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**NRW HOLDINGS LIMITED
ANNUAL REPORT 2007**

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ABN 95 118 300 217

NOTICE OF ANNUAL GENERAL MEETING

The AGM will be held at 10.00 am on Wednesday 28 November, 2007. The venue will be the Novotel Langley Hotel, Silver Room, 221 Adelaide Terrace, Perth WA 6000.



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HIGHLIGHTS FOR 2007
FINANCIAL YEAR

\$277.6 MILLION
PRO FORMA REVENUE

\$45.2 MILLION
PRO FORMA EBITDA

\$20.1 MILLION
PRO FORMA NET PROFIT AFTER TAX

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YEAR IN REVIEW

Services have historically been provided in Australia only, however NRW has now commenced operations in the Northern Territory and in the West African country of Guinea

Unless otherwise indicated, the results referred to in this review (including references to EBITDA, net profit and revenue) are set out on a pro forma basis, to show the financial performance as if the business units of NRW Holdings Limited were controlled by NRW for the twelve months ended 30 June 2007, in order to provide a meaningful comparison with the pro forma financial information that was contained in the Company's initial public offering prospectus dated 27 July 2007. The pro forma adjustments are consistent with those made in the prospectus.

NRW Holdings Limited commenced trading on the Australian Stock Exchange on 5 September 2007, after successfully completing an initial public offering of its shares. Prior to becoming a listed company, NRW was privately held,

initially by its founders and key management personnel. In July 2006, an investment of \$21.4 million was made in NRW by Stark NRWPL Holding Limited, a company within the Stark Investments group. Stark Investments and key management personnel continue to hold significant interests in NRW following the initial public offering.

NRW has established relationships with key clients including Rio Tinto, BHP Billiton and Fortescue Metals Group, and provides services to many other leading mining companies. Services have historically been provided in Australia only, however NRW is now commencing operations in Africa, initially as a contractor for Rio Tinto's Simandou iron ore project.





NRW is a leading Western Australian based provider of services to the resources sector. NRW was founded in 1994 and has developed a complementary and diversified service offering across four divisions:

CIVIL CONTRACTING

Providing construction services including rail formation, bulk earthworks, and road and tunnel construction.

MINING SERVICES

Offering a wide range of contracting services including earth moving, waste stripping, ore haulage and related ancillary services.

SALES AND RENTAL

Through its subsidiary, Promac Rental & Sales Pty Ltd, NRW offers the rental and sale of new and used heavy earthmoving equipment and the sale of off-road tyres.

SERVICES

Through its subsidiary, Actionblast Pty Ltd, NRW provides equipment repairs, sandblasting and painting services, service truck and water tanker fabrication and import services (including quarantine cleaning).

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Prospectus



Financial Overview

NRW grew strongly in the 2007 financial year, reflecting the performance of several substantial civil and mining contracts.

Financial Performance

NRW's pro forma and statutory financial performance is summarised in the table below.

NRW has achieved pro forma revenue of \$277.6 million for the year ended 30 June 2007, up 49.1% as compared to the previous corresponding period. This increase was largely driven by new contracts in the Civil Contracting division in which revenue was up 40.8% from \$115.0 million to \$162.0 million and the Mining Services division in which revenue was up 158.5% from \$30.1 million to \$77.8 million.

The increase in revenue of approximately \$20 million between the Prospectus Pro Forma Forecast for FY2007 and the Pro

Forma Actual for FY2007 is largely attributable to increased revenue from the Fortescue Rail and Camp project. This project commenced in April 2007 and progress to date has exceeded expectations, especially in the camp project area.

NRW has achieved pro forma EBITDA of \$45.2 million and pro forma EBIT of \$33.6 million for the year ended 30 June 2007, up 42.1% and 34.4% respectively as compared to the previous corresponding period.

Pro forma net profit after tax was \$20.1 million for the year ended 30 June 2007.

The increase in net profit after tax of \$1.2 million between the Prospectus Statutory Forecast and the Statutory Actual for the year ended 30 June 2007 is largely attributable to the forgiveness of a \$1.0 million loan owed to a director related entity and forgiven during the year as part of an agreement with Stark Investments upon the restructuring of the Group on 2 July 2006.

In millions of AUD	PROSPECTUS			PROSPECTUS STATUTORY FORECAST	STATUTORY ACTUAL
	PRO-FORMA HISTORICAL	PRO-FORMA FORECAST	PRO-FORMA ACTUAL		
	FY2006	FY2007	FY2007	FY2007	FY2007
Revenue	186.2	257.2	277.6	243.2	264.4
EBITDA	31.8	43.9	45.2	35.6	37.5
EBIT	25.0	31.9	33.6	23.8	25.9
Profit Before Tax		27.9	28.7	19.8	21
Net Profit After Tax		19.5	20.1	12.7	13.9





Financial Position

As at 30 June 2007, NRW had net assets of \$45.5 million.

The Company successfully completed an initial public offering of shares and listed on the Australian Securities Exchange after the end of the financial year, raising approximately \$46.6 million from the issue of new ordinary shares. The proceeds of the issue of shares were applied to the repayment of debt and the payment of costs of the initial public offering, with the balance of the funds raised available for future growth opportunities.

Cash Flow and Borrowings

Cash provided by operating activities for the financial year was \$41.9 million. Cash and cash equivalents increased by \$16.5 million during the financial year.

In millions of AUD	STATUTORY ACTUAL FY2007
Net cash provided by operating activities	41.9
Net cash used in investing activities	(28.6)
Net cash provided by financing activities	3.2
Net increase in cash for the year	16.5

Capital Expenditure

NRW is continuing to make substantial investments in new and replacement equipment, in order to meet the expected requirements of existing and new projects. Property, plant and equipment of \$40.8 million was acquired during the year ended 30 June 2007.

Investments

On 30 March 2007, NRW completed the acquisition of Actionblast Pty Ltd. The acquisition of Actionblast Pty Ltd provides NRW with the ability to provide a range of services to owners and operators of heavy earthmoving equipment. The repair, maintenance and rebuild capabilities of Actionblast Pty Ltd will support the growth of the civil contracting, mining services and rental and sales activities of NRW.

NRW will consider future opportunities to expand by making strategic acquisitions.

Group Outlook

The financial performance of NRW in the 2008 financial year to date has been consistent with expectations. This performance and the continued positive outlook for each of the divisions underpins management and the Board's confidence in achieving the forecasts of pro forma EBITDA of \$85.4 million and pro forma net profit after tax of \$40.2 million for the 2008 financial year, as set out in the Company's initial public offering prospectus.

Pro forma net profit after tax was \$20.1 million for the year ended 30 June 2007



Divisional Overview

In millions of AUD	PROSPECTUS PRO FORMA FORECAST	PRO FORMA ACTUAL
	FY2007	FY2007
Revenue		
Civil contracting	140.3	162.0
Mining services	78.2	77.8
Sales and rental	30.8	28.6
Services	21.4	20.7
Other/eliminations	(13.5)	(11.5)
Total revenue	257.2	277.6

Civil Contracting

NRW civil contracting projects have included bulk earthworks, project rehabilitation, conveyor line preparation and construction of access roads, rail sidings, tailings dams, run-of-mine pads, seawalls, airstrips, greenfield mine development, bridges and iron ore storage facilities.

Revenue for the civil contracting division was \$162.0 million, up 41% from \$115.0 million in the 2006 financial year.

The division's growth was driven by the Pilbara Iron Ore producers' need for new or enhanced infrastructure to meet expanding demand for their ore. This environment will continue to support the expected growth in the division for the coming year with contribution expected from the emerging Midwest Iron ore province and other commodity mine sites commencing construction in the coming year.

Operations

Contracts and contract extensions won during the period were:

- Rio Tinto Expansion Projects: Yandi Access Road.
- Rio Tinto Expansion Projects: Lang Hancock Rail Sidings.
- Pilbara Iron: Nammuldi Multi Plate Tunnels.
- Rio Tinto Expansion Projects: Hope Downs Village Access Road.
- Fortescue Metals Group: Railway Earthworks and Drainage Sections 6 – 9.
- Fortescue Metals Group: Accommodation Village Facilities.
- Energy Resources of Australia: Ranger Radiometric Sorter Site Works.
- Energy Resources of Australia: Ranger Laterite Plant Expansion Site Works.
- BHP Billiton: ADP RGP4 – Jumblebar Mine and Rail Earthworks.

Significant project achievements during the year included:

Yandi JSE plant site and rail expansion

The Yandi JSE plant and rail expansion was completed during the year, ahead of time and under budget. When awarded this project, combining two civil expansion projects, was the division's largest ever. The project included railway embankments, conveyor embankments, detailed earthworks, bridge works, drainage structures, reinforced earth wall construction, road construction and detailed drill and blast





work. Much of the work was carried out in and around the existing plant site and railway line. The project provided NRW with the growth in systems, personnel and capacity to enable the division to complete future major infrastructure projects.

Hope Downs Stage 1 Bulk Earthworks, Roadwork's and Drainage

NRW was involved in the Hope Downs Stage 1 Project from the design phase and was awarded the work prior to the finalisation of the design. NRW proved to be both adaptable and flexible in providing the site with its access roads, drainage structures, plant site, administration and stockyard earthworks and drainage. All facets were finished to the highest standards.

Yandi Access Road

The Yandi Access Road involved 57km of reconstruction and new construction to main roads standards. The core team that completed this project has now gone on to the Hope Downs Village Access Road.

Nammuldi Multi Plate Tunnels

To provide ore to the Nammuldi processing plant from lenses E & F, Pilbara Iron contracted NRW to construct 3 multi plate steel tunnels. The tunnels allowed ore trucks to pass over the Nammuldi Access Road, The Brockman Access Road and the Brockman Railway. NRW staff worked around the clock managing the road traffic and liaising with Pilbara Iron's rail system to complete these impressive 7 and 9 meter steel tunnels with minimal disruption to existing operations.

Lang Hancock Rail Sidings

NRW has long been the most prolific sidings contractor in the Pilbara having built over 20 sidings. The Lang Hancock Rail sidings project saw NRW complete Dove, Juna and Eagle sidings on the Lang Hancock rail on route to Hope Downs. NRW's site team performed well in overcoming difficult logistical issues including coordinating works in three separate areas.

Fortescue Rail and Camp Project

In April 2007, NRW was awarded sections 8 & 9 of the FMG Railway project consisting of 46kms of rail formation passing through the Chichester Ranges. NRW has subsequently been awarded sections 6 & 7 of the rail taking our length of the rail formation works to 106kms. Drawing resources from all NRW's divisions and with currently more than 300 personnel on site, this project will eventually expand to over 400 personnel.

Outlook

FY2008 is expected to be a year of further growth driven by the continued commodity demand and the infrastructure required by our clients to meet that demand. The development of Western Australia's proposed Midwest iron ore projects is expected to progress towards production and existing iron ore producers will continue to expand and develop new resources. It is also expected that a significant number of quality projects in other commodities will commence during this period.

Revenue for the civil contracting division was \$162.0 million, up 41% from \$115.0 million in the 2006 financial year



Mining Services

NRW's mining services division provides contract mining services to mining companies and has extensive experience in developing mines in remote locations. Significant work has been undertaken in the iron ore, copper, gold, diamond, nickel and mineral sand sectors. Services include earth moving, waste stripping, ore haulage and related ancillary services.

Revenue for the mining services division was \$77.8 million, up 158% from \$30.1 million in the 2006 financial year.

Growth in the division was driven by the increased demand for natural resources, particularly iron ore and other related commodities.

Operations

Contracts and contract extensions won during the period were:

- Pilbara Iron: Tom Price Mining (WA) – Load and haul of ore and waste, stockpile rehandle
- Pilbara Iron: Brockman No. 7 Development (WA) – Waste prestrip
- Aditya Birla: Nifty Pad 2 Rehandle (WA) – Reclaim and haul
- Pilbara Iron: Marandoo Mining (WA) – Waste prestrip
- Pilbara Iron: Yandi Mining Services (WA) – Waste prestrip
- Rio Tinto Expansion Projects: Yandi Continuous Miner Trials (WA) – Load and haul of ore and waste

- Matilda Minerals: Tiwi Mineral Sands (NT) – Mining, plant feed, product stockpile management and product haulage
- Simfer SA (Rio Tinto Guinea): Simandou Pre Development (Guinea, West Africa) – Exploration access, infrastructure development and trial mining

Key works undertaken during the year included:

Tiwi Mineral Sands

NRW was awarded a 2 year total mining services contract with Matilda Minerals on remote Melville Island in the Northern Territory. The works include the provision of all mobile plant to service the mineral sand mining works and the haulage by road train of all heavy mineral concentrates to the shipping facility.

Yandi JSE Prestrip

Following from the Yandi JSE construction works, a fleet of 100 tonne dump trucks was mobilised to pre-strip the Yandi Junction South East ore body to allow access to the high grade channel ore deposit. This work saw the addition of the first 200t class mining excavator to NRW's fleet, as well as the expansion of the trucking fleet to twenty one Caterpillar 777D 100 tonne dump trucks. This high capacity mining equipment saw a projected 9 month work program completed in 7 months, allowing the successful commissioning of the new Yandi JSE infrastructure.





Tom Price Mining

Following three years of short tenure works, a two year contract was awarded for the provision of mining services within the Tom Price mine and associated pits. The works include pre stripping of waste, remnant mining, bench development, stockpile rehandle and drop cut development. This contract saw the purchase of a second 200 tonne class mining excavator. A significant indigenous employee program was initiated on this contract which saw indigenous involvement on this project climb to 22% at years end.

Marandoo Mining

Due to short term waste stripping requirements, mining plant and personnel were temporarily relocated from Tom Price to Marandoo Mine to ensure Pilbara Iron were able to maintain their budgeted product output. Upon successful completion of the works, the plant and personnel were returned to Tom Price. This project demonstrated the flexibility that NRW can provide to clients.

