with customers to determine the impact, if any, of AASB 15 to revenue recognition of the Group. At the date of this report, that assessment is ongoing and it has not been possible to quantify the effect of AASB 15.</p> | 1 January 2017 | 1 July 2017 |
| AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | AASB 2014-10 amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. | 1 January 2016 | 1 July 2016 |
| AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle</i> | This standard provides clarification amendments to AASB 5, AASB 7, AASB 9 and AASB 134. | 1 January 2016 | 1 July 2016 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2015

30. OTHER ACCOUNTING STANDARDS (continued)

New accounting standards and interpretations (continued)

| Reference | Summary | Application date of standard | Application date for Group |
|--|---|------------------------------|----------------------------|
| <i>AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i> | The Standard makes amendments to AASB 101 arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. | 1 January 2016 | 1 July 2016 |
| <i>AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i> | The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. | 1 July 2015 | 1 July 2015 |
| <i>AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception</i> | This makes amendments to AASB 10, AASB 12 and AASB 128 arising from the IASB's narrow scope amendments associated with Investment Entities. | 1 July 2015 | 1 July 2015 |

INVESTOR INFORMATION

FOR THE YEAR ENDED 30 JUNE 2015

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current at 1 September 2015.

a) Distribution of equity securities

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

| Category (Size of Holdings) | Number of Ordinary Shareholders | Number of Ordinary Shares | % of Issued Capital |
|--------------------------------|------------------------------------|------------------------------|---------------------|
| 1 – 1000 | 8,746 | 4,380,978 | 4.70 |
| 1,001 – 5,000 | 6,231 | 14,903,575 | 15.99 |
| 5,001 – 10,000 | 1,031 | 7,683,979 | 8.25 |
| 10,001 – 100,000 | 835 | 21,537,532 | 23.11 |
| 100,001 – 99,999,999 | 50 | 44,688,095 | 47.95 |
| Total | 16,893 | 93,194,159 | 100.00 |

The number of shareholders holding less than marketable parcels is 623.

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 | 17,549,365 | 18.83 |
| 2. | J P Morgan Nominees Australia Limited | 7,948,774 | 8.53 |
| 3. | Citicorp Nominees Pty Limited | 3,606,441 | 3.87 |
| 4. | Velham Nominees Pty Ltd (The Velletri Family A/C) | 2,100,000 | 2.25 |
| 5. | Rubi Holdings Pty Ltd (John Rubino Super Fund A/C) | 2,022,653 | 2.17 |
| 6. | National Nominees Limited | 1,820,837 | 1.95 |
| 7. | Wilmar Enterprises Pty Ltd | 1,320,000 | 1.42 |
| 8. | Warbont Nominees Pty Ltd (Unpaid Entrepot A/C) | 918,044 | 0.99 |
| 9. | BNP Paribas Noms Pty Ltd (DRP) | 518,641 | 0.56 |
| 10. | Australian United Investment Company Limited | 350,000 | 0.38 |
| 11. | Mrs Mary Teresa Erdash | 335,000 | 0.36 |
| 12. | Mr Bruce Shankland and Mrs Gilda Maria Shankland | 295,800 | 0.32 |
| 13. | Share Direct Nominees Pty Ltd (10026 A/C) | 280,713 | 0.30 |
| 14. | Langfield Investments Pty Ltd | 280,000 | 0.30 |
| 15. | Neale Edwards Pty Ltd | 247,960 | 0.27 |
| 16. | Mr Dino Foti (D&I Foti Family A/C) | 232,500 | 0.25 |
| 17. | Borromini Pty Ltd | 224,000 | 0.24 |
| 18. | Marsden Holdings (Canberra) Pty Ltd | 219,423 | 0.24 |
| 19. | CPU Share Plans Pty Limited (MND VSP Control A/C) | 193,088 | 0.21 |
| 20. | Sylvania Pty Ltd | 190,190 | 0.20 |
| Total | | 40,653,429 | 43.64 |

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 |
|-----------------|-----------------|--------|
| BlackRock Group | 18,480,197 | 19.83% |

INVESTOR INFORMATION

FOR THE YEAR ENDED 30 JUNE 2015

d) Voting rights

On a show of hands every member or proxy present may be entitled to one vote unless a poll is called in which case every share may have one vote, subject to any voting restrictions that may apply (refer Corporations Amendments – Improving Accountability on Director and Executive Remuneration Bill 2011).

e) Securities exchange listing

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at The University Club, University of Western Australia, Crawley, WA on Tuesday 17 November 2015 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 Ltd | Telephone: 1300 364 961 (Australia) |
| Level 2, 45 St Georges Terrace | +61 3 9946 4415 (Overseas) |
| Perth | Facsimile: +61 8 9323 2033 |
| Western Australia 6000 | Email: web.queries@computershare.com.au |
| | Website: www.investorcentre.com |

All written enquires should include your Security Holder Reference Number or Holder Identification Number as it appears on your Holding Statement along with your current address.

CHANGE OF ADDRESS

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

LOST HOLDING STATEMENTS

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

CHANGE OF NAME

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

TAX FILE NUMBER (TFN)

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

MONADELPHOUS PUBLICATIONS

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

INVESTOR INFORMATION

FOR THE YEAR ENDED 30 JUNE 2015

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

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 Ltd

Level 2, 45 St Georges Terrace
Perth
Western Australia 6000

Telephone: 1300 364 961

Facsimile: +61 8 9323 2033

ASX CODE

MND – Fully Paid Ordinary Shares

BANKERS

National Australia Bank Limited

50 St Georges Terrace
Perth
Western Australia 6000

Westpac Banking Corporation

109 St Georges Terrace
Perth
Western Australia 6000

HSBC

188-190 St Georges Terrace
Perth
Western Australia 6000

AUDITORS

Ernst & Young

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

SOLICITORS

Clifford Chance

190 St Georges Terrace
Perth
Western Australia 6000

King and Wood Mallesons

152 St Georges 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 Workforce Pty Ltd

M&ISS Pty Ltd

M Maintenance Services Pty Ltd

Monadelphous Engineering NZ Pty Ltd

Monadelphous Engineering US Inc.

MGJV Pty Ltd

MKT Pipelines Limited (incorporated on 2 July 2015)

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Shareholders may alternatively elect to receive an electronic copy of the Annual Report or access it via the Monadelphous website www.monadelphous.com.au.



PERTH HEAD OFFICE

59 Albany Highway
Victoria Park
Western Australia 6100

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Western Australia 6979

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

BRISBANE OFFICE

Level 6, 19 Lang Parade
Milton
Queensland 4064

PO Box 1872
Milton
Queensland 4064

Telephone: +61 7 3368 6700
Facsimile: +61 7 3368 6777

ABN: 28 008 988 547