Annual Report

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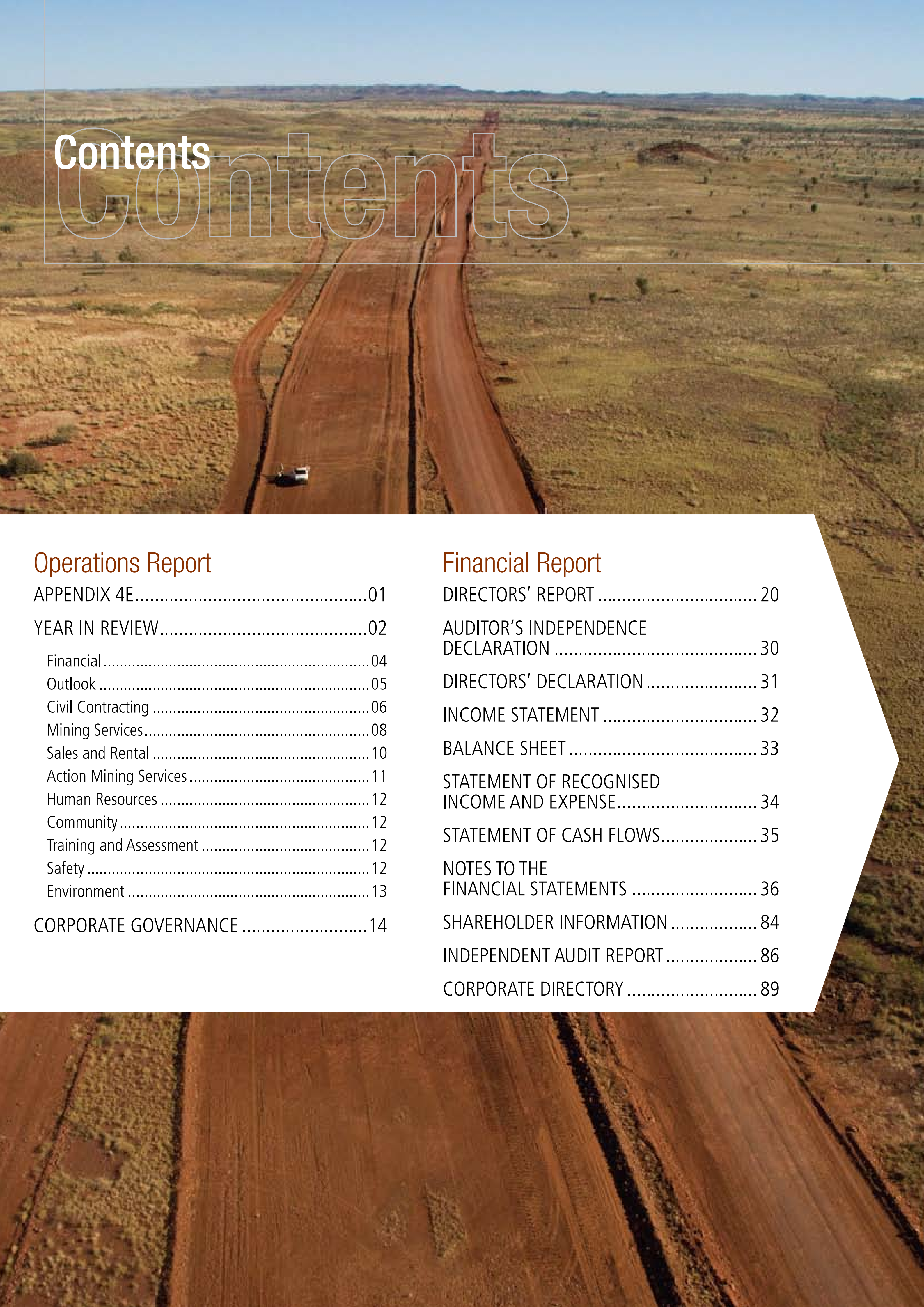
2008

NRW HOLDINGS LIMITED



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Results for Announcement to the Market

For the Year Ended 30 June 2008

NRW Holdings Ltd
ACN 118 300 217

	% Change up / (down)	Year ended 30 June 2008	Year ended 30 June 2007
		$'000	$'000
Revenues from ordinary activities	83.07%	471,183	257,383
Profit from ordinary activities after tax attributable to members	136.54%	32,761*	13,850*
Net profit for the period attributable to members	136.54%	32,761*	13,850*

Interim Dividend		
Date dividend is payable	31 March 2008	-
Record date to determine entitlements to dividend	3 March 2008	-
Interim dividend payable per security (cents)	4.0	Nil
Franked amount of dividend per security (cents)	4.0	Nil
Final Dividend		
Date dividend is payable	31 October 2008	-
Record date to determine entitlements to dividend	17 October 2008	-
Final dividend payable per security (cents)	4.23	Nil
Franked amount of dividend per security (cents)	4.23	Nil

Ratios and Other Measures		
Net tangible asset backing per ordinary security**	$0.36	$0.08

* The results for the year ended 30 June 2008 are statutory results which include the impact of one off transactions that occurred during the 12 months as a result of the Company's initial public offering ('IPO') and business development costs. Pro forma net profit after tax for the current period before the effects of these one off transactions was $41.4 million (2007: $20.1 million).

** Net tangible asset backing per ordinary security is based on the number of ordinary shares on issue, where the number of ordinary shares on issue at the end of the previous corresponding period reflects the impact of the share split at a ratio of 226,250,000 / 65,974,869 that occurred as part of the IPO in September 2007.

Status of Accounts

The following financial report has been prepared on the management accounts which have been audited and signed. Refer to page 86 for the full independent audit report.

Year in Review

Unless otherwise indicated, the results referred to in this review (including references to EBITDA, EBIT, net profit and revenue) are set out on a pro forma basis to show the financial performance of NRW Holdings Limited and it's controlled entities, having disregarded the financial effects of any extraordinary activities undertaken during the year in review.

The pro forma adjustments are in substance consistent with those made in the prospectus, and in addition, adjustments made for additional costs relating to business appraisal costs have also been made to provide meaningful comparison to the forecasts presented in the prospectus dated 27 July 2007.

NRW 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.

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 operating in Guinea, West Africa, 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).

Highlights for 2008 Financial Year

$471.2 Million
Pro Forma Revenue

$84.2 Million
Pro Forma EBITDA

$66.1 Million
Pro forma EBIT

$41.4 Million
Pro Forma Net Profit After Tax

16.46 cents
Pro Forma Earnings Per Share

8.23 cents
Pro Forma Dividend Per Share

Financial Overview

NRW grew strongly in the 2008 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 following table:

		PROSPECTUS			
	PRO FORMA ACTUAL	STATUTORY FORECAST	PRO FORMA FORECAST	STATUTORY ACTUAL	PRO FORMA ACTUAL*
$ millions	FY2007	FY2008	FY2008	FY2008	FY2008
Revenue	277.6	440.4	440.4	471.2	471.2
EBITDA	45.2	74.0	85.4	71.9	84.2
EBIT	33.6	52.9	64.2	53.8	66.1
Profit before tax	28.7	46.1	57.4	47.3	59.6
Net profit after tax	20.1	32.1	40.2	32.8	41.4

* The following tax-effected Pro Forma adjustments have been made in the current interim period in relation to:

- Costs of $10.8 million were incurred by NRW relating to the sale of shares by the vendor shareholders under the IPO.
- The issue of shares to eligible employees under the IPO resulting in a share-based payments expense of $0.9 million.
- Business development costs of $0.6 million relating to the appraisal of potential business acquisitions.

The company has reported pro forma revenue of $471.2 million and pro forma EBITDA of $84.2 million.

Financial Position

As at 30 June 2008, NRW had net assets of $117,216,000.

The Company successfully completed an initial public offering after the end of the financial year, raising approximately $46.6 million from the issue of new ordinary shares before expenses. The proceeds of the issue of shares was applied to the repayment of debt, costs of the initial public offering and to pay the costs of the issue.

Dividends

On the 27 August 2008, the Board of NRW Holdings Limited declared a final dividend for the Financial Year ending June 30, 2008. The final dividend payable is 4.23 cents per share and brings the full year dividend to 8.23 cents per share. This represents a 50% payout ratio on Pro forma NPAT for the full year.