Yandi Continuous Miner Trials

Following the successful completion of the Yandi JSE Pre Strip works, an arrangement was negotiated to provide the materials haulage services to support the trial mining of the Yandi JSE orebody using a continuous cutting mobile miner. To support these works NRW added a Cat 992 front end loader, and an additional three 100t dump trucks

to our fleet. These works were undertaken and managed by a predominantly indigenous work crew which saw an indigenous employee ratio of over 85%.

Simandou Pre Development

In June 2007, NRW mobilised two CAT D9R dozers by heavy lift aircraft from Dubai into Guinea to commence development works including roads and drill pads at the Simandou project. Significant additional plant will be mobilised by air and sea during FY2008 to assist Simfer SA with an aggressive development program for this highly prospective iron ore resource.

Outlook

The outlook for further growth in the Mining sector remains strong, buoyed by the current strong resource commodities price cycle and the significant number of development projects in the approvals and construction pipeline. Continued focus on NRW's indigenous involvement program will assist with resourcing this growth potential.

Revenue for the mining services division was \$77.8 million, up 158% from \$30.1 million in the 2006 financial year

Sales and rental

Through its subsidiary, Promac Rental & Sales Pty Ltd, NRW offers the rental and sale of new and used heavy earthmoving equipment and the sale of off-road tyres. The sales and rental division supports the growth of NRW's civil contracting and mining services divisions, and the majority of equipment rental revenue is generated from sales to these divisions.

Promac has a fleet of highly reliable, low-hour heavy earth moving equipment including articulated dump trucks, rollers, excavators and loaders. Promac also leases mining support equipment including service trucks, mobile lighting towers, generator sets, personnel transporters and other ancillary equipment.

Revenue for Promac Rental & Sales Pty Ltd was \$28.6 million, down 14% from \$33.1 million in the 2006 financial year.

This was due to a reduction in tyre sales revenue which was particularly high in the 2006 financial year due to a large one off second hand tyre sale transaction. However Rental revenue increased 95% due to an expansion of the rental fleet following strong demand for heavy machinery which was largely driven by the growth in other divisions within the NRW group.

Outlook

The outlook for further growth in the mining and civil construction sectors remains strong. An expansion in the client base and the rental machinery fleet are planned for the 2008 financial year.

Promac Rental and Sales Pty Ltd has developed relationships with machinery manufacturers and importers, enabling it to introduce new machines into key markets. In addition, Promac Rental and Sales Pty Ltd is the authorized distributor for Patron Saint and Amberstone off road tyres.

Services

Through its subsidiary, Actionblast Pty Ltd (trading as Action Mining Services), NRW provides equipment repairs, sandblasting and painting services, service truck and water tanker fabrication and import services (including quarantine cleaning). Actionblast Pty Ltd was acquired on 30 March 2007.

Revenue for the services division was \$20.7 million, up 74% from \$11.9 million in the 2006 financial year.

Growth was driven by increasing demand for heavy earthmoving repair and maintenance services from civil and mining equipment owners and operators. Strong demand for fabricated products was also experienced.

The Hazelmere premises were expanded during the year, with the construction of a new facility for the fabrication of Actionblast Pty Ltd's range of service trucks and water tankers, an additional wash down bay, new storage buildings and an upgrade to yard and hardstand areas.

Fabricated products, comprising service modules and water tankers, were successfully designed and developed by Actionblast Pty Ltd during the year and have been in strong demand from customers.

The workshop workforce was increased by approximately 25%, including a significant commitment to training apprentices and the recruitment of overseas workers in areas where specialist skills were not readily available in the local market. A joint venture with Cavico, a Vietnamese company, has been negotiated for the fabrication of water tanks, which is expected to reduce production costs and delays.

Significant resources have been allocated to training and safety during the period since the acquisition of Actionblast Pty Ltd. Investment in operating systems and software are currently being introduced, with productivity expected to increase as a result.

Outlook

The outlook for continuing growth within the services division remains strong, driven by the growth in overall numbers of earth moving machines operating in Western Australia. Improvements in throughput are expected during the 2008 financial year, and additions to the range of fabricated products are under consideration.

Human Resources

As at 30 June 2007, NRW had a total of approximately 550 employees. NRW's workforce includes 45 indigenous employees, reflecting the strong commitment to indigenous employment and training. In addition, NRW employs 21 apprentices.

As a rapidly growing company operating in an environment where skilled labour is in short supply, NRW remains focused on the attraction and retention of quality employees. NRW provides its people with development opportunities at all levels. By identifying employees with potential and allowing access to high quality training and development, NRW provides its people with opportunities to grow with the business.

Community

NRW supports the communities in which it operates by sponsoring a range of charities, community events and sporting clubs.

Awards

NRW was proud to be a finalist in the Rio Tinto Iron Ore Supplier Recognition Program for 2007.

Training and Assessment

During 2007 NRW introduced a nationally accredited Certificate Two in the Metalliferous Competencies for all operators company wide. It is intended to replace the current training regime with a formally accredited system which will see all assessment conducted by nationally accredited, third party assessors.

The aim of the new training and assessment regime will be to improve safe operation of plant and equipment, improve productivity and decrease costs associated with down time, tyre wear and general damage.

Safety

NRW is committed to achieving the highest possible performance in occupational health and safety across all of its business operations.

A key safety performance measure is lost time injury frequency rate, which measures the number of injuries that result in an employee being absent from work for one or more whole shifts per million exposure hours. The LTIFR was 2.4 as at 30 June 2007.

NRW's Occupational Health and Safety Management Systems are accredited to AS4801-2001, the applicable Australian Standard. The company manages risk through hazard identification, minimisation, monitoring and control procedures, and by reviewing safety performance. NRW ensures that all employees, including subcontractors' employees, are fully instructed, trained and assessed in the tasks each will be required to perform, and in the operation of plant and equipment.

'Live It' Safe Practices Programme

During 2007, NRW introduced the Live It Safe Practices Programme. This programme was introduced to trigger a quantum shift in the health and safety thinking of NRW employees and to create a real and recognisable safety culture.

LiveIt represents NRW's promotion of safety as a way of life not only at work but at home – 24 hours per day.



Environment

In 2007 NRW achieved accreditation to ASNZS ISO 14001:2004 Certified Environmental Management which covers environmental management systems in the civil engineering and mining industries. This accreditation reinforces NRW's commitment to maintaining strict environmental protocols on all projects undertaken.

NRW remains focused on the attraction and retention of quality employees. NRW provides its people with development opportunities at all levels

CORPORATE GOVERNANCE STATEMENT

The Australian Stock Exchange Corporate Governance Council sets out best practice recommendations, including corporate governance practices and suggested disclosures. ASX Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the ASX recommendations and to give reasons for not following them.

The aim of the policies is to ensure that the Company is effectively directed and managed, risks are identified, monitored and assessed and appropriate disclosures made on a continuous basis.

Unless otherwise indicated the best practice recommendations of the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures, have been adopted and complied with by the Company for the relevant period since the preparation of the company's Prospectus and subsequent admission to the ASX Official List on 3 September 2007. In addition, the Company has a Corporate Governance section on its website: www.nrw.com.au which includes the relevant documentation suggested by the ASX Recommendations.

1. The Board

The Board is responsible for, and has the authority to determine, all matters relating to strategic direction, policies, practices, management goals and the operations of the Company.

(a) The Board Charter

The Board has adopted a Board Charter which sets out the responsibilities of the Board in greater detail, including the following responsibilities:

- approving the strategic objectives of NRW and establishing goals to promote their achievement;
- monitoring the operational and financial position and performance of NRW;
- ensuring the Directors inform themselves of NRW's business and financial status;

- establishing investment criteria including acquisitions and divestments, approving investments, and implementing ongoing evaluations of investments against such criteria;
- providing oversight of NRW, including its control and accountability systems;
- exercising due care and diligence and sound business judgment in the performance of those functions and responsibilities;
- considering and approving NRW's budgets;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- appointing and removing the Chief Executive Officer, monitoring performance and approving remuneration of the Chief Executive Officer and the remuneration policy and succession plans for the Company's Chief Executive Officer;
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and Company Secretary;
- monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available;
- ensuring that business risks facing NRW are, where possible, identified and that appropriate monitoring and reporting of internal controls is in place to manage such risks;
- approving and monitoring financial and other reporting;
- ensuring the Company complies with its responsibilities under the Corporations Act, the ASX Listing Rules, the Company's Constitution and other relevant laws; and
- ensuring that collectively, the Board has the appropriate range of expertise to properly fulfil the above responsibilities and reviewing this on a regular basis to ensure it continues to have operating and technical expertise relevant to the operations of NRW.

The charter provides for the Board to delegate specific matters to senior management, or to committees established by the Board.

(b) The composition of the Board

The composition of the Board is determined in accordance with the following general principles:

- the Chairman shall be an independent non-executive Director;
- the majority of Directors shall be independent non-executive Directors⁶⁾; and
- the Board shall comprise Directors with a broad mix of business expertise and experience.

The composition of the Board, its performance and the appointment of new Directors will be reviewed periodically by the Board, taking advice from external advisers where considered appropriate.

The Board, from 27 July 2007, comprises two executive directors (Jeffery McGlinn and Julian Pemberton) and two non-executive directors (Ian Burston and Michael Arnett). The qualifications and experience of the directors is set out on pages 17 to 18 of this report. The Board has determined that both of the non-executive directors are independent non-executive directors having regard to the principles set out in the ASX Corporate Governance Principles and Recommendations.

Recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations states that a majority of the board should be independent directors, which is not currently the case for NRW's Board. The Board is actively seeking to identify and appoint an appropriately qualified additional non-executive and independent director.

The term of office held by each director of NRW during the reporting period is outlined on pages 17 to 18 of this report.

2. Committees

In order to better manage its responsibilities, the Board established an Audit and Risk Management Committee, a Nomination Committee and a Remuneration Committee on 27 July 2007. Each committee has adopted a charter approved by the Board, setting out its responsibilities.

Each committee will comprise a minimum of two non-executive Directors, a majority of independent Directors, and a non-executive Chairman.

The committees are comprised of:

- Audit and Risk Management Committee: Michael Arnett (chair) and Ian Burston;
- Nomination Committee: Michael Arnett (chair), Jeffery McGlinn and Ian Burston; and
- Remuneration Committee: Michael Arnett (chair), Ian Burston and Julian Pemberton as members.

Executives may attend committee meetings by invitation of the chairman of the relevant committee.

(a) Audit and Risk Management Committee

The Audit and Risk Management Committee's primary objectives are to assist and advise the Board in fulfilling its responsibilities in relation to the accounting and reporting practices of the consolidated entity and the identification and management of significant financial risk areas and regulatory compliance.

The role and responsibilities, composition, structure and membership requirements of the Audit and Risk Management Committee are documented in an Audit and Risk Management Charter approved by the Board and include:

- the nomination and remuneration of external auditors;
- reviewing the quality of the external audit;
- providing an independent, objective review of financial information provided by management to Shareholders and regulatory authorities;
- reviewing the Company's financial control practices; and
- assisting the Board in fulfilling its responsibilities relating to the risk management and compliance practices of the Company.

Formal systems have been introduced for regular reporting to the Board on financial risks and compliance matters. The independent auditors will have a direct line of reporting to the Committee and have clear and open access to members of this Committee.

(i) At the time of this report the Board is comprised of two independent non-executive Directors and two executive Directors. The Board is actively seeking to identify and appoint an appropriately qualified additional non-executive Director.



CORPORATE GOVERNANCE STATEMENT

This Committee will meet at least twice each year.

Recommendation 4.3 of the ASX Corporate Governance Principles and Recommendations states that the audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, an independent chairperson, who is not chairperson of the board and at least 3 members. NRW's Audit and Risk Management Committee currently consists of two non-executive and independent directors (Ian Burston and Michael Arnett). As noted above, the Board is actively seeking to identify and appoint an appropriately qualified additional non-executive and independent director. NRW envisages that this person, once appointed, will become a non-executive and independent member of the Audit and Risk Management Committee.

(b) Nomination Committee

This Committee's principal function is reviewing and making recommendations to the Board on the composition and performance of the Board and its committees, the recruitment and appointment of new Directors and senior executives and the performance of incumbent Directors and senior executives.

The role and responsibilities, composition, structure and membership requirements of the Nomination Committee are set out in detail in a Nomination Committee Charter approved by the Board.

This Committee will meet at least once each year.

(c) Remuneration Committee

This Committee's principal function is reviewing and making recommendations to the Board on remuneration packages and policies applicable to Directors and senior executives to ensure that those packages and policies are consistent with the Company's strategic goals and objectives.

The role and responsibilities, composition, structure and membership requirements of the Remuneration Committee are set out in detail in a Remuneration Committee Charter approved by the Board.

This Committee will meet at least once each year.

Detail on NRW's remuneration policies and practices are set out in the Remuneration Report on pages 20 to 24 of this report.

3. Code of conduct for Directors and Officers

To promote ethical and responsible decision-making, the Board has approved a Code of Conduct for Directors and Officers (including the Chief Executive Officer, the Chief Financial Officer, the Company Secretary and any other key executives) as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Conduct for Directors and Officers deals with the following principal areas:

- integrity and professionalism;
- conflicts of interest;
- confidentiality;
- fair dealing;
- inside information;
- compliance with laws and regulations;
- corporate opportunities; and
- encouraging the reporting of unlawful, unethical behaviour.

Directors and the senior management team must comply with the Code of Conduct.



4. Code of conduct covering obligations to stakeholders

The Board has established a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

This code deals with the following principal areas:

- responsibilities to Shareholders;
- responsibilities to clients and consumers;
- employment practices;
- obligations relating to fair trading and dealing;
- responsibilities to the community;
- how the Company complies with legislation affecting its operations; and
- how the Company monitors and ensures compliance with the code.

