

Your directors submit their report for the year ended 30 June 2013.

## 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  
47 years experience in the construction and engineering services industry

**Robert Velletri**

*Managing Director*

Appointed 26 August 1992  
Mechanical Engineer, Corporate Member of the Institution of Engineers Australia  
Appointed as Managing Director on 30 May 2003  
34 years experience in the construction and engineering services industry

**Irwin Tollman**

*Non-Executive Director*

Appointed 26 August 1992  
Chartered Accountant, Member Institute of Chartered Accountants in Australia  
21 years experience in the construction and engineering services industry  
Retired as Executive Director on 25 July 2003 and continued as a Non-Executive Director

**Peter John Dempsey**

*Lead Independent Non-Executive Director*

Appointed 30 May 2003  
Civil Engineer, Fellow of the Institution of Engineers Australia  
41 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 the Institution of Engineers Australia  
Member Institution of Structural Engineers, UK  
41 years experience in the construction and engineering services industry

## COMPANY SECRETARIES

**Zoran Bebic**

*Company Secretary and Chief Financial Officer*

Appointed 24 August 2009  
Certified Practising Accountant, Member of CPA Australia  
20 years experience in the construction and engineering services industry

**Philip Trueman**

*Company Secretary and General Manager, Human Resources*

Appointed 21 December 2007  
Chartered Accountant, Member Institute of Chartered Accountants in Australia and the South African Institute of Chartered Accountants  
13 years experience in the construction and engineering services industry

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

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

	Ordinary Shares	Options over Ordinary Shares
C. G. B. Rubino	2,014,816	Nil
R. Velletri	2,500,000	400,000
I. Tollman	579,614	Nil
P. J. Dempsey	78,000	Nil
C. P. Michelmore	18,597	Nil

## EARNINGS PER SHARE

	Cents
Basic Earnings Per Share	173.03
Diluted Earnings Per Share	170.55

## DIVIDENDS

	Cents	\$'000
Final dividends declared		
- on ordinary shares	75.00	68,205
Dividends paid during the year:		
<i>Current year interim</i>		
- on ordinary shares	62.00	56,211
<i>Final for 2012</i>		
- on ordinary shares	75.00	67,969

## 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 26 in the financial report).

The registered office of Monadelphous Group Limited is located at:

59 Albany Highway  
Victoria Park  
Western Australia, 6100

### Nature of operations and principal activities

#### Engineering Services

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

#### Skystar Airport Services

Provides aviation support services.

#### General

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

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 7,418 employees as of 30 June 2013 (2012: 6,105 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 on pages 6 to 32 of this Annual Report.

### Operating results for the year

Operating results for the year were:

	2013 \$'000	2012 \$'000
Revenue from services	2,614,073	1,897,490
Profit after income tax expense	156,314	137,335

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

### SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On 19 August 2013, the directors of Monadelphous Group Limited declared a final dividend on ordinary shares in respect of the 2013 financial year. The total amount of the dividend is \$68,205,193 which represents a fully franked final dividend of 75 cents per share. This dividend has not been provided for in the 30 June 2013 financial statements. The Monadelphous Group Limited Dividend Reinvestment plan will apply to the dividend.

On 19 August 2013, the Group entered into an agreement to sell its wholly owned Skystar operating subsidiaries, Skystar Airport Services Pty Ltd and Skystar Airport Services NZ Pty Ltd. The agreement with Menzies Aviation, a division of John Menzies plc, is subject to regulatory approvals and completion is expected to occur around the end of September 2013. The financial impact of this transaction is not expected to be material to the results of the Group for the year ending 30 June 2014.

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

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

### ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

The Company aims to continually improve its environmental performance.

## SHARE OPTIONS

### Unissued shares

As at the date of this report, there were 5,305,750 unissued ordinary shares under options as follows:

- 180,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of \$12.22. The options expire on 30 September 2013.
- 355,750 options to take up one ordinary share in Monadelphous Group Limited at an issue price of \$14.84. The options expire between 30 September 2013 and 30 September 2014.
- 4,190,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of \$17.25. The options expire between 10 September 2013 and 14 September 2015.
- 40,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of \$19.31. The options expire between 10 September 2013 and 14 September 2015.
- 540,000 options to take up one ordinary share in Monadelphous Group Limited at an issue price of \$19.70. The options expire between 14 September 2014 and 14 September 2016.