Cash Flow and Borrowings

Cash provided by operating activities for the financial year was $14,762,000. Cash and cash equivalents decreased by $27,786,000 during the financial year due to increased working capital requirements as a result of the exceptional growth during the year. NRW is expecting to be cash flow positive in the financial year to 30 June 2009 with significant financial headroom for future requirements.

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. Capital expenditure incurred in 2008 was $59,013,000 (2007: $40,838,000).

view

Outlook

The outlook for NRW remains strong with all major clients announcing significant expansion plans based upon continued high level of demand for iron ore from the Chinese market.

With most industry forecasts predicting an annual production increase in iron ore of 9 - 12% over the next five years, NRW is well positioned to take advantage with both Mining and Civil construction Divisions.

NRW expects to capitalise on its push into Queensland, with opportunities in coal mining and civil construction in the second half. NRW has also identified significant additional opportunities in Guinea and several other African countries to consider. The civil and mining tender activity remains at historically high levels.

NRW expects profit growth for FY2009 to be at least 15 - 20%.

Civil Contracting

Civil Contracting

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

Revenue for the civil contracting division was $336.8 million (2007: $158.9 million) in the 2008 financial year.

The Division's growth continues to be 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 underwrite the division's expectations 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:

- **Hamersley Iron**: Brockman 4 Pioneering Works.
- **Hamersley Iron:** Brockman 4 96 Man Camp.
- **Hamersley Iron:** Brockman 4 – Infrastructure Bulk Earthworks.
- **Hamersley Iron:** Brockman 4 – Brockman Line Extension (BLE).
- **DTMT:** Newman HUB – Car Dumper and Train Loadout.
- **Hope Downs 1:** Stage 2 Bulk Earthworks, Roadworks & Drainage.
- **Hamersley Iron:** Dove Siding (Brolga to Emu Rail Upgrade).
- **Hamersley Iron:** Dampier Seven Mile Yard Upgrade.
- **Pilbara Iron:** Pannawonnica Minesite – Rehabilitation Mesa J.
- **BHP:** Kurra Village – Stage 5.
- **BHP:** Coonarie – Spring Siding.
- **Fortescue Metals Group:** Christmas Creek Rail Project.

Significant project achievements during the year included:

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 based on the rates at other expansion projects were 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. Plant, personnel and site infrastructure on this project were able to be utilised for the Hope Downs Mining Pre-Strip operations realising significant cost savings for the Client.

Brockman 4 Project

In September 2007, NRW was awarded the contract for the Pioneering works at Hamersley Iron's Brockman 4 Project. NRW has subsequently been awarded another two contracts for additional components of the same project. These are the Brockman Line Extension (BLE), and the Infrastructure Bulk Earthworks. In total these contracts are valued in excess of $140 million.

Fortescue Metals Group

NRW successfully completed the 120km rail formation project through the Chichester Ranges to Cloudbreak Mine. This project was subject to a critical client timeframe and involved over 400 NRW personnel. NRW was subsequently awarded the 44km Cloudbreak to Christmas Creek Rail extension contract.

Outlook

2009 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, particularly in the Pilbara region.

The development of Western Australia's proposed Mid West Iron Ore projects is expected to progress towards production and existing iron producers will continue to expand and develop presenting significant new opportunities.

Mining Services

Mining Service

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, gold, and mineral sand sectors. Services include earth moving, waste stripping, ore haulage and related ancillary services.

Revenue for the Mining Services Division was $107.2 million (2007:$77.8 million) in the 2008 financial year.

The Divisions operations were predominately driven by the increased demand for natural resources, particularly iron ore and other related commodities.

Annual Iron Ore mining production in Australia is expected to continue to grow at a compound annual growth rate of 9.6% through to 2010 according to AME Mineral Economics. This forecast reflects continued strong demand from countries such as China. Other opportunities also exist in the Midwest Iron Ore region particularly since the approval for the Oakajee Port development.

Operations

Contracts and contract extensions during the period were:

- **Pilbara Iron:** Tom Price Mining (WA) – Load and haul of ore and waste, stockpile rehandle.
- **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.
- **Goldfields:** Provision of mine service and ore cartage at Agnew.
- **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 has continued a total mining services contract for 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 road train haulage of all heavy mineral concentrates.

Hope Downs Pre-strip

Following from the Yandi JSE construction works, a fleet of 100t dump trucks was mobilised to pre-strip the Hope Downs ore body to allow access to the high grade iron 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 100t trucks and 5 150t trucks.

Tom Price Mining

NRW Has continued to provide mining services within the Tom Price and associated open pits under a Master Services Agreement. The works include pre stripping of waste, remnant mining, bench development, stockpile rehandle and drop cut development. A significant indigenous involvement program was continued on this contract which saw indigenous involvement on this project maintained at approximately 20%.

Rio Tinto Continuous Miner Trials

Following the successful completion of the Yandi JSE Pre Strip works, a contract was negotiated to provide the materials haulage services to support the trial mining of various ore bodies using a continuous cutting mobile miner. To support these works NRW provided a Cat 992 front end loader and an additional three 100t dump trucks. These works have been undertaken and managed by a predominantly indigenous work crew.

Simandou Pre Development

In June 2007 NRW mobilised two CAT D9R dozers and lighting plants by heavy lift aircraft out of Dubai into Guinea to commence development works including roads and drill pads at the Simandou deposit. An additional $25 million of plant was mobilised by air and sea this year to assist Simfer SA with an aggressive development program for this highly prospective iron ore development. NRW currently has approximately 12 expatriate employees together with a locally employed workforce of some 80 personnel on site and in the capital Conakry. NRW has been awarded a contract extension through to the end of 2009.

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.

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 division, 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, generator sets, personnel transporters and other ancillary equipment.

Financial

Revenue for Promac Rental & Sales Pty Ltd was $21.2 million (2007:$28.6 million) in the 2007 financial year. The majority of Promac's plant hire revenue was generated from sales to other divisions within the NRW Group.

The decrease in revenue is due to a reduction in tyre sales revenue partially offset by an increase in hire services revenue from the expanded rental fleet.

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 2009 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.

Action Mining Services

Through its subsidiary, **Actionblast Pty Ltd t/as Action Mining Services**, NRW provides equipment repairs, sandblasting and painting services, service truck and water tanker fabrication and import services (including quarantine cleaning).

Financial

Revenue for the Services Division was $26.2 million (2007:$4.8 million – Action Mining Services held for only the final quarter of 2007 as acquired part way through the year, proforma $20.7 million 2007 comparative).

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.

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 commercial arrangement with Cavico, a Vietnamese company, is in place 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 including provision of a dedicated safety officer and Occupational Health nurse. 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 2009 financial year, and additions to the range of fabricated products are under consideration.

Health, Safety and Environment

Human Resources

As at 30 June 2008, NRW had a total of approximately 808 employees. (Civil & Mining Division 716; Action 86; Promac 6). NRW's workforce includes 82 indigenous employees and 14 apprentices, reflecting the strong commitment to indigenous employment and training. In addition NRW continues to employ a large number of subcontractors through strategic alliances with indigenous organisations.

As a company operating in an environment where skilled labour is in short supply, NRW remains focussed 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.

During 2008 NRW in conjunction with the Chiropractic Faculty at Murdoch University has continued field visits to Pilbara and Kimberley Regional centres as part of a proactive approach to management of spinal and related health issues.

Training and Assessment

During 2008 NRW continued its nationally accredited Certificate II in the Metaliferous Competencies for all operators employed by the Company.

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.

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The LTIFR for 2008 was 0.9 (2007:2.4), a significant reduction on the previous year.

NRW's Occupational Health and Safety Management Systems are accredited to AS4801-2001, the applicable Australian Standard and subject to continuous audit. 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.

This year also saw the implementation of the Bodysmart initiative, designed to increase awareness across all sites of measures to prevent back and related injuries. This program is managed by NRW's dedicated Occupational Health Nurse.

Environment

NRW maintained 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. This accreditation is also subject to continuing audit by external agencies.

Corporate Governance Statement

(a) ASX Governance Principles and ASX Recommendations

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.

Unless otherwise indicated the best practice recommendations of the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures, have been adopted by the Company for the full year ended 30 June 2008. In addition, the Company has a Corporate Governance section on its website: **www.nrw.com.au** (under the "Investor" heading) which includes the relevant documentation suggested by the ASX Recommendations.