5. Policies

(a) Statement of Delegated Authority

The Company's Statement of Delegated Authority sets out the Company's policy relevant to the delegation of authority to management to conduct the day-to-day management of the Company.

The policy contains various levels of authority in relation to entering transactions and other legally binding agreements on behalf of the Company.

(b) Securities trading

The Company has a Securities Trading Policy for Directors and senior executives. The policy requires Directors and senior executives to advise the Chairman or Chief Executive Officer if they intend to trade in securities in the Company and provides safeguards for both the Company and the individual with respect to securities trading.

The Securities Trading Policy clearly identifies those individuals who are restricted from trading and the relevant laws relating to trading.

(c) Communication Strategy with Shareholders

The Company's Communication Strategy is designed to promote effective communication with Shareholders and encourage participation at general meetings.

The Board aims to ensure that all Shareholders of the Company are kept informed of all material developments affecting the Company's business. Information will be communicated to Shareholders through announcements to ASX, the Company's annual report, annual general meetings, half yearly and full year results, and the Company's website, www.nrw.com.au.

The Company Secretary has been appointed as the person primarily responsible for managing external communications with ASX.

(d) Disclosure

The Company's Disclosure Policy is designed to ensure compliance with the ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.

The Disclosure Policy includes vetting and authorisation processes designed to ensure that Company information:

- is disclosed in a timely manner;
- is factual;
- does not omit material information; and
- is expressed in a clear and objective manner that allows the input of the information when making investment decisions.

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FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

DIRECTORS' REPORT

The Directors present their report together with the financial report of NRW Holdings Limited ("the Company") and of the Consolidated Group (also referred to as "the Group"), comprising the Company and its subsidiaries, for the financial year ended 30 June 2007 and the Auditor's report thereon.

Comparative financial information for the Group and the Company has not been included in the Directors' report or the financial report because the Group was legally formed on 2 July 2006. Whilst the Company was incorporated on 10 February 2006 it did not hold any material assets or have any operating activities until after the legal formation of the Group on 2 July 2006.

Directors

The following persons that held office as Directors of NRW Holdings Limited during the financial year and up to the date of this report are:

Name, Status	Qualifications, special responsibilities and other Directorships
Ian Burston Chairman and Independent Non-Executive Director	<p>Dr Burston was appointed as a Director and Chairman on 27 July 2007.</p> <p>His career includes former positions as Managing Director of Portman Limited, Managing Director and Chief Executive Officer of Aurora Gold Ltd, Chief Executive Officer of Kalgoorlie Consolidated Gold Mines Pty Ltd, Vice President – WA Business Development of CRA Ltd and Managing Director of Hamersley Iron Pty Ltd. He was a non-executive Director of the Esperance Port Authority for ten years and is currently executive Chairman of Cape Lambert Iron Ore Ltd, a non-executive Chairman of Broome Port Authority and Imdex Ltd and a non-executive Director of Mincor Resources NL.</p> <p>Dr Burston has a Bachelor of Engineering (Mech) degree from Melbourne University and a Diploma in Aeronautical Engineering from Royal Melbourne Institute of Technology. He has completed the Insead Management Course in Paris and the Harvard Advanced Management Program in Boston.</p> <p>He was awarded the Western Australian Citizen of the Year (category of Industry and Commerce) in 1992, the Order of Australia (General Division) in 1993 and an Honorary Doctor of Science (Curtin) in 1995.</p> <p>Dr Burston has held the following directorships of listed companies in the 3 years immediately before the end of the financial year:</p> <ul style="list-style-type: none"> • Non Executive Chairman, Imdex Limited • Non Executive Director, Mincor Resources NL • Non Executive Director, Aviva Corporation Limited (resigned 2006) • Chairman and Chief Executive Officer, Aztec Resources Limited (resigned 2007) • Non Executive Director, Kansai Mining Corporation • Executive Chairman, Cape Lambert Iron Ore Limited
Jeffrey McGlenn Chief Executive Officer	<p>Mr McGlenn was appointed as a Director on 10 February 2006.</p> <p>Mr McGlenn is the founding Managing Director of NRW. He has over 27 years of experience in civil contracting, mining and marketing.</p> <p>His major responsibilities within NRW are in the areas of Group management and finance including strategy, acquisitions and overall business development.</p>
Julian Pemberton Chief Operating Officer and Executive Director	<p>Mr Pemberton was appointed as a Director on 1 July 2006.</p> <p>He has over 18 years of experience in business, sales and management in both Australia and the United Kingdom. Mr Pemberton joined NRW in 1997 and initially worked on site before progressing into the sales and hire area. He has held roles as Operations Manager and General Manager for NRW prior to his current role.</p>

DIRECTORS' REPORT

Name, Status	Qualifications, special responsibilities and other Directorships
Michael Arnett Non-executive Director	<p>Mr Arnett was appointed as a Director on 27 July 2007.</p> <p>Michael Arnett is a consultant to and former partner of and member of the Board of Directors and national head of the Natural Resources Business Unit of the law firm Deacons. Michael has been involved in significant corporate and commercial legal work for the resource industry for over 20 years.</p> <p>Mr Arnett has held the following directorships of listed companies in the 3 years immediately before the end of the financial year:</p> <ul style="list-style-type: none"> • Non Executive Director, Anzon Australia Limited • Non Executive Director, Anzon Energy Limited • Non Executive Director, Archipelago Resources PLC • Non Executive Chairman, Aztec Resources Limited (resigned 2007) • Non Executive Director, Kids Campus Limited (resigned 2006) • Non Executive Director, Axiom Mining Limited (resigned 2007) • Non Executive Director, Queensland Energy Resources Limited • Non Executive Director, Red Sky Energy Limited
John Silverthorne Executive Director	<p>Mr Silverthorne was appointed a Director on 10 February 2006 and resigned on 27 July 2007.</p> <p>He is a founding shareholder of NRW, and has over 28 years of experience in the civil contracting and mining services industries.</p>
Keith Bounsell Executive Director	<p>Mr Bounsell was appointed a Director on 10 February 2006 and resigned on 2 July 2007.</p> <p>He has over 23 years experience in heavy duty plant maintenance for the civil contracting and mining services industries.</p>
Lexan Piper Executive Director	<p>Mr Piper was appointed a Director on 10 February 2006 and resigned on 27 July 2007. He is a founding shareholder of NRW.</p>

Company Secretary

Mr Kim Hyman was appointed to the position of company secretary on 10 July 2007. Mr Hyman has responsibility for company secretarial and general legal services and the risk management portfolio. He has over 15 years experience in the construction industry as a partner in a commercial building company and with the specialised roofing company, Trustek Australia.

Mr Jeffrey McGlinn held the position of Company Secretary from 10 February 2006 to 10 July 2007.

Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Directors' Meetings Attended	Directors' Meetings Held
Jeffrey McGlinn	6	6
Julian Pemberton	6	6
John Silverthorne	6	6
Keith Bounsell	6	6
Lexan Piper	6	6

The Audit and Risk, Nomination and Remuneration Committees were not established until after the end of the financial year.

Principal activities

The principal continuing activities of the Group, comprising the Company and the entities that it controlled during the financial year, were:

- civil and mining contracting services
- rental and sale of new and used heavy mining and ancillary equipment

- sale of new and used off-road tyres
- equipment repair, sandblasting and painting services
- service truck and tanker fabrication
- import services, including quarantine cleaning

State of Affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- On 2 July 2006 Stark NRWPL Holding Limited subscribed for 18,042,857 fully paid ordinary shares of the Company, at an issue price of \$1.186 per share.
- On 2 July 2006 the Company undertook a restructure of the NRW Unit Trust and Promac Rental & Sales Pty Ltd to combine the businesses into one legal group. The businesses of NRW Unit Trust and Promac have historically been managed as one business throughout the historical period, although statutory reporting for NRW or a combined NRW Unit Trust and Promac business was not required.
- On 9 October 2006 the Company acquired the remaining 55% minority interest in Promac.
- On 30 March 2007, the Company completed the acquisition of Actionblast Pty Ltd. The financial report includes the financial position, the results from operations and cash flows of Actionblast Pty Ltd from that date.
- On 6 April 2007 the Company was converted to a public company limited by shares.

Other than as set out above there were no significant changes in the state of affairs of the Company or the Group during the financial year.

Review of Operations and Results

A review of the operations and results for the Group for the financial year to 30 June 2007, as well as information on the financial position of the Group, is set out in the Year in Review on pages 2 to 11 in this Annual Financial Report.

Significant Events after Year End

Since the end of the financial year, the Company was admitted to the Official List of the Australian Stock Exchange on 5 September 2007 after raising approximately \$46.6 million from its Initial Public Offering (IPO). Funds raised from the IPO were used to the repayment of interest bearing debt, the payment of offer costs and to provide working capital. The Directors consider that this use of the funds raised from the IPO is consistent with the Company's business

objectives, as set out in the Company's IPO prospectus dated 27 July 2007. On 27 July 2007 the 65,974,869 then issued ordinary shares of the Company were split into 226,250,000 ordinary shares.

No other matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs in future financial years.

Likely Developments

Likely developments in the Group's operations in future financial years and the expected results of those operations are reported, as appropriate, in the Year in Review on pages 2 to 11 in this Annual Financial Report. Further information about likely developments in the Group's operations in future financial years, the expected results of those operations and the Group's business strategy and prospects for future financial years has not been included in this report because disclosure of such information would be likely to result in unreasonable prejudice to the Company and the Group.

Directors' Interests

At the date of this report the relevant interest of each Director in the ordinary share capital of the Company was:

Director	Ordinary Shares (NWH)
Jeffrey McGlenn	22,859,402
Julian Pemberton	2,534,540
Ian Burston	50,000
Michael Arnett	175,000

Transactions between entities within the Group and Director-related entities are set out in Note 39 to the financial statements on page 62 to 64 of this Annual Financial Report.

Dividends

No interim or final dividends were paid or declared for the financial year ended 30 June 2007.

Options over Unissued Shares or Interests

There were no options for ordinary shares on issue during the financial year, and none had been granted or were on issue as at the date of this report.

DIRECTORS' REPORT

Auditor

The Company's auditor is WHK Horwath Perth Audit Partnership.

During the financial year there were no officers of the Company who were former partners or directors of WHK Horwath Perth Audit Partnership.

Auditor's Independence and Non Audit Services

The Directors received the Auditor's Independence Declaration from the auditor of the Company, which is included on page 25 of this report.

No non-audit services were provided to the Company by its auditor, WHK Horwath Perth Audit Partnership.

Indemnification and Insurance of Officers and Auditors

The Company has executed a deed of access, indemnity and insurance in favour of each Director. The indemnity requires the Company to indemnify each Director for liability incurred by the Director as an officer of the Company subject to the restrictions prescribed in the Corporations Act. The deed also gives each Director a right of access to Board papers and requires the Company to maintain insurance cover for the Directors.

The Company has also executed an indemnity and insurance deed in favour of certain executives of the Company. The deed requires the Company to indemnify each of these executives for liability incurred by them as executives of NRW subject to the restrictions prescribed in the Corporations Act. The deed also requires the Company to maintain insurance cover for these executives. The total amount of insurance premiums paid during the financial year was \$18,755.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Environmental Regulations

The Group holds various licenses and is subject to various environmental regulations. No known environmental breaches have occurred in relation to the Group's operations.

Remuneration report

Remuneration committee

The remuneration committee has been formed post reporting date.

The remuneration committee's principal function is reviewing and making recommendations to the Board on remuneration packages and policies applicable to Directors and senior executives to ensure that those packages and policies are consistent with the Company's strategic goals and objectives.

The role and responsibilities, composition, structure and membership requirements of the remuneration committee are set out in detail in a Remuneration Committee Charter approved by the Board.

The composition of the Remuneration Committee is as follows:

- Michael Arnett (non-executive Director)
- Ian Burston (non-executive Director)
- Julian Pemberton (executive Director)

The committee will meet at least once each year.

Principles of compensation

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group, including directors of the company and other executives.

Key management personnel compensation is competitively set to attract and retain appropriately qualified and experienced directors and executives, reward the achievement of strategic objectives, and achieve the broader outcome of creating shareholder value. The compensation structures take into account:

- capability and experience of the individuals
- individual's ability to manage and control the relevant performance criteria
- the overall Groups performance considering Group earnings, share price and returns on shareholders wealth.

Compensation consists of a mix of fixed and variable compensation and short and long term performance based incentives.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes the cost of non-cash benefits provided to key management personnel), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the remuneration committee through a process that considers individual, segment and overall Group performance. In addition, external consultants provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the market place. A senior executive's compensation is also reviewed on promotion.

Performance linked compensation

Performance linked compensation includes both long term and short term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short term incentive is a bonus provided in the form of cash plus statutory employer superannuation contributions. The long term incentive comprises options over the ordinary shares of the Company under the Senior Management and Director Option Plan. No options have yet been issued under the Senior Management and Director Option Plan.

In-substance options

Limited recourse loans were made to key management personnel whereby loans are to be repaid by 15 March 2009 and accrue interest at a rate of 7.5% per annum, payable half-yearly. The loans have been issued in order for selected key management persons to acquire shares in the Company.

The employees' obligation for repayment of the loans is limited to the dividends declared and the capital returns by the Company, and in the event that the employee ceases employment, the market price achieved on the sale of the shares held as security by the Company for the loans. The employee has no exposure to unfavourable changes in market price below the price at which the shares were issued. The shares issued under the limited recourse loan arrangements are accordingly accounted for as in-substance options (equity-settled share-based payments).

To date 1,275,533 ordinary shares have been issued to key management personnel under this arrangement with the in-substance options having a total fair value of \$1,128,509 on issue date.

Short term incentive bonus

Each year the remuneration committee sets the measures of performance for the key management personnel. The measures are determined in order to align the individual's reward with the strategy, objectives and performance of the Group.