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 or since the end of the financial year, employees and directors have exercised the option to acquire 2,120,250 fully paid ordinary shares at a weighted average exercise price of \$10.41. As a result of the exercise of 2,120,250 options, 1,989,216 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 \$89,599 (2012: \$nil). The premium for the year ended 30 June 2012 was paid prior to 1 July 2011.

## INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

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

## REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 30 June 2013 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 Parent and the Group.

### *Details of Key Management Personnel*

#### *(i) Directors*

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

#### *(ii) Executives*

D. Foti	Executive General Manager, Engineering Construction
A. Erdash	Executive General Manager, Maintenance & Industrial Services
Z. Bebic	Chief Financial Officer and Company Secretary
S. Murray	General Manager, Infrastructure (resigned 24 June 2013)

### Remuneration Philosophy

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

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

### Remuneration Committee

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

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

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

### Non-executive Director Remuneration

#### *Objective*

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

#### *Structure*

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

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

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

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

The remuneration of non-executive directors for the period ending 30 June 2013 is detailed in Table 1 on page 50 of this report.

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## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Executive Remuneration

#### Objective

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

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

#### Structure

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

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

The proportion of fixed remuneration and variable remuneration is established for each member of the executive management team by the remuneration committee. Tables 1 and 2 on pages 50 and 51 of this report detail the proportion of fixed and variable remuneration for each of the executive directors and the members of the executive management team of the Company.

### Fixed Remuneration

#### Objective

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

Fixed remuneration is reviewed annually by the remuneration committee and the process consists of a review of Company-wide, business unit and individual performance 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 50 and 51 of this report.

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

#### Objective

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

#### Structure

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

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

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

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

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

100% of the cash bonus previously accrued in the 2012 financial year vested and was paid in the 2013 financial year. The amount payable for the 2013 financial year in relation to Key Management Personnel is \$360,000 which has been fully accrued at 30 June 2013. This amount vested and was fully paid subsequent to the year end on approval by the remuneration committee. No amounts were forfeited.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Executive Remuneration (continued)

#### Variable Remuneration – Long Term Incentive (LTI)

##### Objective

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

##### Structure

LTI grants to executives are delivered at the discretion of the remuneration committee in the form of options. The individual performance rating of each executive and the annual cost to the Company, on an individual basis, of any issue is taken into account when determining the amount, if any, of options granted. During the year ended 30 June 2013, there were 560,000 options granted under the Monadelphous Group Limited Employee Plan – October 2012. No Directors or Key Management Personnel received options during the year ended 30 June 2013. 75,000 options were forfeited by a departing 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 Prospectus and 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.

##### Employment Contracts

All executives have non-fixed term employment contracts. The Company or executive may terminate the employment contract by providing 1 or 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 six years is as follows:

	<b>2013</b> <b>\$'000</b>	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000
Profit after income tax expense	<b>156,314</b>	137,335	95,067	83,217	74,241	69,543
Basic earnings per share	<b>173.03c</b>	155.24c	108.84c	96.86c	87.48c	83.21c

A review of the Company's performance and returns to shareholders over the last six years has been provided on page 35 of this report.

**REMUNERATION REPORT (AUDITED) (CONTINUED)**
**Remuneration of Key Management Personnel**
**Table 1: Remuneration for the year ended 30 June 2013**

	Short Term Benefits			Post Employment		Long Term Benefits	Share-based Payments	Total	Total Performance Related	Total Options Related
	Salary & Fees	Non Monetary	Cash STI	Super-annuation	Retirement Benefits	Long Service Leave	Options LTI			
	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Non-Executive Directors</b>										
I. Tollman	80,000	975	-	-	-	-	-	80,975	-	-
P. J. Dempsey	121,101	1,477	-	10,899	-	-	-	133,477	-	-
C. P. Michelmore	115,000	1,402	-	-	-	-	-	116,402	-	-
<b>Subtotal Non-Executive Directors</b>	<b>316,101</b>	<b>3,854</b>	<b>-</b>	<b>10,899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330,854</b>	<b>-</b>	<b>-</b>
<b>Executive Directors</b>										
C. G. B. Rubino	449,872	4,868	-	16,470	-	14,833	-	486,043	-	-
R. Velletri	856,554	17,988	110,000	16,470	-	56,143	587,655	1,644,810	42.42	35.73
<b>Subtotal Executive Directors</b>	<b>1,306,426</b>	<b>22,856</b>	<b>110,000</b>	<b>32,940</b>	<b>-</b>	<b>70,976</b>	<b>587,655</b>	<b>2,130,853</b>	<b>32.74</b>	<b>27.58</b>
<b>Other Key Management Personnel</b>										
D. Foti	692,560	12,624	110,000	16,470	-	52,198	318,082	1,201,934	35.62	26.46
A. Erdash	542,587	11,998	70,000	16,470	-	20,338	190,149	851,542	30.55	22.33
Z. Bebic	504,739	9,190	70,000	16,470	-	26,509	190,149	817,057	31.84	23.27
S. Murray #	350,527	6,370	-	15,837	-	3,203	(32,722)	343,215	-	-
<b>Subtotal Other Key Management Personnel</b>	<b>2,090,413</b>	<b>40,182</b>	<b>250,000</b>	<b>65,247</b>	<b>-</b>	<b>102,248</b>	<b>665,658</b>	<b>3,213,748</b>	<b>28.49</b>	<b>20.71</b>
<b>Total</b>	<b>3,712,940</b>	<b>66,892</b>	<b>360,000</b>	<b>109,086</b>	<b>-</b>	<b>173,224</b>	<b>1,253,313</b>	<b>5,675,455</b>	<b>28.43</b>	<b>22.08</b>