The extent to which NRW has complied with the ASX Recommendations during the year ended 30 June 2008, and the main corporate governance practices in place are set out below.

(b) Principle 1: Lay solid foundation for management and oversight

The Board has implemented a Board Charter that formalises the functions and responsibilities of the Board. The Charter is published on the Company's website.

(c) Principle 2: Structure the Board to add value

NRW's Board structure is consistent with the ASX Recommendations on Principle 2, with the exception that it does not have a separate nomination committee for the reasons detailed below.

(i) Board Structure

The Board consists of a Non Executive Chairman, one Non Executive Director and two Executive Directors. Of the four Board members, two are considered independent.

In accordance with the Company's Constitution the minimum number of Directors is three. There is no maximum number, although it would be expected that the optimal number of Directors would be five or six.

The Board are in the process of identifying suitable candidates for an additional non executive Director.

The names of the Directors of the Company in office at the date of this Statement are set out in the Directors' Report and further details concerning the skills, experience, expertise and term of office of each Director is set out in the Director's Profiles in the first section of the Annual Report.

(ii) Board Independence

Directors are expected to bring independent judgement to bear in the decision making of the Board. To facilitate this, each Director has the right to seek independent legal advice at the Group's expense with the prior approval of the Chairman, which may not be unreasonably withheld.

In assessing Director independence, materiality has been determined from both a quantitative and qualitative

perspective. An amount of over 5% of turnover is considered material. Similarly, a transaction of any amount, or a relationship, is deemed material if knowledge of it impacts, or may impact, the Shareholders' understanding of the Director's performance.

(iii) Board Nomination
The Board does not have a separate nomination committee and, given the Company's size, does not intend to form such a committee. However, the composition of the Board is determined using the following principles:

- The Board should comprise a majority of independent, Non Executive Directors with a broad range of experience, skills and expertise; and
- The Chairman of the Board should be an independent, Non Executive Director.

(iv) Procedure for the selection and appointment of new Directors to the Board
The Company has published on its website, procedures for the selection and appointment of new Directors to the Board. The Company also has terms and conditions which govern the appointment of Non Executive Directors. These are subject to the Company's Constitution and the *Corporations Act 2001*, and cover: appointment, retirement, Corporate Governance, remuneration, Board meetings, and Board Committees.

The Board does not impose on Directors an arbitrary time limit on their tenure. Under the Company's Constitution and the ASX Listing Rules however, each Director must retire by rotation within a three year period following their appointment. In such cases, the Director's nomination for re-election should be based on performance and the needs of the Company.

The Board are in the process of identifying suitable candidates for an additional non executive Director position.

(d) Principle 3: Promote ethical and responsible decision-making

(i) Code of Conduct
The Company has developed a Code of Conduct that applies to all employees, officers and Directors of the Company. The Code addresses matters relevant to the Company's legal and other obligations to its Shareholders and covers: the way in which we must discharge our duties; compliance with laws; conflicts of interest; confidentiality; insider trading; the use of the Company's resources and the environment, health and safety.

The Code is published on the Company's website.

(ii) Share Trading Policy
The Board has developed a Share Trading Policy that restricts Directors and Senior Management to trading in the Company's shares during the one month periods following the annual and half yearly results announcements and the Annual General Meeting. At all other times the Chairman must be approached, prior to trading, to determine whether trading at that particular time is appropriate. The Policy also reminds other staff of the laws applying to insider trading and stipulates that employees must not engage in short term trading of NRW's shares. Each of the Directors has signed an agreement requiring them to provide immediate notification to the Company of any changes in securities held, or controlled, by the Director. The Company makes an immediate notification to the ASX providing details of any changes in a Director's shareholding. The Policy is published on the Company's website.

(e) Principle 4: Safeguard integrity in financial reporting

(i) Statement by the Managing Director and Chief Financial Officer
The Managing Director and the Chief Financial Officer have signed a declaration to the Board attesting to the fact that the 2008 Annual Financial Report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

(ii) The Audit and Risk Management Committee
The roles of the Chairman and the Managing Director should not be exercised by the same individual.

The Audit and Risk Management Committee consists of two independent Non Executive Directors and operates under a formal charter approved by the Board. The Charter is published on the Company's website.

The Committee is chaired by an independent Chairperson who is not the Chairman of the Board of Directors.

Corporate Governance Statement Continued

The role of the Committee is to advise on the establishment and maintenance of a framework of internal control, risk management protocols and appropriate ethical standards for the management of the Company. It also gives the Board assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies for inclusion in Financial Statements.

The members of the Audit and Risk Management Committee during the year and at the date of this Statement were:

Mr. Michael Arnett (Chairman); and

Mr. Ian Burston.

The experience and qualifications of each committee member is set out in the Directors' Profiles in the first section of the Annual Report. The Company Secretary acts as secretary of this Committee.

The external auditors, the Managing Director and the Chief Financial Officer are invited to Audit and Risk Management Committee meetings at the discretion of the Committee. The Audit and Risk Management Committee met in the course of each Board meeting as set out in the Directors' Report.

(iii) External Auditors
The Board reviews the performance, skills, cost and other matters when assessing the appointment of external auditors. This review is generally undertaken at the completion of the preparation of the Annual Financial Report and involves discussions with the auditors and the Group's senior management. Information concerning the selection and appointment of external auditors is published on the Company's website.

The external auditors are invited to attend the Annual General Meeting of the Company and to be available to answer questions from Shareholders.

(f) Principle 5: Make timely and balanced disclosure

(i) Continuous disclosure policies and procedures
The Company has developed procedures to ensure that it complies with the disclosure requirements of the ASX Listing Rules. The procedures are published on the Company's website. The procedures set out who is responsible for determining whether information is of a type or nature that requires disclosure, the Boards role in reviewing the information disclosed to ASX and the procedures for ensuring that the information is released to ASX. All information disclosed to the ASX is published on the Company's website as soon as practicable.

(g) Principle 6: Respect the rights of Shareholders

Shareholders Communications Strategy: The Board aims to ensure that Shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to Shareholders through:

(i) the Annual Report distributed to all Shareholders (unless a Shareholder has specifically requested not to receive the Report). The Board ensures that the Annual Report includes relevant information about

the operations of the Group during the year, changes in the state of affairs of the Group and details of future developments, in addition to the other disclosures required by the *Corporations Act 2001*;

(ii) the Half-Yearly Report which contains summarised financial information and a review of the operations of the Group during the period. Half-Year Financial Report prepared in accordance with the requirements of Accounting Standards and the *Corporations Act 2001* are lodged with the Australian Securities & Investments Commission and the Australian Stock Exchange. The Half-Year Financial Report is sent to any Shareholder who requests them;

(iii) regular reports released through the ASX and the media;

(iv) proposed major changes in the Group, which may impact on share ownership rights are submitted to a vote of Shareholders; and

(v) the Board encourages full participation by Shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Group 's strategy and goals. Important issues are presented to the Shareholders as single resolutions. The Shareholders are responsible for voting on the re-appointment of Non Executive Directors.

Further information concerning the Company and the full text of the various announcements and reports referred to above are available on the Company's website: **www.nrw.com.au**. Further information can also be obtained by emailing the Company at: **info@nrw.com.au**

The auditor is also invited to the Company's Annual General Meetings and is available to answer Shareholders questions concerning the conduct of the audit.

The Company's Shareholder Communications Strategy is published on the Company's website.

(h) Principle 7: Recognise and manage risk

(i) Risk oversight and management policies

The Board has sought to minimise the business' risks by focusing on the Company's core business, making changes as outlined in the Chairman's Report and the Managing Director's Report. The Board is responsible for ensuring that the Company's risk management systems are adequate and operating effectively.

The Company does not have a separate internal audit function and, given the Company's size, the Board does not intend to implement such a function.

The Board believes that through the Board itself, the Audit and Risk Management Committee and the external auditors there is adequate oversight of the Company's risk management and internal controls.

The risk management policy is published on the Company's website.

(ii) Statement by the Managing Director and Chief Financial Officer

The Managing Director and the Chief Financial Officer have signed a declaration to the Board attesting to the fact that the integrity of Financial Reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that the system is operating efficiently and effectively in all material respects.