The financial performance objectives are 'profit after tax' compared to budgeted amounts. The non-financial measures vary with position and responsibility and include such aspects as achieving strategic outcomes, safety, customer relationship management and staff development.

At the end of the financial year the remuneration committee assesses the actual performance of the Group and the individual against the measures determined at the beginning of the period. A percentage of the pre-determined maximum amount will be awarded depending on the extent to which the individual exceeded the performance measures. No bonus is awarded where performance falls below the minimum expectations.

The remuneration committee recommends the cash incentive to be paid to the individuals for approval by the Board.

Long term incentive

Options are issued under the Senior Management and Director Option Plan ("SMDOP") in accordance with the thresholds set in the terms of the SMDOP. The objective of the SMDOP is to recognise the ability and efforts of senior executives who contribute to the Group's success, provide an incentive to achieve individual long term performance objectives and assist in the recruitment and retention of quality senior executives.

The board has the discretion to determine the terms and conditions applying to each offer of options under the SMDOP including conditions attaching to the exercise of options, restrictions on transfer and disposal, exercise price of options and amount payable for a grant of options. As at the date of issue of this report the board had not resolved to issue any options under the SMDOP. It is expected that the board will attach conditions to the issue of options under the SMDOP where the right to exercise the options is conditional on the Group achieving certain performance hurdles as determined by the remuneration committee.

DIRECTORS' REPORT

Other benefits

Key management personnel can receive additional benefits in the form of non-cash benefits, as part of the terms and conditions of their appointment. Non-cash benefits typically include the provision of motor vehicles, motor vehicle running costs and other personal expense payments, and the applicable Fringe Benefits Tax on these amounts.

Service contracts

NRW has entered into executive service agreements with each of Jeffrey McGlinn as Chief Executive Officer, John Silverthorne as Managing Director – NRW Civil and Mining, and Julian Pemberton as Chief Operating Officer. The executive service agreements:

- are not fixed term agreements and continue on an ongoing basis until terminated;
- contain non-compete provisions restraining the executives from operating or being associated with an entity that competes with the business of NRW in Western Australia for 12 months after termination;
- provide for annual salaries of \$1,510,000 for Jeffrey McGlinn, \$1,000,000 for John Silverthorne and \$400,000 for Julian Pemberton. In addition, the executives receive statutory superannuation contributions, motor vehicle allowance and other fringe benefits;
- provide for remuneration to be reviewed by NRW annually; and
- may be terminated by either the executive or the Company giving six months' notice of termination, or in the case of Julian Pemberton's agreement, three months' notice.

Non-executive directors

Non-executive directors do not receive performance related compensation.

The Company's Constitution provides that non-executive Directors' remuneration must not exceed the maximum aggregate sum determined by the Company in general meeting. At present, the nominated sum is fixed at a maximum of \$350,000, in aggregate, per annum. This maximum sum cannot be increased without members' approval by ordinary resolution at a general meeting.

Non-executive Directors' fees to be paid by the Company upon admission to the ASX are as follows:

Director	Fee per annum \$
Dr I F Burston	120,000
Mr M Arnett	80,000

Non-executive directors are also entitled to receive reimbursement for travelling and other expenses that they properly incur in attending Directors' meetings, attending any general meetings of the Company or in connection with the Company's business.

Directors' and executive officers' remuneration (Company and Consolidated)

Details of the nature and amount of each major element of remuneration of each director of the Company, and relevant Company and Group executives and key management personnel, who receive the highest remuneration, are:

Key Person	Short Term Benefits				Post Employment Benefits	Other Long Term Benefits	Share Based Payments		Total	Performance related %	Value of options %
	Salary & fees \$	STI cash bonus \$	Non cash benefit \$	Other \$	Superannuation \$	Other \$	Equity \$	In substance Options ¹ \$			
Mr L N Piper	304,807	–	65,314	–	16,875	–	–	–	386,996	–	–
Mr J W McGlinn	1,088,653	–	93,554	–	97,979	–	–	–	1,280,186	–	–
Mr N J Silverthorne	784,615	–	78,636	–	70,615	–	–	–	933,866	–	–
Mr J A Pemberton	352,416	–	38,599	–	31,717	–	–	241,896	664,628	–	25.1%
Mr K Bounsell	392,307	–	68,730	–	35,308	–	–	–	496,345	–	–
Mr G Chiarelli	297,832	–	13,120	–	27,000	–	–	241,896	579,848	–	41.7%
Mr J A Kenny	180,769	–	21,206	–	16,269	–	–	161,264	379,508	–	42.5%
Mr P J McBain	275,036	–	15,095	–	24,753	–	–	241,896	556,780	–	43.4%
Mr R J Morrow	275,036	–	15,087	–	24,753	–	–	241,896	556,772	–	43.4%
Mr A C Hunt	200,000	–	20,791	–	18,000	–	–	–	238,791	–	–
Mr C Lindsay–Rae	229,428	–	5,317	–	–	–	–	–	234,745	–	–
Mr M Arnett	–	–	–	–	–	–	–	–	–	–	–
Dr I F Burston	–	–	–	–	–	–	–	–	–	–	–
Total compensation (Consolidated)	4,380,899	–	435,449	–	363,269	–	–	1,128,848	6,308,465	–	–
Total compensation (Company)	2,570,382	–	306,235	–	220,777	–	–	–	3,097,394	–	–

Notes in relation to the table of directors' and executive officers' remuneration

i) The in-substance options have arisen as a result of the issue of fully paid ordinary shares to certain key management personnel funded by way of limited recourse loans. As the Company has limited recourse only to the value of the shares then the shareholder is not subject to any downside in share price below the issue price of \$2.26. As a result each share has an in-substance option over them and is accounted for as equity-settled-share-based payments within the scope of AASB 2 Share-based payments (see note 36). The fair value of the in-substance options is calculated at the issue date of the underlying ordinary shares using a Black-Scholes option-pricing model and allocated to the 30 June 2007 reporting period in which the employment services were performed. The value disclosed is the total fair value of options recognised in the Income Statement in this reporting period. In valuing the options, market conditions have been taken into account.

The fair value of the in-substance options is determined using the Black-Scholes option-pricing model. The model inputs were:

- share price of \$2.75 (before the share split which occurred on 27 July 2007)
- exercise price of \$2.26 (before the share split which occurred on 27 July 2007)
- expected volatility of 40% (based upon the historical volatility of comparable securities)
- expected dividend yield of 2.2% (net yield, after interest cost on the limited recourse loan)
- term of two years (with no early exercise assumed)
- risk free interest rate of 6.1%

DIRECTORS' REPORT

Rounding of Amounts

The amounts contained in this report and the financial report have been rounded to the nearest \$1,000 (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.

This report has been made in accordance with a resolution of the Directors of the Company.



Jeffrey W McGlinn
Chief Executive Officer



Ian Burston
Chairman

26 September 2007

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AUDITOR'S INDEPENDENCE DECLARATION



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of NRW Holdings Ltd and its Controlled Entities for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK HORWATH PERTH AUDIT PARTNERSHIP

A handwritten signature in black ink, appearing to read "Sean McGurk".

SEAN MCGURK
Principal

Dated this 26th day of September 2007

Total Financial Solutions



Horwath refers to Horwath International Association, a Swiss Verein.
Each member of the Association is a separate and independent legal entity.

Member Horwath International

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A WHK Group firm

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the remuneration disclosures are set out on pages 17 to 24 of the Directors' Report, and the financial statements and notes are set out on pages 27 to 67, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and economic entity;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. in the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Jeffrey W McGlinn
Chief Executive Officer



Ian Burston
Chairman

26 September 2007

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated	Company
	Note	2007 \$'000	2007 \$'000
Revenue	7	260,457	–
Other income	8	3,310	25,419
Materials and consumables used		(42,144)	(17)
Employee benefits expense		(61,987)	(5,447)
Subcontractor costs		(49,180)	–
Depreciation and amortisation expenses		(11,576)	–
Plant and equipment costs		(46,869)	(47)
Travel and accommodation		(13,576)	–
Other expenses		(13,195)	(2,352)
Profit from operating activities	9	25,240	17,556
Financial income		639	–
Financial expenses		(4,888)	(652)
Net financing costs	10	(4,249)	(652)
Profit before income tax		20,990	16,904
Income tax expense	12	(7,140)	(5,155)
Profit for the year		13,850	11,749
Attributable to:			
Equity holders of the Company		13,503	
Minority interest		347	
		13,850	
Earnings per share (cents per share)	15		
Basic earnings per share (AUD)		21.3 cents	
Diluted earnings per share (AUD)		21.2 cents	
Alternative earnings per share (cents per share)	15		
Basic earnings per share post-share split (AUD)		6.2 cents	
Diluted earnings per share post-share split (AUD)		6.2 cents	

The accompanying notes are an integral part of these consolidated financial statements.

BALANCE SHEETS

AS AT 30 JUNE 2007

		Consolidated	Company
	Note	2007 \$'000	2007 \$'000
Assets			
Current assets			
Cash and cash equivalents	20	16,551	1
Trade and other receivables	22	66,964	–
Inventories	23	8,574	–
Other current assets	25	2,203	314
Total current assets		94,291	315
Non-current assets			
Trade and other receivables	22	–	43,188
Property, plant and equipment	13	83,714	–
Intangible assets	14	27,101	–
Financial assets	24	–	34,060
Deferred tax assets	28	2,624	1,073
Total non-current assets		113,439	78,322
Total assets		207,731	78,637
Liabilities			
Current liabilities			
Trade and other payables	26	60,182	852
Short-term borrowings	29	55,523	24,000
Other financial liabilities	30	6,749	3,319
Current tax liabilities	27	7,256	6,094
Short-term provisions	37	587	587
Total current liabilities		130,296	34,852
Non-current liabilities			
Trade and other payables	26	–	23
Long-term borrowings	29	27,691	–
Deferred tax liabilities	28	3,896	–
Long-term provisions	37	334	–
Total non-current liabilities		31,921	23
Total liabilities		162,217	34,875
Net assets			45,513
Equity			
Share capital	16	30,723	30,723
Reserves	17	1,290	1,290
Retained earnings	18	13,501	11,749
Total equity		45,513	43,762

The accompanying notes are an integral part of these consolidated financial statements.

STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated	Company
Note	2007 \$'000	2007 \$'000
Profit for the year	13,850	11,749
Total recognised income and expense for the year	13,850	11,749
Attributable to:		
Equity holders of the Company	13,503	11,749
Minority interest	347	–
Total recognised income and expense for the year	13,850	11,749

The accompanying notes are an integral part of these consolidated financial statements.

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STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated	Company
	Note	2007 \$'000	2007 \$'000
Cash flows from operating activities			
Cash receipts from customers		243,372	–
Cash paid to suppliers and employees		(199,416)	(3,097)
Interest paid		(1,045)	(438)
Interest received		201	–
Income tax paid		(1,165)	–
Net cash provided by/(used in) operating activities	21	41,948	(3,534)
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	6(a), 6(b)	(24,650)	(26,771)
Proceeds from the sale of property, plant and equipment		5,874	350
Acquisition of property, plant and equipment		(9,867)	(365)
Loans received from subsidiaries		–	23
Funds from repayment of related party loans		4	–
Loans to subsidiaries		–	(12,303)
Net cash used in investing activities		(28,640)	(39,066)
Cash flows from financing activities			
Proceeds from the issue of share capital		21,400	21,400
Proceeds from borrowings		32,176	24,000
Repayment of borrowings and finance/hire purchase liabilities		(32,616)	–
Payment of costs relating to initial public offering		(2,800)	(2,800)
Repayment of director related party loans		(14,918)	–
Net cash provided by financing activities		3,242	42,600
Net increase in cash and cash equivalents		16,550	–
Cash and cash equivalents at 1 July 2006		1	1
Cash and cash equivalents at 30 June 2007	20	16,551	1

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. REPORTING ENTITY

NRW Holdings Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 73-75 Dowd Street, Welshpool, Western Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2007 comprise the Company and its subsidiaries (together referred to as 'Consolidated', the 'Consolidated Group' or the 'Group'). The Group is primarily involved in civil and mining contracting, and the fabrication, maintenance and rental of earthmoving equipment.

NOTE 2. BASIS OF PREPARATION

Comparative financial information for the Group and the Company has not been included in the Directors' report or the financial report because the Group was legally formed on 2 July 2006. Whilst the Company was incorporated on 10 February 2006 it did not hold any material assets or have any operating activities until after the establishment of the Group on 2 July 2007.

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were approved by the Board of Directors on 26 September 2007.

b) Basis of measurement

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

4(d) Construction Work in Progress

NOTE 3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

The adoption of these new and revised Standards and Interpretations has also resulted in a change to the Group's accounting policies in relation to business combinations involving entities under common control. Such business combinations were formerly within the scope of AASB 3 'Business Combinations', but are now scoped out of that Standard by AASB 2005-6 'Amendments to Australian Accounting Standards'.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue. Effective for annual reporting periods beginning on or after 1 January 2007

AASB 101 'Presentation of Financial Statements' – revised standard. Effective for annual reporting periods beginning on or after 1 January 2007

Interpretation 10 'Interim Financial Reporting and Impairment'. Effective for annual reporting periods beginning on or after 1 November 2006

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company or the Group. The issue of Interpretation 7, Interpretation 8 and Interpretation 9 do not affect the Group's present policies and operations. The circumstances addressed by Interpretation 10, which prohibits the reversal of certain impairment losses, do not affect either the Company's or the Group's previously reported results and accordingly, there will be no impact to these financial statements on adoption of the Interpretation.

The application of AASB 101 (revised), AASB 7 and AASB 2005-10 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Company and the Group's financial instruments and the objectives, policies and processes for managing capital.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement, which will be the Company's annual reporting period beginning on 1 July 2007.

The AASB released AASB 2005-6 'Amendments to Australian Accounting Standards' in June 2006. AASB 2005-6 amends AASB 3 'Business Combinations' by removing business combinations involving entities or business under common control from its scope. The effect of the scope amendment is that there is no longer any explicit guidance under Accounting Standards as to how to account for these types of business combinations.