# S. Murray ceased to meet the definition of Key Management Personnel on 24 June 2013 following his resignation from the Company. Remuneration receivable for the period up to the date of resignation is disclosed in Table 1.



**REMUNERATION REPORT (AUDITED) (CONTINUED)**
**Remuneration of Key Management Personnel (continued)**
**Table 2: Remuneration for the year ended 30 June 2012**

	Short Term Benefits			Post Employment		Long Term Benefits	Share-based Payments	Total	Total Performance Related	Total Options Related
	Salary & Fees	Non Monetary	Cash STI	Super-annuation	Retirement Benefits	Long Service Leave	Options LTI			
	\$	\$	\$	\$	\$	\$	\$			
<b>Non-Executive Directors</b>										
I. Tollman	66,000	830	-	-	-	-	-	66,830	-	-
P. J. Dempsey	109,951	1,383	-	9,908	-	-	-	121,242	-	-
C. P. Michelmore	100,000	1,258	-	-	-	-	-	101,258	-	-
<b>Subtotal Non-Executive Directors</b>	<b>275,951</b>	<b>3,471</b>	<b>-</b>	<b>9,908</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>289,330</b>	<b>-</b>	<b>-</b>
<b>Executive Directors</b>										
C. G. B. Rubino	409,260	4,521	-	15,775	-	13,618	-	443,174	-	-
R. Velletri	837,978	17,801	300,000	15,775	-	48,460	466,892	1,686,906	45.46	27.68
<b>Subtotal Executive Directors</b>	<b>1,247,238</b>	<b>22,322</b>	<b>300,000</b>	<b>31,550</b>	<b>-</b>	<b>62,078</b>	<b>466,892</b>	<b>2,130,080</b>	<b>36.00</b>	<b>21.92</b>
<b>Other Key Management Personnel</b>										
D. Foti	643,863	12,130	200,000	15,775	-	39,927	253,247	1,164,942	38.91	21.74
A. Erdash	506,924	11,818	100,000	15,775	-	19,031	147,274	800,822	30.88	18.39
C. Tabrett #	160,627	4,058	8,634	6,674	-	5,685	21,443	207,121	14.52	10.35
Z. Bebic	454,756	8,593	100,000	15,775	-	22,957	147,274	749,355	33.00	19.65
S. Murray	343,450	6,689	35,000	15,775	-	9,310	94,288	504,512	25.63	18.69
<b>Subtotal Other Key Management Personnel</b>	<b>2,109,620</b>	<b>43,288</b>	<b>443,634</b>	<b>69,774</b>	<b>-</b>	<b>96,910</b>	<b>663,526</b>	<b>3,426,752</b>	<b>32.31</b>	<b>19.36</b>
<b>Total</b>	<b>3,632,809</b>	<b>69,081</b>	<b>743,634</b>	<b>111,232</b>	<b>-</b>	<b>158,988</b>	<b>1,130,418</b>	<b>5,846,162</b>	<b>32.06</b>	<b>19.34</b>

# C. Tabrett ceased to meet the definition of Key Management Personnel in December 2011 following the consolidation of the Eastern and Western regions of the Maintenance & Industrial Services division and the appointment of an Executive General Manager for the consolidated Maintenance & Industrial Services division. Remuneration receivable for the period up to the date of consolidation is disclosed in Table 2.