(i) Principle 8: Encourage enhanced performance

(i) Performance evaluation of the Board, its Committees, individual Directors and key executives

There is an informal process in place to enable the Chairman to discuss and evaluate with each Director their contribution to the Board and to enable that Director to comment on all facets of the operation of the Board. A formal performance evaluation of the Board was not conducted during the year.

Given the Company's size, the Board considers that this process is adequate and does not envisage forming a Nomination Committee to perform this function or to formalise the performance evaluation process.

All other Executives, and all staff of the Company, are subject to formal annual reviews of their performance as set out in the Directors' Report.

The description of the process for performance evaluation is published on the Company's website.

Corporate Governance Statement Continued

(j) Principle 9: Remunerate fairly and responsibly

(i) Company's remuneration policies

Details on the remuneration of Directors and Executives are set out in Note 41. The Company's remuneration policies are set out in the Remuneration Report contained in the Directors Report.

(ii) Remuneration Committee

The Remuneration Committee consists of two Non Executive Directors and assists the Board in determining executive remuneration policy, determining the remuneration of Executive Directors and reviewing and approving the remuneration of senior management. The members of the Committee during the year and at the date of this Statement were:

Mr. Ian Burston (Chairman); and

Mr. Michael Arnett.

The experience and qualifications of each committee member is set out in the Directors' Profiles in the first section of the Annual Report. The Remuneration Committee Charter is published on the Company's website.

(iii) Non Executive Director's remuneration

The terms and conditions governing the remuneration of Non Executive Director's are set out in their appointment letter.

All Non Executive Directors are remunerated by way of fixed cash fees. Non Executive Directors are not provided with retirement benefits other than statutory superannuation. The maximum total remuneration payable to Non Executive Directors was approved by Shareholders at the 2007 Annual General Meeting and is currently $350,000.

(k) Principle 10: Recognise the legitimate interests of stakeholders

(i) Code of Conduct

As set out in Principle 3 above, the Company has developed and published to its website a Code of Conduct.

Financial Report Contents

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 2008 and the Auditor's report thereon.

Directors

The following persons 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	Mr Burston was appointed as a Director and Chairman on 27 July 2007. 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. Mr 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. 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. Mr Burston has held the following directorships of listed companies in the 3 years immediately before the end of the financial year: • 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 2006) • Non Executive Director, Kansai Mining Corporation • Non Executive Chairman, Cape Lambert Iron Ore Limited
Jeffery McGlinn	Managing Director	Mr McGlinn was appointed a Director on 10 February 2006. Mr McGlinn is the founding Managing Director of NRW. He has over 27 years of experience in civil contracting, mining and marketing. His major responsibilities within NRW are in the areas of Group management and finance including strategy, acquisitions and overall business development.

Name	Status	Qualifications, special responsibilities and other Directorships
Julian Pemberton	Chief Operating Officer and Executive Director	Mr Pemberton was appointed as a Director on 1 July 2006. 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.
Michael Arnett	Non-executive Director	Mr Arnett was appointed as a Director on 27 July 2007. 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. Mr Arnett has held the following directorships of listed companies in the 3 years immediately before the end of the financial year: • 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 2006) • Non Executive Director, Kids Campus Limited (resigned 2006) • Non Executive Director, Axiom Mining Limited • Non Executive Director, Queensland Energy Resources Limited
John Silverthorne	Executive Director	Mr Silverthorne was appointed a Director on 10 February 2006 and resigned on 27 July 2007. He is a founding shareholder of NRW, and has over 28 years of experience in the civil contracting and mining services industries.
Keith Bounsell	Executive Director	Mr Bounsell was appointed a Director on 10 February 2006 and resigned on 2 July 2007. He has over 23 years experience in heavy duty plant maintenance for the civil contracting and mining services industries.
Lexan Piper	Executive Director	Mr Piper was appointed a Director on 10 February 2006 and resigned on 27 July 2007.

Company Secretary

Mr Kim Hyman was appointed to the position of company secretary on 10 July 2007. Mr Hyman has responsibility for company secretarial services and coordination of general legal services, as well as the risk management portfolio.

Mr Jeffery 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
Dr Ian Burston	5	5
Michael Arnett	5	5
Jeffery McGlinn	5	5
Julian Pemberton	5	5
John Silverthorne	1	5
Keith Bounsell	1	5
Lexan Piper	1	5

Note: Messrs Silverthorne, Bounsell and Piper attended only the one meeting prior to their resignations as directors. With the exception of Mr Piper, all personnel remained as key management personnel throughout the year. Mr Piper tendered his resignation from NRW.

The Remuneration Committee did not meet during this period.

The Nomination Committee was not required to meet during this period.

The Audit and Risk Management Committee met in conjunction with each Board Meeting held.

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 off-road tyres;
- equipment repair, sandblasting and painting services;
- service truck and tanker fabrication; and
- 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 27 July 2007 the 65,974,869 then issued ordinary shares of the Company were split into 226,250,000 ordinary shares.
- Successfully completed the IPO with NRW Holdings Limited becoming a listed company on the ASX on 5 September 2007.

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 2008, as well as information on the financial position of the Group, is set out in the Year in Review on pages 3 to 3 in this Annual Financial Report.

Significant Events After Year End

No 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 3 to 3 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 (i) (NWH)
Jeffery McGlinn	22,859,402
Julian Pemberton	2,534,540
Ian Burston	50,000
Michael Arnett	175,000

(i) Includes shares held pursuant to the Employee Share Plan.

Transactions between entities within the Group and Director-related entities are set out in Note 40 to the financial statements on page 75 of this Annual Financial Report.

Dividends

A fully franked interim dividend of $0.04 per ordinary share was paid during the financial year ended 30 June 2008.

The Directors have declared a fully franked final dividend of 4.23 cents per share, in relation to 30 June 2008, payable on 31 October 2008.

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.

Auditor

The Company's auditor is Deloitte Touche Tohmatsu who was appointed at the AGM held on November 28, 2007.

During the financial year there were no officers of the Company who were former partners or directors of Deloitte.

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 3 of this report.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 11 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 11 to the financial statements do not compromise the external auditors independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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 (Audited)

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 McGlinn	Director & Chief Executive Officer	Appointed as a Director, 10 February 2006.
Mr L N Piper	Director	Resigned as Director, 27 July 2007. Resigned as Executive, 31 August 2007.
Mr N J Silverthorne	Managing Director – Civil & Mining	Resigned as Director, 27 July 2007
Mr J A Pemberton	Director & Chief Operating Officer	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	Appointed, July 1998
Mr J A Kenny	General Manager – Promac Rental & Sales	Appointed, September 2006
Mr P J McBain	General Manager – Civil Contracting	Resigned, 30 April 2008
Mr R J Morrow	General Manager – Mining Services	Appointed, April 2006
Mr S P Lucas	General Manager – Africa & East Coast	Appointed, 1 January 2008

Remuneration committee

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)

Although required to meet at least once each year, a review of remuneration was not considered necessary in the current period.

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; and
- the overall Group performance considering Group earnings, share price and returns on shareholder's wealth.

Past Year Performance:

Measure	2008	2007
Market Capitalisation at 30-06-08	$489.9 Million	-*
Market Capitalisation at IPO	$502.5 Million	-*
Share Price 30-06-08	$1.95	-*
Share IPO Price	$2.00	-*
Net Profit After Tax	$32.761 Million	$13.850 Million
Interim Dividend paid	4.00 Cents	-*
Final Dividend declared	4.23 Cents	-*

* NRW Limited floated on the ASX on 5 September 2007, prior to this date these concepts were not applicable.

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 Executive Option Plan. No options have yet been issued under the Executive Option Plan.

In-substance options

Limited recourse loans were issued 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 were issued in order for selected key management persons to acquire shares in the Company at market rates prior to the listing of NRW on the ASX.

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 1,457,752 ordinary shares have been issued under this arrangement as detailed below:

Name	Shares (pre share-split)(ii)	Value of limited recourse loan
Mr G Chiarelli	273,329	619,071
Mr J Kenny	182,219	412,713
Mr J Pemberton	273,329	619,071
Mr R Morrow	273,328	619,069
Mr P McBain	273,328	619,069
Other employee (i)	182,219	412,713
Total	1,457,752	3,301,706

(i) Employee deemed not to be key management personnel for the purposes of this report.