Due to the requirements of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' permitting the non-restatement of pre-transition business combinations, the amendment has no effect on the financial statements of the Company or Group for the current or prior reporting periods. However, future transactions involving entities under common control will be affected. Details of the entity's accounting policies in relation to common control transactions are outlined in Note 4(r).

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently by Group entities:

a) Principles of consolidation

A controlled entity is any entity where NRW Holdings Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

The Group comprising NRW Holdings Ltd, and its controlled entities, was legally formed following a restructure of the existing businesses of NRW, the NRW Unit Trust and Promac on 2 July 2006. The business combination included entities that were under common control in accordance with AASB 3 Business Combinations as all of the combining entities were controlled by the same parties both before and after the business combination and that control was not transitory.

Accordingly, the provisions of AASB 3 Business Combinations did not apply to the restructure. The Company has determined to account for the common control combinations based on the existing book values of the entities involved in the combination as the Company considers that the combination does not have economic substance. The assets, liabilities and contingent liabilities of the combining entities were therefore stated at the book value at the date of restructure being 2 July 2006.

The proportion of interests in Promac that were not transferred to the Company at the date of restructure were treated as minority interests until those interests were acquired on the 9 October 2006. On acquisition of those minority interests, the Company has calculated the difference between the fair value of consideration paid for those minority interests and the fair value of assets and liabilities acquired and recorded the difference as goodwill.

A list of controlled entities is contained in Note 19 to the financial statements. All controlled entities have a June financial year-end.

Inter-company loans which have no interest or repayment terms are effectively investments in controlled entities and are reflected at cost.

All intra-Group balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

b) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that sufficient future assessable income will be derived to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

d) Construction work in progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Property, plant and equipment (continued)

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. The costs of replacing part of an item of property, plant or equipment are recognised in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% - 7.5%
Leasehold improvements	33.3%
Plant and equipment	7.5% - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to entities in the consolidated Group are classified as finance leases. Finance leases are capitalised by

recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

g) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any related income tax benefit.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

j) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the yearend exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

k) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

m) Share-based payments

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The Employee Share Plan ('ESP') is accounted for as an "in-substance" option plan due to the limited recourse nature of the loan between the employees and the Company to finance the purchase of ordinary shares. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share. Shares in the Group held under the ESP are deducted from equity, and the fair value of the options at reporting date is credited to Options reserve.

n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

o) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from the rendering of a service is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Construction contract revenue is recognised in profit or loss when the outcome of a construction contract can be measured reliably, in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be measured reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Business combinations

The purchase method of accounting is used to account for all business combinations within the scope of AASB 3, regardless of whether equity instruments or other assets are acquired. Cost is measured at the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of the exchange plus costs directly attributable to the acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date, irrespective of the extent of any minority interest.

The excess of the costs of the acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the Group's share of fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after reassessment of the identification and measurement of the net assets acquired.

s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based upon business segments.

t) Earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of NRW by the weighted average number of ordinary shares outstanding during the year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares issued in relation to dilutive potential ordinary shares.

u) Rounding of amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1,000.

NOTE 5. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based upon the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise predominantly income-earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Business segments

The Group comprises the following main business segments:

- **Civil Contracting**
The provision of construction services including rail formation, bulk earthworks and detailed road and tunnel construction.
- **Mining Services**
Mining contracting services including earth moving, waste stripping, ore haulage and related ancillary services.
- **Equipment Rental and Sales**
Rental and sale of new and used, heavy mining and ancillary equipment and the distribution of off-road tyres, loaders, excavators and rollers.
- **Services**
The provision of equipment repairs, sandblasting and painting services, service truck and water tanker fabrication and import services, including quarantine cleaning.

Geographical segments

The Group operates predominantly in one geographical segment, being Australia.

Business segments

	Civil Contracting	Mining Services	Equipment Rental & Sales	Services	Eliminations	Consolidated
	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000
Total external revenue	161,975	77,838	16,098	4,546	–	260,457
Inter-segment revenue			12,499	285	(12,784)	–
Total segment revenue	161,975	77,838	28,597	4,832	(12,784)	260,457
Segment result	15,706	10,107	4,067	858		30,739
Unallocated expenses						(5,500)
Results from operating activities						25,240
Net finance costs						(4,249)
Income tax expense						(7,140)
Profit for the period						13,850

	Civil Contracting	Mining Services	Equipment Rental & Sales	Services	Consolidated
	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000
Segment assets	82,209	68,975	17,179	6,910	175,273
Unallocated assets					32,458
Total assets	82,209	68,975	17,179	6,910	207,731
Segment liabilities	(55,735)	(44,050)	(14,067)	(3,160)	(117,013)
Unallocated liabilities					(45,204)
Total liabilities	(55,735)	(44,050)	(14,067)	(3,160)	(162,217)
Capital expenditure	10,303	20,920	9,491	124	40,838
Depreciation	3,309	6,718	1,502	47	11,576

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. ACQUISITIONS OF SUBSIDIARIES

a) Acquisition of entities – NRW Unit Trust and Promac Rental & Sales Pty Ltd

On the 2 July 2006, NRW Holdings Ltd undertook a restructure of the NRW Unit Trust and Promac Rental & Sales Pty Ltd to combine the businesses into one legal group. The businesses of NRW Unit Trust and Promac have historically been managed as one business throughout the historical period, although statutory reporting for NRW or a combined NRW Unit Trust and Promac business was not required.

The business combination included entities that were under common control in accordance with AASB 3 Business Combinations as all of the combining entities were controlled by the same parties both before and after the business combination and that control was not transitory. Accordingly, the provisions of AASB 3 Business Combinations did not apply to the restructure. The Company has determined to account for the common control combinations based on the existing book values of the entities involved in the combination as the Company considers that the combination does not have economic substance. The assets, liabilities and contingent liabilities of the combining entities were therefore stated at the book value at the date of restructure being 2 July 2006.

The value of the equity instruments issued for the transfer of the two entities was determined on the basis of the proportion of the book values of the net assets of the two entities on the date of the transfer of the title of the capital to the two entities, with an adjustment for the deferred tax assets and liabilities that were not recognised in the books of NRW Unit Trust.

The book value of the identifiable assets and liabilities of NRW Unit Trust (after adjusting for the deferred tax assets and liabilities) and Promac Rental & Sales Pty Ltd at the date of the business combination is as follows:

	NRW Unit Trust	Promac Rental & Sales Pty Ltd	Total
	\$'000	\$'000	\$'000
Cash and cash equivalents	381	940	1,321
Trade and other receivables	27,908	5,263	33,172
Inventories	5,601	950	6,551
Other assets	742	90	832
Property, plant and equipment	53,244	6,321	59,565
Deferred tax assets	686	8	694
Intangible assets	–	14	14
Trade and other payables	(26,846)	(3,369)	(30,215)
Other financial liabilities	(19,358)	–	(19,358)
Current tax liabilities	–	(440)	(440)
Provisions	(104)	(2)	(106)
Interest bearing liabilities	(36,140)	(7,372)	(43,513)
Deferred tax liability	(2,243)	(10)	(2,253)
	3,870	2,395	6,264
Less minority interests	–	(1,317)	(1,317)
Total book value of net assets transferred	3,870	1,078	4,947
Total purchase consideration comprises			
Issue of share capital			4,947
			4,947

The net cash paid by the Group in respect of the acquisition of NRW Unit Trust was \$2,000,000, comprising transaction costs of \$2,381,000 less cash and cash equivalents acquired of \$381,000.

Acquisition of 55% minority interest in Promac Rental & Sales Pty Ltd

The proportion of interests in Promac that were not transferred to the Company at the date of restructure were treated as minority interests until those interests were acquired on the 9 October 2006. On acquisition of those minority interests, the Company has calculated the difference between the fair value of consideration paid for those minority interests and the fair value of assets and liabilities acquired and recorded the difference as goodwill.

The remaining 55% of Promac Rental & Sales Pty Ltd was acquired by NRW Intermediate Holdings Pty Ltd (100% owned by NRW Holdings Ltd) effective 9 October 2006 in exchange for shares in the Company.

	Note	Promac Rental & Sales Pty Ltd \$'000
55% of book value of assets acquired		1,664
Goodwill	(i)	2,710
Total purchase consideration		4,374
Total purchase consideration comprises		
Issue of share capital		4,374
		4,374

- i) Goodwill arising on the acquisition of minority interests in Promac Rental & Sales Pty Ltd relates to the synergies existing within the business transferred and also any synergies expected to be achieved from the total integration of Promac Rental & Sales Pty Ltd with the Group (refer Note 14).
- ii) The stamp duty of \$2,381,000 paid on the transfer of dutiable assets to NRW Holdings has been charged to the Income Statement of the Group on consolidation (see Note 9) but forms part of the cost of the investment in NRW Unit Trust by the Company.
- iii) Operating results of NRW Unit Trust and Promac Rental & Sales Pty Ltd included in the Consolidated Income Statement of NRW Holdings Ltd from the dates of acquisition to 30 June 2007 are as follows:

	NRW Unit Trust \$'000	Promac Rental & Sales \$'000
Contribution to:		
Operating and other revenue	242,565	28,673
Total expenses	(216,680)	(26,031)
Profit after tax for the period	25,885	2,642
Less minority interests	-	(347)
Contribution to net profit	25,885	2,294

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

b) Acquisition of entity – Actionblast Pty Ltd

With effect from 30 March 2007, NRW Holdings Ltd, acquired 100% of the issued share capital of Actionblast Pty Ltd (Action Mining Services), a company incorporated in Australia. Action Mining Services provides equipment repairs, sandblasting and painting services, service truck and water tank fabrication and import services (including quarantine cleaning). The operations of Action Mining Services are in Hazelmere, Western Australia.

The numbers presented below have been accounted for using the acquisition method of accounting. The fair values of the consideration paid, assets, liabilities and contingent liabilities acquired have only been provisionally determined due to the deferred settlement component of consideration subject to adjustment for loss on warranties.

		Book value	Fair value adjustments	Fair value on acquisition
	Note	\$'000	\$'000	\$'000
Details of the assets, liabilities and goodwill are as follows:				
Trade and other receivables		3,436		3,436
Inventories		1,670		1,670
Other assets		228		228
Property, plant and equipment	(i)	678	240	919
Intangible assets	(ii)	501	(501)	–
Trade and other payables		(2,591)		(2,591)
Current tax liabilities		(608)		(608)
Provisions		(120)		(120)
Interest bearing liabilities		(234)		(234)
Deferred tax liability		(81)		(81)
Fair value of net identifiable assets acquired		2,878	(261)	2,618
Goodwill on acquisition	(iii)			24,391
Total purchase consideration				27,009
Total purchase consideration comprises				
Consideration in cash and cash equivalents	(iv)			23,819
Less cash and cash equivalents acquired				(801)
Deferred consideration – issued share capital	(v)			2,500
Deferred vendor finance	(vi)			1,000
Direct costs relating to the acquisition				490
				27,009

The net cash paid by the Group in respect of the acquisition of Actionblast Pty Ltd was \$23,589,000, comprising purchase consideration and transaction costs of \$27,809,000, less non cash and deferred consideration of \$3,319,000, deferred transaction costs of \$100,000 and cash and cash equivalents acquired of \$801,000.

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- i) An upward fair value adjustment has been made to the property, plant and equipment based on an independent valuation undertaken as at 30 March 2007.
 - ii) A downward fair value adjustment has been made for the intangible assets of Action Mining Services which are not permitted to be recognised under Australian Equivalents to International Financial Reporting Standards.

- iii) Goodwill arose in the business combination reflecting expected synergies, revenue growth and future market development. Refer Note 14.
- iv) The \$24,000,000 paid to the vendor in cash and cash equivalents, was financed by way of a new bank loan facility (refer to Note 29 – Interest bearing loans and borrowings). This amount is to be repaid in September 2007 from the proceeds raised from the initial public offering. This amount has been offset by a purchase price adjustment of \$181,000 owed by the vendor to NRW Holdings Ltd as agreed in the share purchase agreement.
- v) The \$2,500,000 deferred consideration due to the vendor upon listing on the Australian Stock Exchange on 5th September 2007 has been settled by way of 1,250,000 issued shares at the issue price of \$2.00 per share.
- vi) A further purchase price instalment is due within 10 business days of 30 March 2008. The amount due of \$1,000,000 is to be reduced by any loss resulting from a breach of warranties by the vendor as set out in the share purchase agreement.
- vii) No contingent liabilities have been acquired as part of the acquisition of Action Mining Services.
- viii) Operating results of Action Mining Services included in the Consolidated Income Statement of NRW Holdings Ltd from acquisition on 30 March 2007 to 30 June 2007.