**REMUNERATION REPORT (AUDITED) (CONTINUED)**

**Remuneration of Key Management Personnel (continued)**

**Table 3: Compensation options: Granted during the year ended 30 June 2013**

During the financial year ended 30 June 2013, no options were granted as equity compensation benefits to Key Management Personnel.

On 24 June 2013, S. Murray ceased to meet the definition of Key Management Personnel following his resignation from the Company. 75,000 options held by S. Murray were forfeited. The remaining 25,000 options are exercisable between 1 September 2013 and 10 September 2013.

**Table 4: Compensation options: Granted during the year ended 30 June 2012**

During the year ended 30 June 2012, an aggregate 1,150,000 options were granted to the following Key Management Personnel of the Company and its controlled entities as part of their remuneration.

Terms and conditions for each Grant							
	Granted Number	Grant Date	Weighted Average Fair Value per Option at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date
<b>Executive Directors</b>							
R. Velletri	400,000	23/11/2011	\$4.05	\$17.25	14/09/2015	1/09/2013	14/09/2015
<b>Other Key Management Personnel</b>							
D. Foti	250,000	3/11/2011	\$3.49	\$17.25	14/09/2015	1/09/2013	14/09/2015
A. Erdash	150,000	3/11/2011	\$3.49	\$17.25	14/09/2015	1/09/2013	14/09/2015
C. Tabrett	100,000	3/11/2011	\$3.49	\$17.25	14/09/2015	1/09/2013	14/09/2015
Z. Bebic	150,000	3/11/2011	\$3.49	\$17.25	14/09/2015	1/09/2013	14/09/2015
S. Murray	100,000	3/11/2011	\$3.49	\$17.25	14/09/2015	1/09/2013	14/09/2015
<b>Total</b>	<b>1,150,000</b>						

**Table 5: Shares issued on exercise of compensation options during the year ended 30 June 2013**

	Options Vested Number	Options Exercised Number	Shares Issued Number	Paid \$ per Share
<b>Directors</b>				
R. Velletri ^	250,000	250,000	250,000	10.00
<b>Executives</b>				
D. Foti ^	140,000	140,000	140,000	10.00
A. Erdash ^	70,000	70,000	70,000	10.00
Z. Bebic ^	70,000	70,000	70,000	10.00
S. Murray ^	35,000	35,000	35,000	10.00
<b>Total</b>	<b>565,000</b>	<b>565,000</b>	<b>565,000</b>	

^ On 12 September 2012, the date of exercise of the above options, the closing share price was \$19.89.

**REMUNERATION REPORT (AUDITED) (CONTINUED)**
**Remuneration of Key Management Personnel (continued)**
**Table 6: Shares issued on exercise of compensation options during the year ended 30 June 2012**

	Options Vested Number	Options Exercised Number	Shares Issued Number	Paid \$ per Share
<b>Directors</b>				
R. Velletri ^	125,000	125,000	125,000	10.00
<b>Executives</b>				
D. Foti ^	70,000	70,000	70,000	10.00
A. Erdash ^	35,000	35,000	35,000	10.00
C. Tabrett ^	35,000	35,000	35,000	10.00
Z. Bebic ^	35,000	35,000	35,000	10.00
S. Murray ^	17,500	17,500	17,500	10.00
<b>Total</b>	<b>317,500</b>	<b>317,500</b>	<b>317,500</b>	

^ On 7 September 2011, the date of exercise of the above options, the closing share price was \$19.49.

**END OF REMUNERATION REPORT**
**DIRECTORS' MEETINGS**

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

	Directors' Meetings	Audit	Meetings of Committees Remuneration	Nomination
<b>Number of meetings held:</b>	17	6	3	1
<b>Number of meetings attended:</b>				
C. G. B. Rubino	15	-	-	1
R. Velletri	16	-	-	-
I. Tollman	16	6	2	-
P. J. Dempsey	17	6	3	1
C. P. Michelmore	17	6	3	1

**COMMITTEE MEMBERSHIP**

As at the date of this report, the Company had an audit committee, a remuneration committee and a nomination committee. Members acting on the committees of the Board during the year were:

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

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

**ROUNDING**

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars (\$'000) (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

**CORPORATE GOVERNANCE**

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

The Company's Corporate Governance Statement is detailed on page 36 of this report.

## AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

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



### 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 2013, 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  
19 August 2013

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### NON-AUDIT SERVICES

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

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

	\$
Tax compliance services	25,711
Assurance related	5,665
	<u>31,376</u>

Signed in accordance with a resolution of the directors.

C. G. B. Rubino  
Chairman  
Perth, 19 August 2013