(ii) The company undertook a share split at a ratio of 226,250,000/65,974,869 shares in August 2007.

The in-substance options had a total fair value of $1,289,725 on issue date with a corresponding charge to the income statement in the year ended 30 June 2007. Refer to note: 37 Share Based Payments for further detail.

The Board does not impose any restrictions in relation to a person limiting his or her exposure to the risk in relation to the options issued by the Company

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, where applicable.

No short term incentive bonus was paid during this financial year (2007: $0).

Long term incentive

Options may be issued under the Executive Option Plan ("EOP") in accordance with the thresholds set in the terms of the EOP. The objective of the EOP 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 EOP 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 EOP. It is expected that the board will attach conditions to the issue of options under the EOP where the right to exercise the options is conditional on the Group achieving certain performance hurdles as determined by the remuneration committee.

To date, no options have been issued under the EOP.

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 Jeffery 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 Jeffery McGlinn, $1,000,000 for John Silverthorne and $400,000 for Julian Pemberton. In addition, the executives receive statutory superannuation contributions, annual leave and long service leave, 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 lieu), or in the case of Julian Pemberton's agreement, three months' notice (or in lieu). No other termination payments are due.

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:

2008

	Short Term Benefits				Post Employment Benefits	Other Long Term Benefits	Share Based Payments		Total	Performance Related	Value of Options
KEY MANAGEMENT PERSONNEL	**Salary & fees** $	**STI cash bonus** $	**Non cash benefit** $	**Other** $	**Superannuation** $	**Other** $	**Equity** $	**In substance options** $	**Total** $	% $	% $
DIRECTORS											
Mr J W McGlinn	1,585,707	-	185,507	-	140,098	66,663	-	-	1,977,975	-	-
Mr J N Silverthorne	1,072,973	-	155,858	-	89,654	33,335	-	-	1,351,820	-	-
Mr J A Pemberton	403,162	-	110,862	-	36,000	-	-	-	550,024	-	-
Mr K Bounsell	401,623	-	123,128	-	36,000	-	-	-	560,751	-	-
Mr L N Piper	67,307	-	59,536	-	4,327	-	-	-	131,170	-	-
NON-EXECUTIVE DIRECTORS											
Mr I Burston	100,000	-	-	-	9,000	-	-	-	109,000	-	-
Mr M Arnett	80,000	-	-	-	7,200	-	-	-	87,200	-	-
EXECUTIVES											
Mr G Chiarelli	434,123	-	12,425	-	39,190	-	-	-	485,738	-	-
Mr K Hyman	206,196	-	28,615	-	18,000	-	-	-	252,811		
Mr J A Kenny	304,677	-	24,508	-	27,000	-	-	-	356,185	-	-
Mr R J Morrow	291,166	-	28,439	-	24,771	-	-	-	344,375	-	-
Mr P J McBain	242,746	-	27,623	-	21,246	-	-	-	291,614	-	-
Mr S P Lucas	183,951	-	18,292	-	12,877	-	-	-	215,120	-	-
Total Compensated (Consolidated)	**5,373,630**	**-**	**774,793***	**-**	**465,362**	**99,998**	**-**	**-**	**6,713,783**	**-**	**-**
Total compensation (Company)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

* The non cash benefits comprised mostly of the motor vehicle allowances offered to key management personnel.

2007

	Short Term Benefits				Post Employment Benefits	Other Long Term Benefits	Share Based Payments		Total	Performance Related	Value of Options
KEY MANAGEMENT PERSONNEL	**Salary & fees** $	**STI cash bonus** $	**Non cash benefit** $	**Other** $	**Superannuation** $	**Other** $	**Equity** $	**In substance options** $	**Total** $	% $	% $
DIRECTORS											
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	-	36.4%
Mr K Bounsell	392,307	-	68,730	-	35,308	-	-	-	496,345	-	-
NON-EXECUTIVE DIRECTORS											
Mr M Arnett	-	-	-	-	-	-	-	-	-	-	-
Dr I F Burston	-	-	-	-	-	-	-	-	-	-	-
EXECUTIVES											
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	-	-
Total Compensated (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**	**-**	**-**

* The non cash benefits comprised mostly of the motor vehicle allowances offered to key management personnel.

** Mr C Lindsay-Rae and Mr A C Hunt resigned from their directorships during 2007 and are no longer considered key management personnel.

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 are as follows:

Director	Fee per annum in AUD
Mr I Burston	100,000
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.

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.

Jeffery W McGlinn
Chief Executive Officer

29 August 2008

Ian Burston
Chairman

29 August 2008

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
NRW Holdings Limited
73 -75 Dowd Street
WELSHPOOL WA 6106

29 August 2008

Dear Board Members,

NRW Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of NRW Holdings Limited.

As lead audit partner for the audit of the financial statements of NRW Holdings Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

AT Richards

AT Richards
Partner
Chartered Accountant

Directors' Declaration

The directors of the company declare that:

(a) in the directors' 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;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with the accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and

(c) The directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 20 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject to virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Jeffery W McGlinn
Chief Executive Officer

29 August 2008

Ian Burston
Chairman

29 August 2008

Income Statement

For the year ended 30 June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Revenue	7	471,183	257,383	-	-
Other income	8	7,105	6,384	54,756	25,419
Financial income	10	920	639	186	-
Financial expenses	10	(7,321)	(4,888)	(234)	(652)
Materials and consumables used		(75,426)	(42,145)	-	(17)
Employee benefits expense		(100,687)	(61,987)	(866)	(5,447)
Subcontractor costs		(109,129)	(49,180)	(5)	-
Depreciation and amortisation expenses		(17,554)	(11,576)	-	-
Impairment expense		(495)	-	-	-
Plant and equipment costs		(80,812)	(46,869)	-	(47)
Travel and accommodation		(14,064)	(13,576)	-	-
Other expenses		(26,375)	(13,195)	(10,906)	(2,352)
Profit before income tax		47,345	20,990	42,931	16,904
Income tax expense	12	(14,584)	(7,140)	(13,057)	(5,155)
Profit for the year	9	32,761	13,850	29,874	11,749
Attributable to:					
Equity holders of the Company		32,761	13,503	29,874	11,749
Minority interest		-	347	-	-
		32,761	13,850	29,874	11,749
Earnings per share (cents per share)	15				
Basic earnings per share		13.6 cents	6.2 cents	-	-
Diluted earnings per share		13.4 cents	6.2 cents	-	-

Notes to the financial statements are included on pages 36 to 83.

Balance Sheet

As at 30 June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Assets					
Current assets					
Cash and cash equivalents	21	3,273	16,551	1,205	1
Trade and other receivables	23	132,666	66,964	87,773	-
Inventories	24	10,328	8,574	-	-
Other current assets	26	3,148	2,203	-	314
Total current assets		149,415	94,292	88,978	315
Non-current assets					
Trade and other receivables	23	8,495	-	-	43,189
Property, plant and equipment	13	123,356	83,714	-	-
Goodwill	14	27,127	27,101	-	-
Financial assets	25	-	-	34,086	34,060
Deferred tax assets	29	3,267	-	3,940	1,073
Total non-current assets		162,245	110,815	38,026	78,322
Total assets		311,660	205,107	127,004	78,637
Liabilities					
Current liabilities					
Trade and other payables	27	68,008	60,181	86	852
Borrowings	30	53,155	55,317	-	24,000
Other financial liabilities	31	-	6,749	-	3,319
Current tax liabilities	28	15,001	7,256	13,217	6,094
Provisions	38	4,452	587	1,124	587
Total current liabilities		140,616	130,090	14,427	34,852
Non-current liabilities					
Trade and other payables	27	8,495	-	-	23
Borrowings	30	44,923	27,897	-	-
Deferred tax liabilities	29	-	1,272	-	-
Provisions	38	410	334	-	-
Total non-current liabilities		53,828	29,503	-	23
Total liabilities		194,444	159,593	14,427	34,875
Net assets		117,216	45,514	112,577	43,762
Equity					
Issued capital	17	79,528	30,723	79,528	30,723
Reserves	18	1,475	1,290	1,475	1,290
Retained earnings	19	36,213	13,501	31,574	11,749
Total equity		117,216	45,514	112,577	43,762

Notes to the financial statements are included on pages 36 to 83.