	Action Mining Services
	\$'000
Contribution to:	
Operating and other revenue	4,956
Total expenses	(4,344)
Profit after tax for the period	613

Had the acquisition of Action Mining Services been effected on 1 July 2006, the beginning of the financial year, management estimates that the pro-forma Action Mining Services financial results included in the consolidated results would have been as follows:

	Action Mining Services
	\$'000
Contribution to:	
Pro-forma operating and other revenue	20,860
Pro-forma profit after tax for the period	3,192

The board considers these pro-forma numbers to represent an approximate measure of the performance of Action Mining Services on an annualised basis and provides a reference point for comparison in future periods.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. REVENUE

	Consolidated	Company
	2007 \$'000	2007 \$'000
Revenue from the sale of goods	17,429	-
Revenue from the rendering of services ⁽ⁱ⁾	239,925	-
Fuel rebate revenue	3,074	-
Other operating revenue	29	-
	260,457	-
i) Included within revenue from the rendering of services are the following amounts recognised from construction contracts during the period:		
Construction work in progress	10,413	-
Less Construction contract advances received	(1,430)	-
Construction revenue – work in progress	8,983	-
Construction revenue – billed	227,740	-

NOTE 8. OTHER INCOME

Debts forgiven	1,010	1,010
Trust distribution income	-	24,424
Net gain/(loss) on sale of depreciable assets	270	-
Net gain/(loss) on sale of land and buildings	1,727	(15)
Other income	303	-
	3,310	25,419

NOTE 9. PROFIT FOR THE YEAR

a) Gains and losses

Profit/(loss) for the year has been arrived at after crediting/(charging) the following gains and losses:

Gain/(loss) on disposal of property, plant and equipment	1,997	(15)
Net foreign exchange gains/(losses)	3	-

b) Other expenses

Profit for the year includes the following expenses

		Consolidated	Company
	Note	2007 \$'000	2007 \$'000
Cost of sales		(24,931)	–
Impairment of trade receivables		(45)	–
Depreciation of non-current assets		(11,576)	–
Operating lease and rentals:			
Minimum lease payments		(34,745)	–
Sub-lease payments received		–	–
		(34,745)	–
Employee benefits expense:			
Superannuation contributions		(3,940)	(221)
Share-based payment – equity-settled	36	(1,290)	(1,290)
Wages and salaries		(53,993)	(3,936)
Payroll tax		(2,764)	–
		(61,987)	(5,447)
Other ⁽ⁱ⁾		(4,765)	(2,352)

i) Other expenses in the Group include various restructuring and share offer costs.

\$2,381,000 was incurred in relation to an assessment of stamp duty payable on the transfer of NRW Unit Trust's dutiable business assets to NRW Holdings Ltd as part of the restructure of the Group. An additional \$33,000 of sundry restructure costs was also expensed.

Of the total share offer costs incurred to 30 June 2007 an amount has been recorded in the Income Statement of the Group and the Company and as other non-current assets of the Group and the Company in proportion to the respective existing shareholders' sell-down and new equity raised in relation to the total offer size. A total of \$2,352,000 of share offer costs have been charged to the Income Statement at 30 June 2007.

NOTE 10. FINANCE INCOME AND EXPENSE

Interest income	639	–
Finance income	639	–
Interest expense	4,888	652
Finance expense	4,888	652
Net finance income and expense	(4,249)	(652)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. AUDITORS' REMUNERATION

	Consolidated	Company
	2007	2007
	\$	\$
Audit services		
WHK Horwath Perth Audit Partnership	158,550	84,000
Audit and review of financial reports	158,550	84,000

No other services have been rendered between WHK Horwath Perth Audit Partnerships and the Consolidated Group.

All amounts payable to the Auditors of the Company were paid by a Group subsidiary.

NOTE 12. INCOME TAX EXPENSE

Recognised in the income statement

	Consolidated	Company
	2007	2007
	\$'000	\$'000
Current tax expense		
Current period	7,373	6,094
Adjustments for prior years	–	–
	7,373	6,094
Deferred tax expense		
Origination and reversal of temporary differences	(234)	(939)
Total income tax expense in income statement	7,140	5,155

Numerical reconciliation between tax expense and pre-tax net profit

Profit for the period	20,990	16,904
Total income tax expense	(7,140)	(5,155)
Profit excluding income tax	13,850	11,749
Income tax using the Company's domestic tax rate of 30%	6,297	5,071
Increase in income tax expense due to:		
Non-allowable expenses	45	–
Share-based payments	387	387
Non-allowable stamp duty	714	–
Decrease in income tax expense due to:		
Non-assessable debt forgiven	(303)	(303)
	7,140	5,155
Effective tax rate	34.0%	30.5%

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated					
	Freehold land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Total \$'000
Cost						
Balance at 1 July 2006	-	-	-	-	-	-
Acquisitions through business combinations	1,695	1,500	-	20,193	37,095	60,483
Other acquisitions	-	400	71	11,581	28,787	40,838
Disposals	(1,695)	(1,409)	-	(2,932)	(199)	(6,235)
Balance at 30 June 2007	-	491	71	28,842	65,683	95,087
Depreciation						
Balance at 1 July 2006	-	-	-	-	-	-
Depreciation charge for the year	-	43	4	3,056	8,473	11,576
Disposals	-	(28)	-	(138)	(37)	(203)
Balance at 30 June 2007	-	14	4	2,918	8,436	11,372
Carrying amounts						
At 1 July 2006	-	-	-	-	-	-
At 30 June 2007	-	476	67	25,924	57,247	83,714

	Company					
	Freehold land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Total \$'000
Cost						
Balance at 1 July 2006	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-	-
Other acquisitions	365	-	-	-	-	365
Disposals	(365)	-	-	-	-	(365)
Balance at 30 June 2007	-	-	-	-	-	-
Depreciation						
Balance at 1 July 2006	-	-	-	-	-	-
Depreciation charge for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	-	-	-
Carrying amounts						
At 1 July 2006	-	-	-	-	-	-
At 30 June 2007	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. INTANGIBLE ASSETS

	Consolidated		Company	
	Goodwill \$'000	Total \$'000	Goodwill \$'000	Total \$'000
Cost				
Balance at 1 July 2006	–	–	–	–
Acquisitions through business combinations ^{(i),(ii)}	27,101	27,101	–	–
Balance at 30 June 2007	27,101	27,101	–	–
Accumulated Impairment				
Balance at 1 July 2006	–	–	–	–
Impairment loss	–	–	–	–
Balance at 30 June 2007	–	–	–	–
Carrying amounts				
At 1 July 2006	–	–	–	–
At 30 June 2007	27,101	27,101	–	–

i) Goodwill of \$2,710,000 arose during the year as a result of the acquisition of minority interests in Promac Rental & Sales Pty Ltd by NRW Intermediate Holdings Pty Ltd, a wholly owned subsidiary of NRW Holdings Limited (refer Note 6).

Promac Rental and Sales Pty Ltd is considered to be a separate cash generating unit since it operates independently from other NRW operations.

The recoverable amount of this goodwill has been determined based on a value in use calculation which uses a 6 year discounted cash flow projection based on the 2008 forecast. The projection assumes no additional growth in the business. A discount rate of 10% has been adopted. Management believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

ii) Goodwill of \$24,391,000 arose during the year as a result of the acquisition of 100% of the issued capital of Actionblast Pty Ltd by NRW Holdings Limited. (refer Note 6)

Actionblast Pty Ltd is considered to be a separate cash generating unit since it operates independently from other NRW operations.

The recoverable amount of this goodwill has been determined based on a value in use calculation which uses a 6 year discounted cash flow projection based on the 2008 forecast. The projection assumes no additional growth in the business. A discount rate of 10% has been adopted. Management believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

The key assumptions used in the value in use calculations for the significant cash generating units are as follows:

Key Assumption	Promac Rental and Sales CGU	Actionblast CGU
Forecast sales growth	Sales growth has been forecast based upon expected demand for hire equipment and tyres, plus an increment for an expected increase in equipment sales	Sales growth has been forecast based upon expected demand for workshop services and manufactured products
Forecast net margins	Net margins have been forecast using prior year actual margins as a base, with allowances for expected changes to costs	Net margins have been forecast using prior year actual margins as a base, with allowances for expected changes to costs

NOTE 15. EARNINGS PER SHARE

Basic earnings per share at 30 June 2007 is calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares (excluding shares issued under the Employee Share Plan ("ESP") treated as in-substance options) outstanding during the year.

Dilutive earnings per share at 30 June 2007 is calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares (including shares issued under the ESP treated as in-substance options) outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The income and share data used in the calculation of basic and dilutive earnings per share are as follows:

Profit attributable to ordinary shareholders

	Consolidated
	2007 \$'000
Profit attributable to ordinary shareholders	13,503

Weighted average number of ordinary shares

Issued ordinary shares at 1 July	100
Effect of shares issued	63,169
Weighted average number of ordinary shares at 30 June 2007 excluding shares issued under the ESP	63,269
Effect of dilution - shares issued under the ESP	431
Weighted average number of ordinary shares adjusted for the effect of dilution	63,701

Earnings per share (cents per share)

- basic for profit for the year attributable to ordinary equity holders of the Company	21.3 cents
- diluted for profit for the year attributable to ordinary equity holders of the Company	21.2 cents

As part of the initial public offering on 5th September 2007, the Company undertook a share split post balance date at a ratio of 226,250,000/65,974,869 shares. The revised share data used in the calculation of basic and dilutive earnings per share as if the share-split occurred at the beginning of the period are as follows:

Weighted average number of ordinary shares

Issued ordinary shares at 1 July	343
Effect of shares issued	216,629
Weighted average number of ordinary shares at 30 June 2007 excluding shares issued under the ESP	216,972
Effect of dilution - shares issued under the ESP	1,479
Weighted average number of ordinary shares adjusted for the effect of dilution	218,451

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. EARNINGS PER SHARE (CONTINUED)

Alternative earnings per share (cents per share)

	Consolidated
	2007
– basic for profit for the year attributable to ordinary equity holders of the Company	6.2 cents
– diluted for profit for the year attributable to ordinary equity holders of the Company	6.2 cents

The board considers the alternative earnings per share calculation to represent a more suitable basis to serve as a reference point for comparison in future periods.

NOTE 16. ISSUED CAPITAL

	Consolidated		Company	
	2007 No.	2007 \$'000	2007 No.	2007 \$'000
Ordinary shares				
Balance at the beginning of the financial year	100,000	1	100,000	1
Issued as consideration for acquisition of NRW Unit Trust and 45% of Promac Rental & Sales Pty Ltd	42,000,000	4,947	42,000,000	4,947
Issued to Stark NRWPL Holding Limited to raise new capital for growth	18,042,857	21,400	18,042,857	21,400
Issued as consideration for acquisition of 55% of Promac Rental & Sales Pty Ltd	4,374,260	4,374	4,374,260	4,374
Issued to employees under the employee share plan (see Note 36)	1,457,752	–	1,457,752	–
Balance at the end of the financial year	65,974,869	30,723	65,974,869	30,723

The Company does not have a limited amount of authorised capital and issued shares do not have a par value. After 30 June 2007, the Company undertook a share split at a ratio of 226,250,000/65,974,869 shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

NOTE 17. RESERVES

	Consolidated	Company
	2007 \$'000	2007 \$'000
Option reserve		
Balance at the beginning of the financial year	–	–
In-substance options issued to employees under the employee share plan	1,290	1,290
Balance at the end of the financial year	1,290	1,290

The option reserve arose on the grant of ordinary shares to key management personnel financed by way of limited recourse loans with Company creating an in-substance option over the ordinary shares (see Note 36). Amounts are transferred out of the reserve and into issued capital as the limited recourse loans are repaid to the Company.

NOTE 18. RETAINED EARNINGS

	Consolidated	Company
	2007 \$'000	2007 \$'000
Balance at the beginning of the financial year	(2)	–
Net profit attributable to members of the parent entity	13,503	11,749
Balance at the end of the financial year	13,501	11,749

NOTE 19. CONTROLLED ENTITIES

	Country of incorporation	Ownership interest 2007
Parent entity		
NRW Holdings Ltd	Australia	
Wholly owned subsidiaries		
NRW Pty Ltd as trustee for NRW Unit Trust	Australia	100%
Actionblast Pty Ltd	Australia	100%
NRW Intermediate Holdings Pty Ltd	Australia	100%
Promac Rental & Sales Pty Ltd	Australia	100%
NRW Mining Pty Ltd	Australia	100%
Indigenous Mining & Exploration Company Pty Ltd	Australia	100%
NRW Aviation Pty Ltd (dormant entity deregistered 3 June 2007)	Australia	100%

NOTE 20. CASH AND CASH EQUIVALENTS

	Consolidated	Company
	2007 \$'000	2007 \$'000
Cash at bank and on hand	16,551	1
	16,551	1

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	Company
	2007 \$'000	2007 \$'000
Cash flows from operating activities		
Profit for the period	13,850	11,749
Adjustments for:		
Trust distribution income	–	(24,424)
Debts forgiven income	(1,010)	(1,010)
Restructure costs	4,733	2,352
Gain on sale of property, plant and equipment	(1,788)	15
Depreciation	11,576	–
Hire purchase interest	3,707	–
In-substance options	1,290	1,290
Operating profit before changes in working capital and provisions	32,358	(10,028)
Change in trade and other receivables	(31,042)	–
Change in inventories	(1,079)	–
Change in other assets	(935)	–
Change in trade and other payables	34,183	752
Change in provisions and employee benefits	2,603	587
Change in provision for income tax	7,517	6,094
Change in deferred tax balances	(1,658)	(939)
Net cash from operating activities	41,948	(3,534)

NOTE 22. TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	54,813	–
Construction work in progress	10,413	–
Other receivables	1,738	–
	66,964	–
Non-current		
Receivables due from subsidiaries	–	43,188
	–	43,188

Loans to controlled entities are interest free and have no fixed repayment terms.

Construction work in progress comprises:

52	Gross cost plus profit recognised to date	191,734	–
	Less: progress billings received	(181,320)	–
	Net construction work in progress	10,413	–

NOTE 23. INVENTORIES

	Consolidated	Company
	2007 \$'000	2007 \$'000
Raw materials and consumables	6,475	–
Work in progress	1,133	–
Finished goods	966	–
	8,574	–

NOTE 24. FINANCIAL ASSETS

Non-current

Investments carried at cost		
– investments in subsidiaries	–	34,060
	–	34,060

NOTE 25. OTHER ASSETS

Current

Prepayments	1,889	–
Share offer costs	314	314
	2,203	314

Current share offer costs have been capitalised and carried forward as current other assets until the new ordinary share capital is issued upon listing on the ASX. These issue costs will then be offset against the new equity raised in September 2007.