Statement of Recognised Income and Expense

For the year ended 30 June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Profit for the year		32,761	13,850	29,874	11,749
Total recognised income and expense for the year		32,761	13,850	29,874	11,749
Attributable to:					
Equity holders of the Company		32,761	13,503	29,874	11,749
Minority interest		-	347	-	-
Total recognised income and expense for the year		32,761	13,850	29,874	11,749

Notes to the financial statements are included on pages 36 to 83.

Statement of Cash Flows

For the year ended 30 June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Cash receipts from customers		402,688	243,372	-	-
Cash paid to suppliers and employees		(372,000)	(199,412)	(384)	(3,096)
Interest paid		(6,272)	(4,752)	(230)	(438)
Interest received		1,184	201	450	-
Income tax paid		(10,838)	(1,165)	(8,260)	-
Net cash provided by/(used in) operating activities	22	14,762	38,244	(8,424)	(3,534)
Cash flows from investing activities					
Acquisition of subsidiaries net of cash acquired	6	(881)	(24,650)	(781)	(26,771)
Proceeds from the sale of property, plant and equipment		1,681	5,874	-	350
Acquisition of property, plant and equipment		(4,773)	(9,867)	-	(365)
Net cash (used in)/provided by investing activities		(3,973)	(28,643)	(781)	(26,786)
Cash flows from financing activities					
Proceeds from the issue of share capital		46,580	21,400	46,580	21,400
Proceeds from borrowings		36,191	32,176	-	24,000
Repayment of borrowings and finance/hire purchase liabilities		(95,577)	(28,909)	(24,000)	-
Proceeds from repayment of Employee Share Plan loans (see note 37)		619	-	619	-
Payment of dividends to shareholders		(10,049)	-	(10,049)	-
Payment of costs relating to initial public offering		(12,910)	(2,800)	(12,910)	(2,800)
Repayment of director related party loans		(3,429)	(14,918)	-	-
Loans received from subsidiaries		-	-	10,169	23
Loans to subsidiaries		-	-	-	(12,303)
Net cash (used in)/provided by financing activities		(38,576)	6,949	10,409	30,320
Net (decrease)/increase in cash and cash equivalents		(27,786)	16,550	1,204	-
Cash and cash equivalents at the beginning of the year		16,551	1	1	1
Cash and cash equivalents at the end of the year	21	(11,235)	16,551	1,205	1

Notes to the financial statements are included on pages 36 to 83.

Notes to the Financial Statements

1. Reporting Entity

NRW Holdings Limited (the 'Company') is a public company listed on the Australian Stock Exchange and incorporated 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 2008 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.

2. Basis of Preparation

(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 authorised for issue by the Board of Directors on 29 August 2008.

(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. Cost is based on fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and consequently the amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(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:

(i) Construction Work in Progress

Essentially these amounts comprise of revenue earned, but not billed at 30 June 2008, mostly in relation to civil and some mining income claims. The claims process is such that the client of NRW needs to review and agree the line items submitted by NRW in its claim. Some of these amounts comprise variations, and scope beyond the initial contract. The process requires the client to accept or come to an arrangement with NRW for these types of claims. The directors have chosen a conservative approach and measure and disclose only that income which is considered certain of billing.

(ii) Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. In this regard the future cash flows are estimated based on approved budgets relating to the cash-generating units.

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. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following standards as listed below which only impacted on the Group's financial statements with respect to disclosure.

- AASB 101 'Presentation of Financial Statements (revised October 2006)
- AASB 7 'Financial Instruments Disclosures

Early adoption of Accounting Standards

The directors have elected under s334(5) of the *Corporations Act 2001* to apply AASB 8 'Operating Segments" and AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8', even though the standards are not required to be applied until annual reporting periods beginning on or after 1 January 2009.

AASB 8 is a disclosure standard which has resulted in a redesignation of the Group's reportable segments (see note 5), but has no impact on the reported results or financial position of the Group. The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Standards and Interpretations issued not yet effective

Initial application of the following Standards is not expected to have any material impact on the financial report of the Group and the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 123 'Borrowing Costs' (revised), AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010
• AASB 3 'Business Combinations' (2008), AASB 127 'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	AASB 3 (business combinations occurring after the beginning of annual reporting periods beginning 1 July 2009), AASB 127 and AASB 2008-3 (1 July 2009)	30 June 2010
• AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
• AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation'	1 January 2009	30 June 2010
• AASB Interpretation 12 'Service Concession Arrangements', AASB Interpretation 4 'Determining whether an Arrangement contains a Lease' (revised), AASB Interpretation 129 'Service Concession Arrangements: Disclosure' (revised), AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	1 January 2008	30 June 2009
• AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009
• AASB Interpretation 14 'AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009

3. Adoption of new and revised Accounting Standards (continued)

The initial application of the expected issue of an Australian equivalent accounting standard to the following standard is not expected to have a material impact on the financial report of the Group and the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• Improvements to IFRSs (2008)	1 January 2009	30 June 2010
• Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 27 'Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	1 January 2009	30 June 2010
• IFRIC 15 'Agreements for the Construction of Real Estate'	1 January 2009	30 June 2010
• IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'	1 January 2009	30 June 2010

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 Limited, 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 determined to account for the common control combination based on the existing book values of the entities involved in the combination as the Company considered that the combination did 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 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 20 to the financial statements. All controlled entities have a 30 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 from the date control was obtained or until the date control ceased.

(b) Income tax

Current 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. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

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.

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 and leasehold improvements are stated at cost less accumulated depreciation and impairment. Construction in progress is stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the sate of acquisition.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value 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.

4. Significant accounting policies (continued)

Depreciation (continued)

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% - 7.5%
Leasehold improvements	7.5% - 33.3%
Plant and equipment	7.5% - 40%
Office Equipment	7.5% - 66.67%
Furniture and Fittings	13.33% - 20%
Motor Vehicles	15% - 25%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, are classified as finance leases, all other leases are classified as operating leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the present value of the minimum lease payments, including any unguaranteed residual values expected to accrue at the end of the lease term. 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 diminishing value basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time patterns in which economic benefits from the leased asset are consumed.. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(g) Financial Instruments

Recognition

Financial instruments are initially measured at fair value, net of transaction costs, on trade date, which includes transaction costs, when the related contractual rights or obligations exist for the delivery of the investment within the timeframe established by the market concerned. Subsequent to initial recognition these instruments are measured as set out below.

Investments in Subsidiaries

Subsequent to initial recognition investments in subsidiaries are measured at cost in the Company financial statements.

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, is part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short term profit making. 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 and ability 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, less impairment.

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, with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in the profit and loss.

Financial liabilities

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of:

- the amount of the obligation under the contract, as determined under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with the revenue recognition policies described in note 4(o).

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at fair value through profit and loss where the financial liability is either held for trading or it is designated as at fair value through profit and loss. A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as at fair value through profit and loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investments strategy, and information about the grouping is provided internally on that basis.

Financial liabilities at fair value through profit and loss are stated at fair value, with any resultant gain or loss recognised in profit and loss. The net gain or loss recognised in profit and loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly

discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

At each reporting date, the Group assess whether there is objective evidence that a financial asset has been impaired, other than those at fair value through profit and loss. 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.

(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 or value in use, is compared to the assets carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted. 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.

4. Significant accounting policies (continued)

(h) Impairment of Assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised directly in profit or loss.

(i) Intangibles

Goodwill

Goodwill acquired on a business combination is 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 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 year end 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 in respect of wages and salaries, annual leave, long service leave and sick leave. 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.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustments to the equity-settled employee benefits reserve.

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.

(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 of the fair value of the assets given, equity instruments 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, except for non-current assets that are classified as held-for-sale in accordance with AASB5 ' Non-current assets held for sale' and discontinued operations, which are recognised at fair value less costs to sell.

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.

5. Segment reporting

The Group has adopted AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* in advance of their effective dates, with effect from 1 July 2007. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, its predecessor standard AASB 114 Segment Reporting required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as a starting point for the identification of such segments.

In the prior reporting period, primary segment information reported externally under AASB 114 was already based on the business segments for which separate internal financial reporting is made to the chief operating decision maker. As a result of the early adoption of AASB 8 and AASB 2007-3, the Group's reportable segments under AASB 8 remain unchanged. Information regarding these segments is reported below, and amounts reported in the previous period remain unchanged. The accounting policies for the reportable segments are the same as the Group's accounting policies.

Segment results and segment assets 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. Inter-segment pricing is determined on an arm's length basis.

Reportable segments

The Group comprises the following reportable 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.

Information on Geographical Segments

The Group has previously operated predominantly in one geographical segment being Australia. However, recently the Group has commenced operations in West Africa – Guinea. The work is of the same kind performed in Australia and primarily centres on the Simandou Mine development for RIO.

The following table represents a break down of the activity between the 2 operating segments:

	Revenue from External Customers		Segment Assets	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Australia	440,540	256,608	282,405	205,104
West Africa - Guinea	30,643	775	29,255	3
Total	471,183	257,383	311,660	205,107

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:

Reportable Segments	Civil Contracting		Mining Services		Equipment Rental and Sales		Services		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total external revenue	336,761	158,901	107,167	77,838	10,955	16,098	16,300	4,546	-	-	471,183	257,383
Inter-segment revenue	11	-	-	-	10,269	12,499	9,904	285	(20,184)	(12,784)	-	-
Total segment revenue	336,772	158,901	107,167	77,838	21,224	28,597	26,204	4,831	(20,184)	(12,784)	471,183	257,383
Segment result	39,888	15,706	25,551	10,107	3,779	4,067	4,309	858	-	-	73,527	30,739
	11.7%	9.7%	23.8%	13.0%	17.8%	14.2%	16.4%	17.8%			15.5%	11.8%
Unallocated expenses											(8,070)	(5,500)
Results from operating activities											65,457	25,240
Unallocated IPO and employee share expenses											(11,711)#	-
											53,746	25,240
Net finance costs											(6,402)	(4,249)
Income tax expense											(14,584)	(7,140)
Profit for the period											32,761	13,850

	Civil Contracting		Mining Services		Equipment Rental and Sales		Services		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets	124,213	82,209	104,217	68,975	46,565*	17,179	11,001	6,910	285,996	175,273
Unallocated assets									25,664	29.834
Total assets	124,213	82,209	104,217	68,975	46,565	17,179	11,001	6,910	311,660	205,107
Segment liabilities	(79,894)	(55,735)	(63,144)	(44,050)	(38,884)**	(14,067)	(3,738)	(3,160)	(185,660)	(117,013)
Unallocated liabilities									(8,783)	(45,580)
Total liabilities	(79,894)	(55,735)	(63,144)	(44,050)	(38,884)	(14,067)	(3,738)	(3,160)	(194,443)	(159,593)
Capital expenditure	14,760	10,303	34,439	20,920	8,390	9,491	1,423	124	59,013	40,838
Depreciation	7,113	3,309	7,580	6,718	3,130***	1,502	225	47	18,049	11,576

*Includes an amount receivable from indemnifiers. Refer trade and other receivables note for detail disclosure of this transaction.
** Includes an amount payable to Pilbara Iron Company (Services) Pty Ltd ("PICS"). Refer trade and other receivables note for detail disclosure of this transaction.
*** Includes the impairment loss recognised to profit and loss of $495,000.
# The unallocated amounts relate to IPO costs and employee share expenses which do not form part of the segment reporting above.

6. Acquisitions of subsidiaries

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 note14 Goodwill).

(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.

6. Acquisitions of subsidiaries (continued)

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, with the Group provisionally recognising $24,417,000 of Goodwill, being the excess of total purchase consideration over the fair value of net tangible assets acquired.

The numbers presented below have been accounted for using the acquisition method of accounting. The transaction was fully settled on 31 March 2008 when the deferred consideration component was paid to the vendor. The fair values of the consideration paid, assets, liabilities and contingent liabilities acquired which were only provisionally determined as at 30 June 2007 have now been finalised as disclosed below:

Assets, liabilities and goodwill	Note	Book value	Fair value adjustments	Fair value on acquisition
		$'000	$'000	$'000
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)			24,417
Total purchase consideration				27,035
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	(vi)			516
				27,035

(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 (see 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 which was 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 as determined at 30 June 2007.

(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 a fair value (issue price) of $2.00 per share (see note 17).

(vi) A further purchase price instalment of $1,000,000 was due on 31 March 2008. The final amount paid in cash to the vendor on this date was reduced by $245,000 in purchase price adjustments, as stipulated in the terms of the share purchase agreement. An additional $26,000 in direct transaction costs were incurred during the current financial year with a corresponding uplift in goodwill on acquisition. A further $100,000 in costs was paid in 2008 (accounted for in 2007).

(vii) No contingent liabilities have been acquired as part of the acquisition of Action Mining Services.

7. Revenue

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Revenue from the sale of goods		19,396	17,429	-	-
Revenue from the rendering of services	(i)	451,776	239,925	-	-
Other operating revenue		11	29	-	-
		471,183	257,383	-	-

(i) Included within revenue from the rendering of services are the following amounts recognised from construction contracts during the period:

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Construction work in progress	38,338	10,413	-	-
Less Construction contract advances received	-	(1,430)	-	-
Construction revenue – work in progress	38,338	8,983	-	-
Construction revenue – billed	405,585	227,740	-	-

8. Other income

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Debts forgiven	-	1,010	-	1,010
Trust distribution income	-	-	54,756	24,424
Net gain/(loss) on sale of depreciable assets	362	270	-	-
Net gain/(loss) on sale of land and buildings	-	1,727	-	(15)
Fuel rebate revenue	4,670	3,074	-	-
Other income	2,073	303	-	-
	7,105	6,384	54,756	25,419

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:

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Gain/(loss) on disposal of property, plant and equipment	362	1,997	-	(15)
Net foreign exchange gains/(losses)	(2)	3	-	-

9. Profit for the year (continued)

(b) Other expenses

Profit for the year includes the following expenses:

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Cost of sales		(16,495)	(24,931)	-	-
Reversal of impairment/(impairment) of trade receivables		350	(45)	-	-
Impairment of non-current assets		(495)	-	-	-
Depreciation of non-current assets		(17,554)	(11,576)	-	-
		(18,049)	(11,576)		
Operating lease and rentals:					
Minimum lease payments		(70,153)	(34,745)	-	-
		(70,153)	(34,745)	-	-
Employee benefits expense:					
Superannuation contributions		(7,081)	(3,940)	-	(221)
Share-based payment – equity-settled	37	(866)	(1,290)	(866)	(1,290)
Wages and salaries		(87,267)	(53,993)	-	(3,936)
Payroll tax		(5,472)	(2,764)	-	-
		(100,687)	(61,987)	(866)	(5,447)
Other	(i)	(11,414)	(4,765)	(10,845)	(2,352)

(i) Other expenses for the year ended 30 June 2008 include various business appraisal, restructuring and share offer costs. A total of $10,845,000 (2007: $2,352,000) of IPO share offer costs have been charged to the Company and Consolidated income statement for the financial year ended 30 June 2008, with the balance of total share offer costs incurred being offset against Equity in proportion to the new share capital raised to the total offer size.

In addition the Group also incurred a total of $544,000 (2007: $2,413,000) of business appraisal and various restructuring costs and duties which have been charged to the income statement for the financial year ended 30 June 2008.

10. Finance Income and Expense

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Interest Income	920	639	186	-
Total Finance Income	920	639	186	-
Interest on bank overdrafts and loans	2,225	1,300	234	651
Interest on obligations under finance leases	5,095	3,588	-	-
Total interest expense	7,321	4,888	234	652
	7,321	4,888	234	652
Net Finance Income and Expense	(6,401)	(4,249)	(48)	(652)

11. Auditors' remuneration

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Auditor of the parent entity					
Deloitte Touche Tohmatsu					
Audit and review of financial reports		120,000	-	36,940	-
Non-audit services	(i)	369,465	553,520	369,465	553,520
		406,405	553,520	406,405	553,520
WHK Horwath Perth Audit Partnership (resigned)					
Audit and review of financial reports		-	158,550	-	84,000
		-	158,550	-	84,000

(i) Non-audit services for the financial years ended 30 June 2007 and 30 June 2008 include the preparation of the Investigating Accountants' Report included in the prospectus dated 27 July 2007 and services as part of a Vendor Due Diligence engagement.