NOTE 26. TRADE AND OTHER PAYABLES

Current

Trade payables	33,585	–
Non-trade payables and accrued expenses	24,422	852
Construction contract advances received	1,430	–
Payables due to related parties	745	–
	60,182	852

Non-current

Payables due to subsidiaries	–	23
	–	23

NOTE 27. CURRENT TAX LIABILITIES

The current tax liability of the consolidated entity of \$7,256,000 and for the Company of \$6,094,000 represents the amount of income taxes payable in respect of the current and prior periods.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 28. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets	Liabilities
	2007 \$'000	2007 \$'000
Consolidated		
Doubtful debts	111	–
Work in progress	–	(340)
Inventories	99	(2,041)
Property, plant and equipment	6	(1,510)
Other assets	906	–
Other creditors and accruals	1,219	(4)
Provisions	283	–
Tax assets / (liabilities)	2,624	(3,896)
Company		
Other assets	672	–
Other creditors and accruals	225	–
Provisions	176	–
Tax assets / (liabilities)	1,073	–

NOTE 29. INTEREST-BEARING LOANS AND BORROWINGS

This Note provides information about the contractual terms of the Company's and Group's interest bearing loans and borrowings. For more information about the consolidated entity's exposure to interest rate and foreign currency risk, see Note 31.

	Consolidated	Company
	2007 \$'000	2007 \$'000
Current liabilities		
Current portion of hire purchase liabilities	20,387	–
Current portion of insurance premium funding liabilities	2,073	–
Current portion of secured bank loans	27,486	24,000
Trade finance liabilities	5,577	–
	55,523	24,000
Non-current liabilities		
Hire purchase liabilities	27,691	–
	27,691	–

Consolidated finance facilities as at 30 June 2007

Finance description	Face value (limit) \$'000	Carrying amount (utilised) \$'000
Asset financing	92,923	48,077
Loans	30,880	27,486
Trade finance	9,900	5,577
Other	2,229	2,074

Financing arrangements / security

The various ANZ facilities are secured by a fixed and floating charge over the consolidated entities assets and are reviewed on an annual basis.

Loans

The bank loan is secured by a standard shares and securities Mortgage given by NRW Holdings Ltd as Mortgagor over Actionblast Pty Ltd shares.

Asset financing facilities

The hire purchase liabilities are secured by the assets under finance and in the event of default, the leased assets revert to the lessor.

Performance Guarantees

Also Corporate Guarantees & Indemnities, unlimited as to amounts exist between the various entities. The facilities are used for general corporate requirements and attract variable rates of interest.

Future financing arrangements

The Group has renegotiated a number of its finance facilities post balance date as part of it's listing on the ASX. The following table summarises the facilities that the Directors consider will be material to the Group on listing. In addition to the facilities below, the Group still has access to the hire purchase agreements highlighted above.

Lender	Facility	Face Value (Limit \$'000)
ANZ	NRW Interchangeable Facility 1	19,500
	Sub-limit of \$5,000,000 for overdraft component of facility	
ANZ	NRW Performance Guarantee Facility	36,000
ANZ	NRW Interchangeable Facility 2	9,500
ANZ	Action Mining Overdraft Facility	2,500
ANZ	Action Mining Asset Finance Facility	2,500
ANZ	Promac Interchangeable Facility 1	5,000
	Sub-limit of \$2,500,000 for overdraft component of facility	
Other	Other facilities	2,400

The consolidated entity has a revolving facility with the ANZ Banking Group which is secured by a fixed and floating charge over the Group's assets and is reviewed on an annual basis. Also Corporate Guarantees & Indemnities, unlimited as to amounts exist between the various entities. The facilities are used for general corporate requirements including asset finance, international documentary credit, foreign currency loan/trade finance and attract variable rates of interest.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 30. OTHER FINANCIAL LIABILITIES

		Consolidated	Company
	Note	2007 \$'000	2007 \$'000
Current			
Payables to related party entities	39	3,430	–
Consideration payable to AMS vendor – to be satisfied by the issue of shares in the Company	6(b)	2,500	2,500
Consideration payable to AMS vendor – to be satisfied in cash	6(b)	819	819
		6,749	3,319

NOTE 31. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arise in the normal course of the Company's and the Group's business.

Liquidity risk

The Group manages liquidity risk by monitoring cash flows by forecasting inflows and outflows of funds, to ensure adequate funding arrangements are in place and maintained.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

Foreign exchange rate risk

The Group does not currently have substantial operations outside Australia and accordingly it does not have a material exposure to foreign exchange rate movements.

The Group does however purchase goods that are often denominated in a foreign currency and utilises either spot or trade finance facilities. No hedging currently takes place and the Group does not have a material exposure to foreign currency other than short term funding arrangements when purchasing these goods.

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based upon discounted cash flow analyses. The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

	Carrying Amount	Net Fair Value
	2007 \$'000	2007 \$'000
Financial assets		
Trade and other receivables	66,964	66,964
Financial liabilities		
Borrowings – asset financing	48,077	48,077
Borrowings – loans	27,486	27,486
Borrowings – trade finance	5,577	5,577
Other borrowings	2,074	2,074
Trade and other payables	60,182	60,182

Fair values are materially in line with carrying values.

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following tables indicate their effective interest rates at the balance sheet date and the periods in which they reprice.

Consolidated	Effective interest rate %	2007			
		Total \$'000	1 year or less \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	5.90%	16,546	16,546	–	–
Loan receivable					
		16,546	16,546	–	–
Financial liabilities					
Asset financing	7.39%	(48,077)	(20,386)	(27,691)	–
Loans	9.14%	(27,486)	(27,486)	–	–
Trade finance	8.45%	(5,577)	(5,577)	–	–
Other borrowings	8.45%	(2,074)	(2,074)	–	–
		(83,214)	(55,523)	(27,691)	–
Net financial assets / (liabilities)		(66,668)	(38,977)	(27,691)	–

NOTES TO THE FINANCIAL STATEMENTS

NOTE 31. FINANCIAL INSTRUMENTS (CONTINUED)

Effective interest rates and repricing analysis (continued)

Company	2007				
	Effective interest rate %	Total \$'000	1 year or less \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	–	1	1	–	–
Inter-company loans receivable	–	43,188	–	43,188	–
		43,189	1	43,188	
Financial liabilities					
Other Loan – ANZ	9.14%	(24,000)	(24,000)	–	–
Inter-company loans payable	–	(23)	–	(23)	–
		(24,023)	(24,000)	(23)	
Net financial assets / (liabilities)		19,166	(23,999)	43,165	–

NOTE 32. FINANCE LEASES

Finance leases as lessee

Non cancellable finance leases are payable as follows:

	Consolidated	Company
	2007 \$'000	2007 \$'000
Less than one year	23,336	–
Between one and five years	29,586	–
More than five years	–	–
Minimum lease payments	52,922	–
Less: future finance charges	(4,844)	–
Present value of minimum future lease payments	48,077	–

NRW has a number of hire purchase agreements with various lenders. The majority of NRW's heavy earthmoving equipment assets are under hire purchase agreement over a 24 month to 48 month period. The equipment is utilised by Civil Contracting and Mining Services for various contracts and also the Promac Rental business.

NOTE 33. OPERATING LEASES

Operating leases as lessee

Non cancellable operating lease rentals are payable as follows:

Less than one year	994	–
Between one and five years	135	–
More than five years	–	–
	1,129	–

Property lease rentals are payable as follows:

	Consolidated	Company
	2007 \$'000	2007 \$'000
Less than one year	1,138	–
Between one and five years	4,047	–
More than five years	3,040	–
	8,225	–

The majority of property leases relate to commercial properties, all with lease terms of 5 years with options to renew every 5 years until the year commencing 28 February 2022. All commercial property leases contain market or CPI review clauses during the term of the leases.

Property leases relating partially to the leasing of a residential property are for terms of one year with an option to renew every year until the year commencing 28 February 2011. Rent review is undertaken annually with reference to market rates.

The consolidated entity does not have the option to purchase the leased assets at the end of the lease period.

NOTE 34. CAPITAL AND OTHER COMMITMENTS

Capital expenditure commitments – Plant and equipment

Within one year	7,444	–
Between one and five years	14,889	–
Later than five years	–	–
	22,233	–

NOTE 35. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement

Contingent Liabilities

Bank guarantees ⁽ⁱ⁾	10,358	–
	10,358	–

(i) Bank guarantees are issued in the normal course of business to clients to guarantee the performance of NRW under contracts and the period of each guarantee varies depending upon contract terms.

NOTE 36. SHARE BASED PAYMENTS

Employee Share Plan (“ESP”)

Certain key employees as determined by the directors of NRW were invited to apply for a specified number of fully paid ordinary shares in the Company, funded by way of limited recourse loans from the Company. These loans are to be repaid by 15 March 2009 and accrue interest at a rate of 7.5% per annum, payable half-yearly.

Under the ESP, shares were allotted on 15 March 2007 at an issue price of \$2.26 and are not subject to any specific vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 36. SHARE BASED PAYMENTS (CONTINUED)

Employee Share Plan ("ESP") (continued)

The employees' obligation for repayment of the loans is limited to the dividends declared and the capital returns by the Company, and in the event that the employee ceases employment, the market price achieved on the sale of the shares held as security by the Company for the loans.

The issue under the ESP during the financial year is accounted for as an in-substance option plan, with the contractual life of each option equivalent to the estimated loan life of 2 years. Repayment of the loan constitutes exercise of the option.

This treatment requires the balance of the employee share loan receivable asset to be derecognised and offset against contributed equity, and diluted earnings per share has been adjusted accordingly. Additionally the value of the in-substance option has been recognised as an equity-settled employee benefits expense with a corresponding entry to the Option Reserve.

To date 1,457,752 ordinary shares have been issued under this arrangement with the in-substance options having a total fair value of \$1,289,725 on issue date.

The fair value of the in-substance options is determined using the Black-Scholes option-pricing model. The model inputs were:

- share price of \$2.75 (before the share split which occurred on 27 July 2007)
- exercise price of \$2.26 (before the share split which occurred on 27 July 2007)
- expected volatility of 40% (based upon the historical volatility of comparable securities)
- expected dividend yield of 2.2% (net yield, after interest cost on the limited recourse loan)
- term of two years (with no early exercise assumed)
- risk free interest rate of 6.1%

Senior Management and Director Option Plan ("SMDOP")

The SMDOP is a senior management and director share option plan and has been put in place since reporting date. No options have been issued under the plan to date. The board has the discretion to determine the terms and conditions applying to each offer of options under the SMDOP including performance conditions attaching to the exercise of options, restrictions on transfer and disposal, exercise price of options and amount payable for a grant of options.

The SMDOP will be accounted for as equity settled share-based payments where the fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

NOTE 37. PROVISIONS

	Consolidated		Company	
	Employee benefits ⁽ⁱ⁾ \$'000	Total \$'000	Employee benefits ⁽ⁱ⁾ \$'000	Total \$'000
Balance at 1 July 2006	–	–	–	–
Acquired in a business combination	183	183	–	–
Provisions made during the year	739	739	587	587
Provisions used during the year	–	–	–	–
Provisions reversed during the year	–	–	–	–
Balance at 30 June 2007	922	922	587	587
Short-term provisions	587	587	587	587
Long-term provisions	334	334	–	–
Total balance at 30 June 2007	922	922	587	587

(i) Short-term and long-term provisions consist entirely of vested long service leave entitlement accrued for current employees of the Group and the Company.

NOTE 38. SUBSEQUENT EVENTS

Subsequent to the end of the financial year, the Company issued and allotted 23,750,000 ordinary shares at \$2.00 per share, and was admitted to the Australian Stock Exchange on 5 September 2007. The proceeds from the issue of the shares have been applied to the repayment of Group debt of \$27,500,000, the payment of share offer costs and working capital.

There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material nature likely in the opinion of the Directors, to affect significantly 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 FINANCIAL STATEMENTS

NOTE 39. RELATED PARTIES

The following were key management personnel of the Group at any time during the period and unless otherwise indicated were key management personnel for the entire period:

Name	Positions held	Resigned / Appointed
Non-executive directors		
Dr I F Burston	Chairman and Non Executive Director	Appointed as Non-executive Director, 27 July 2007
Mr M Arnett	Non Executive Director	Appointed as Non-executive Director, 27 July 2007
Executive directors		
Mr J W McGlenn	Chief Executive Officer	
Mr L N Piper	Director	Resigned as Director, 27 July 2007
Mr N J Silverthorne	Operations Director	Resigned as Director, 27 July 2007
Mr J A Pemberton	Director of Promac and NRW Holdings Ltd	Appointed as Director of the Company, 2 July 2006
Mr K Bounsell	General Manager – NRW Maintenance and Action Mining	Resigned as Director of the Company, 2 July 2007
Executives		
Mr G Chiarelli	Chief Financial Officer	
Mr J A Kenny	General Manager – Promac Rental & Sales	
Mr P J McBain	General Manager – Civil Contracting	
Mr R J Morrow	General Manager – Mining Services	
Mr A C Hunt	Director and Special Manager Projects – Promac Rental & Sales	Resigned as Director of Promac, 9 October 2006
Mr C Lindsay-Rae	Director and General Manager – Promac Rental & Sales	Resigned as Director of Promac, 9 October 2006

Key management personnel compensation

The key management personnel compensation included in 'Employee benefits expense' (see Note 9) is as follows:

	Consolidated	Company
	2007	2007
	\$	\$
Short term employee benefits	4,816,348	2,876,617
Other long term benefits	–	–
Post employment benefits	363,270	220,777
Termination benefits	–	–
Share-based payments	1,128,848	–
	6,308,466	3,097,394

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' report on pages 20 to 23.

Loans to key management personnel and their related parties

Details regarding loans outstanding at reporting date to key management personnel and their related parties are as follows:

	Balance 1 July 2006	Balance 30 June 2007	Interest paid during the period	Highest balance in the period
	\$	\$	\$	\$
Mr J A Pemberton ⁽ⁱ⁾	–	619,071	–	619,071
Mr G Chiarelli ⁽ⁱ⁾	–	619,071	–	619,071
Mr J A Kenny ⁽ⁱ⁾	–	412,713	–	412,713
Mr P J McBain ⁽ⁱ⁾	–	619,071	–	619,071
Mr R J Morrow ⁽ⁱ⁾	–	619,071	–	619,071
Totals	–	2,888,997	–	2,888,997

(i) Limited recourse loans were issued by the Company on 15 March 2007 to specific key management personnel as part of the Employee Share Plan described in Note 36 in order to finance the purchase of fully paid ordinary shares in the Company at \$2.26 per share. Interest is payable half-yearly at 7.5% due on the 30 September and 31 March each year whilst the loan is still on foot.

Loans from key management personnel and their related parties

Details regarding loans outstanding at reporting date from key management personnel and their related parties are as follows:

	Balance 1 July 2006	Balance 30 June 2007	Interest paid during the period	Highest balance in the period
	\$	\$	\$	\$
Mr L N Piper ⁽ⁱ⁾	6,982,597	1,857,321	–	6,982,597
Mr J W McGlenn	5,491,789	307,618	–	5,491,789
Mr J N Silverthorne	5,940,700	1,170,850	–	5,940,700
Mr K Bounsell	942,653	93,871	–	942,653
Totals	19,357,739	3,429,660	–	19,357,739

(i) An amount of \$1,010,030 owing to Mr L N Piper was forgiven during the year as part of the agreement with Stark NRWHL Holding Limited upon restructuring of the Group when Stark NRWHL Holding Limited became a substantial shareholder of NRW Holdings Ltd on 2 July 2006. This amount has been recognised as Other Income (see Note 8) of the Company.

Other key management personnel transactions

A number of key management personnel or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arms-length basis.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 39. RELATED PARTIES (CONTINUED)

Other key management personnel transactions (continued)

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

Key management person and related parties	Transaction	Note	Transaction value
			year ended 30 June 2007
			\$
(i) Key management person			
Mr J A Pemberton	Purchase motor vehicle	(i)	9,091
(ii) Other related parties			
Mr J W McGlinn – Mystica Trust	Purchase several items of plant and equipment	(ii)	57,000
Mr J W McGlinn – McGlinn Property Trust	Purchase of land and buildings	(iii)	3,625,000
Mr J W McGlinn			
Mr L N Piper – Fallbrook Pty Ltd	Back-charges and purchase motor vehicle	(iv)	13,666
Mr C Lindsay-Rae			
Mr J W McGlinn – Springpark International Ltd	Sale of tyres and machinery	(v)	17,589,338
Mr C Lindsay-Rae			
Mr J W McGlinn – Springpark International Ltd	Sale of plant and equipment	(vi)	1,201,490
Mr C Lindsay-Rae			
Mr J W McGlinn – Springpark Australia Pty Ltd	Sale of tyres and machinery	(vii)	11,431,639
Mr C Lindsay-Rae			
Mr J W McGlinn – Springpark Australia Pty Ltd	Services for earthmoving contract works	(viii)	2,662,439
Mr J N Silverthorne – Silverthorne Trust	Purchase of land and buildings	(ix)	1,700,000
Mr C Lindsay-Rae			
Mr J W McGlinn – Springpark Australia Pty Ltd	Back charge and purchase of motor vehicle	(x)	71,401
Mr C Lindsay-Rae			
Mr J W McGlinn – Springpark Australia Pty Ltd	Back charges of travel and other	(xi)	6,806

i) The Group sold a motor vehicle held as a depreciable asset to Mr J A Pemberton at market price.

ii) The Group sold sundry items of depreciable plant and equipment at market price to Mystica Trust, an entity controlled by Mr J W McGlinn.

iii) The Group sold its Welshpool premises at market value to the McGlinn Property Trust, an entity controlled by Mr J W McGlinn. The property is now being leased back to the Group at market rates and is included in operating lease commitments at Note 33.

iv) The Group invoiced Fallbrook Pty Ltd, a company controlled by Mr J W McGlinn and Mr L N Piper, for various back charges relating to operating expenses of Fallbrook paid by NRW for wages and various consumables. Additionally the Group sold a motor vehicle held as a depreciable asset to Fallbrook Pty Ltd at market price.

v) The Group purchased tyres and machinery at market price from Springpark International Ltd, a company significantly influenced and part owned by Mr J W McGlinn and Mr C Lindsay-Rae.

vi) The Group purchased plant and equipment at market price from Springpark International Ltd, a company significantly influenced and part owned by Mr J W McGlinn and Mr C Lindsay-Rae.

vii) The Group purchased tyres and machinery at market price from Springpark Australia Pty Ltd, a company significantly influenced and part owned by Mr J W McGlinn and Mr C Lindsay-Rae.

- viii) The Group provided mining services at market rates to Springpark Mining Services Pty Ltd, a company significantly influenced and part owned by Mr J W McGlenn and Mr C Lindsay-Rae.
- ix) The Group and Company sold various properties held as non-current assets at market value to the Silverthorne Trust, an entity controlled by Mr J N Silverthorne. The properties are now being leased back to the Group at market rates and are included in operating lease commitments at Note 33.
- x) The Group sold a motor vehicle at market value to Springpark International Ltd and charged Springpark International Ltd for the reimbursement of travel and incidental costs incurred on its behalf.
- xi) The Group charged Springpark Australia Pty Ltd for the reimbursement of travel and incidental costs incurred on its behalf.

Assets and liabilities arising from the above transactions

Amounts receivable from and payable to key management personnel and other related parties at reporting date were as follows:

	Consolidated	Company
	2007	2007
	\$	\$
Other related parties		
Trade debtors	9,330,871	-
Current receivables / total assets	9,330,871	-
Other related parties		
Trade creditors	556,206	-
Total payables / total liabilities	556,206	-

Options and rights over equity instruments

Apart from the in-substance options described in Note 36, no options were issued to or held by key management personnel or their related parties during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 39. RELATED PARTIES (CONTINUED)

Movements in shares

The movement during the reporting period in the number of ordinary shares in NRW Holdings Ltd held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Key Person	Held at 1 July 2006	Purchases*	Received as compensation	Received on options exercised	Sales/ transfers**	Other changes***	Held at 30 June 2007
Mr L N Piper	31,667	13,300,012	–	–	(840,201)	–	12,491,478
Mr J W McGlenn	31,667	13,300,012	–	–	–	–	13,331,679
Mr J N Silverthorne	31,667	13,300,012	–	–	(840,201)	–	12,491,478
Mr J A Pemberton	–	994,150	–	–	(62,654)	273,329	1,204,825
Mr K Bounsell	4,999	2,099,964	–	–	(132,661)	–	1,972,302
Mr G Chiarelli	–	795,320	–	–	(50,123)	273,329	1,018,526
Mr J A Kenny	–	–	–	–	–	182,219	182,219
Mr P J McBain	–	–	–	–	–	273,328	273,328
Mr R J Morrow	–	–	–	–	–	273,328	273,328
Mr A C Hunt	–	795,320	–	–	(50,123)	–	745,197
Mr C Lindsae-Rae	–	994,150	–	–	(62,654)	–	931,496
Mr M Arnett	–	–	–	–	–	–	–
Dr I Burston	–	–	–	–	–	–	–
	100,000	45,578,940	–	–	(2,038,617)	1,275,533	44,915,856

* Shares purchased by all key management persons were acquired by way of transfer of each person's share of net assets in NRW Unit Trust or Promac Rental & Sales Pty Ltd to NRW Holdings Ltd as consideration for shares in the Company. This was done as part of the restructure of the Group.

** All sales/transfers of shares relate to the transfer of shares to a non-director related party in exchange for facilitator services as part of the initial public offering process.

*** All other changes relate to the issue of fully paid ordinary shares to certain key management personnel at \$2.26 per share, funded by limited recourse loans with the Company as described at Note 36.

Changes in key management personnel in the period after the reporting date but prior to the date when the financial report is authorised for issue.

The following changes in key management personnel have occurred in the period between reporting date and the date when the financial report is authorised for issue:

Key person	Nature of change	Date of effect
Mr L N Piper	Resigned as executive director	27 July 2007
Mr N J Silverthorne	Resigned as executive director	27 July 2007
Mr M Arnett	Appointed as non-executive director	27 July 2007
Dr I F Burston	Appointed as non-executive director and Chairman	27 July 2007

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Non-key management personnel disclosures

Subsidiaries

Loans are made by the Company to wholly owned subsidiaries to be employed as working capital, for capital purchases or for investing activities. Loans outstanding between the Company and its subsidiaries have no fixed date of repayment and are non-interest bearing. During the financial year, such loans to subsidiaries totalled \$43,188,000. These loans are repayable on demand and recognised as non-current trade and other receivables.

Other related parties

Key management persons related parties

For details of these transactions refer to key management personnel related disclosures above.

Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in Note 9.

INDEPENDENT AUDIT REPORT



INDEPENDENT AUDIT REPORT TO MEMBERS OF NRW HOLDINGS LIMITED

We have audited the accompanying financial report of NRW Holdings Ltd (the company) and NRW Holdings Ltd and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' in pages 19 to 23 of the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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 control 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 control. 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.

Total Financial Solutions



Horwath refers to Horwath International Association, a Swiss entity.
Each member of the Association is a separate and independent legal entity.

Member Horwath International

WHK Horwath Perth Audit Partnership ABN 96 844 819 235
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A WHK Group firm

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of NRW Holdings Ltd on 26 September 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial report of NRW Holdings Ltd and its Controlled Entities is in accordance with the Corporations Act 2001 including:

- (a) (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the remuneration disclosures that are contained in pages 19 to 23 of the directors' report comply with Accounting Standard AASB 124.
- (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

WHK HORWATH PERTH AUDIT PARTNERSHIP



SEAN MCGURK
Principal

Perth, WA

Dated this 26th day of September 2007

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 19 October 2007

NRW's issued capital comprises 251,223,000 fully paid ordinary shares.

Distribution of shareholdings

(i) Distribution schedule of shareholdings	Number of shareholders	Shares	% Total Shares
1 – 1,000 Shares	613	353,652	0.14
1,001 – 5,000 Shares	796	2,805,890	1.12
5,001 – 10,000 Shares	490	4,145,847	1.65
10,001 – 100,000 Shares	527	12,989,486	5.17
100,001 Shares and over	85	230,928,125	91.92
(ii) Total number of holders	2,511	251,223,000	100.00%
(iii) Number of holders of less than a marketable parcel	3		
(iv) Percentage held by the 20 largest holders			76.38

NRW's 20 largest shareholders

Rank	Name	Shares	% Total Shares
1	Stark NRWPL Holding Limited	28,987,736	11.54
2	Jeffery William Mcglinn <The Mystica Trust A/C>	22,677,431	9.03
3	J P Morgan Nominees Australia Limited	22,641,505	9.01
4	Nicholas John Ross Silverthorne + Maureen Kaye Silverthorne <Silverthorne Trust A/C>	21,333,485	8.49
5	National Nominees Limited	19,826,700	7.89
6	Cogent Nominees Pty Limited	10,850,945	4.32
7	ANZ Nominees Limited <Cash Income A/C>	10,215,011	4.07
8	UBS Nominees Pty Ltd	8,866,835	3.53
9	Queensland Investment Corporation	5,723,375	2.28
10	UBS Wealth Management Australia Nominees Pty Ltd	5,422,300	2.16
11	Walsec Pty Ltd <I N Piper Family Trust A/C>	5,144,004	2.05
12	Citicorp Nominees Pty Limited <CFS Future Leaders Fund A/C>	4,890,500	1.95
13	Citicorp Nominees Pty Limited <CFSIL CFS WS Small Comp A/C>	4,278,586	1.70
14	Suncorp Custodian Services Pty Limited <AET>	4,161,082	1.66
15	Keith Bounsell <Bounsell Family Trust A/C>	3,381,843	1.35
16	Cogent Nominees Pty Limited <SMP Accounts>	3,338,485	1.33
17	Stark Asia Master Fund Ltd	2,898,775	1.15
18	Julian Alexander Pemberton <The J P Trust A/C>	2,534,540	1.01
19	Citicorp Nominees Pty Limited	2,471,293	0.98
20	Gino Chiarelli <Lamond Family Trust A/C>	2,215,100	0.88

Substantial shareholders

As at the date of this report, the names of substantial holders in the Company who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are set out below:

Name	Shares	Percentage %
Stark Investments (Hong Kong) Limited	31,886,511	12.69
Jeffery William McGlenn as trustee for the Mystica Trust	22,677,431	9.03
Nicholas John Ross Silverthorne and Maureen Kaye Silverthorne as trustees for the Silverthorne Trust	21,333,485	8.49

Voting rights

On a show of hands, every shareholder present in person or represented by a proxy or representative shall have one vote and on a poll, every member who is present in person or represented by a proxy or representative shall have one vote for every share held by them.

Shares subject to voluntary escrow

Dealing is restricted in the shares outlined in the table below which are subject to voluntary escrow arrangements until the end of the relevant escrow period.

Date relevant voluntary escrow period ends	Number of shares subject to voluntary escrow	% Total Shares
2 business days after the date on which NRW announces its results for the year ending 30 June 2008 to ASX	91,079,320	36.25
5 December 2007	1,250,000	0.50

CORPORATE DIRECTORY

DIRECTORS

Ian Burston – Non-executive Chairman

Jeffrey McGlinn – Chief Executive Officer

Julian Pemberton – Executive Director and Chief Operating Officer

Michael Arnett – Non-executive Director

COMPANY SECRETARY

Kim Hyman

REGISTERED OFFICE

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Facsimile: +61 8 9311 7336

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AUDITOR

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SHARE REGISTRY

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Telephone: +61 2 8280 7111

Facsimile: +61 2 8287 0303

ASX CODE

NWH – NRW Holdings Limited Fully Paid Ordinary Shares

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