12. Income tax expense

Recognised in the income statement

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current tax epense				
Current period	18,436	7,373	15,236	6,094
	18,436	7,373	15,236	6,094
Adjustments for prior years	68	-	68	-
	18,504	7,373	15,304	6,094
Deferred tax expense				
Origination and reversal of temporary differences	(3,920)	(234)	(2,247)	(939)
Total income tax expense in income statement	14,584	7,140	13,057	5,155

12. Income tax expense (continued)

Numerical reconciliation between tax expense and pre-tax net profit

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Profit for the period	47,346	20,990	42,931	16,904
Total income tax expense	(14,584)	(7,140)	(13,057)	(5,155)
Profit after income tax	32,762	13,850	29,874	11,749
Income tax using the Company's domestic tax rate of 30%	14,204	6,297	12,879	5,071
Increase in income tax expense due to:				
Non-allowable expenses	133	45	-	-
Share-based payments	110	387	110	387
Non-allowable stamp duty	-	714	-	-
Under provision for prior years	68	-	68	-
Effect of different income tax rates for subsidiaries operating in a different tax jurisdiction	70	-	-	-
Decrease in income tax expense due to:				
Non-assessable debt forgiven	-	(303)	-	(303)
	14,584	7,140	13,057	5,155
Effective tax rate	30.8%	34.0%	30.4%	30.5%

The Company has completed its tax consolidation assessment and a decision was made not to proceed with tax consolidation, on the basis of cost versus benefit. The Company will review this decision from time to time in order to ensure this position does not change.

Recognised directly in equity

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Current tax				
Interest received on ESP loan balances outstanding	79	-	79	-
	79	-	79	-
Deferred tax				
Share issue costs	(619)	-	(619)	-
	(619)	-	(619)	-

13. Property, plant and equipment

	Consolidated					Company				
	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Total	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost										
Balance at 1 July 2006	1,695	1,560	-	78,537	81,812	-	-	-	-	-
Acquisitions through business combinations	-	-	-	919	919	-	-	-	-	-
Other acquisitions	-	400	71	40,367	40,838	365	-	-	-	365
Disposals	(1,695)	(1,469)	-	(3,963)	(7,128)	(365)	-	-	-	(365)
Balance at 1 July 2007	-	491	71	115,879	116,441	-	-	-	-	-
Other acquisitions	-	360	1,050	57,603	59,013	-	-	-	-	-
Disposals	-	-	-	(4,008)	(4,008)	-	-	-	-	-
Balance at 30 June 2008	-	851	1,121	169,474	171,446	-	-	-	-	-
Depreciation										
Balance at 1 July 2006	-	60	-	22,187	22,247	-	-	-	-	-
Depreciation expense	-	43	4	11,529	11,576	-	-	-	-	-
Disposals	-	(88)	-	(1,007)	(1,096)	-	-	-	-	-
Balance at 1 July 2007	-	14	4	32,709	32,727	-	-	-	-	-
Depreciation expense	-	60	40	17,454	17,554	-	-	-	-	-
Impairment expense	-	-	-	495	495	-	-	-	-	-
Disposals	-	-	-	(2,689)	(2,689)	-	-	-	-	-
Balance at 30 June 2008	-	75	44	47,971	48,089	-	-	-	-	-
Net book value										
At 30 June 2007	-	476	68	83,170*	83,714	-	-	-	-	-
At 30 June 2008	-	776	1,077	121,504*	123,356	-	-	-	-	-

* Included in the net book value of total plant and equipment was plant and equipment under finance leases comprising of a net book value of $93,988 (2007: $57,247).

13. Property, plant and equipment continued.

(i) During the financial year an impairment loss was booked to the profit and loss in respect of the Rental and Sales segment. A number of machines were adjusted to reflect the fair value less costs to sell (determined as the relevant basis for recoverability), given the cost would exceed the recoverable amount. A charge of $495,000 has been recognised in the income statement in the current period in relation to several new items of plant and equipment. This is in line with the normal accounting policy set out in Note 4.

14. Goodwill

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Gross carrying amount					
Balance at the beginning of financial year		27,101	-	-	-
Acquisitions through business combinations	(i), (ii)	-	27,101	-	-
Additional amounts recognised from business combinations occurring in prior period		26	-	-	-
Balance at the end of financial year		27,127	27,101	-	-
Accumulated impairment					
Balance at the beginning of financial year		-	-	-	-
Impairment loss		-	-	-	-
Balance at the end of financial year		-	-	-	-
Carrying amounts					
At the beginning of the financial year		27,101	-	-	-
At end of the financial year		27,127	27,101	-	-

(i) Promac Rental and Sales Pty Ltd is considered to be a separate cash generating unit (Equipment Rental and Sales Segment). It operates independently from NRW. The goodwill of $2,710,000 arose in prior years when the acquisition of minority interests in Promac Rental & Sales Pty Ltd occurred.

The recoverable amount of this goodwill has been determined based on a value in use calculation which uses a 5 year discounted cash flow projection.

Management have assessed this amount of goodwill as not impaired and no adjustment made. It therefore continues to be carried at the cost of $2,710,000.

(ii) The goodwill of $24,417,000 (adjusted for final settlement by $26,000) which arose during the prior year as a result of the acquisition of 100% of the issued capital of Actionblast Pty Ltd has also been assessed and determined as not impaired.

The recoverable amount of this goodwill has been determined based on a value in use calculation which uses a 5 year discounted cash flow projection.

Actionblast Pty Ltd is considered to be a separate cash generating unit since it operates independently from other NRW and Promac operations (Services Segment).

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 And net margins.	Sales growth and operating costs have been assessed and approved by management in accordance with the budget for the year to 30 June 2009.	Sales growth and operating costs have been assessed and approved by management in accordance with the budget for the year to 30 June 2009.
Growth	Growth over the next 5 years is estimated to range from 10% to 15% with an average of 13%.	Growth over the next 5 years is estimated to range from 10% to 15% with an average of 13%.
Weighted average cost of capital (WACC)	A pre tax discount rate of 22.5% incorporates cost of capital and applicable risk premiums inbuilt into this rate. These have been used to discount future cash flows and to determine the terminal value in year 5.	A pre tax discount rate of 21.1% incorporates cost of capital and applicable risk premiums inbuilt into this rate. These have been used to discount future cash flows and to determine the terminal value in year 5.

15. Earnings per share

As part of the initial public offering on 5th September 2007, the Company undertook a share split in August 2007 at a ratio of 226,250,000/65,974,869 shares. Consequently the calculation of basic and diluted earnings per share for the current financial year is based on the new number of shares and the calculation for the comparative period has been similarly adjusted retrospectively.

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

Earnings per share (cents per share)

	Consolidated	
	2008	**2007**
Basic earnings per share	13.6 cents	6.2 cents
Diluted earnings per share	13.4 cents	6.2 cents

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Consolidated	
	2008	**2007**
	$'000	$'000
Profit for the year	32,761	13,503
Weighted average number of ordinary shares for the purpose of basic earnings per share	241,768	216,930

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Consolidated	
	2008	**2007**
	$'000	$'000
Profit attributable to ordinary shareholders	32,761	13,503
Weighted average number of ordinary shares for the purpose of basic earnings per share	241,768	216,930
Shares deemed to be issued for no consideration in respect of:		
Employee in-substance options	3,614	1,465
Weighted average number of ordinary shares for the purpose of diluted earnings per share	245,382	218,396

16. Dividends

	2008		2007	
	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts paid:				
Fully paid ordinary shares				
Interim dividend to 31 December 2007:				
Fully franked at 30% tax rate	4.00	10,049	-	-

Franking account balance

	Company	
	2008 $'000	2007 $'000
Franking account balance at 1 July	-	-
Tax paid	8,260	-
Franking credits attached to dividends paid:		
- as interim dividend	(3,015)	-
Franking account balance at 30 June	5,246	-
Franking credits that will arise from the payment of income tax payable as at reporting date	13,217	6,094
Net franking credits available	18,462	6,094

17. Issued Capital

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Ordinary shares				
251,223,000 fully paid ordinary shares (2007: 65,974,869)	79,528	30,723	79,528	30,723

The Company does not have a limited amount of authorised capital and issued shares do not have a par value due to changes to the corporations' law abolishing these concepts.

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

	Consolidated		Consolidated	
	2008	2008	2007	2007
	# No.	$'000	# No.	$'000
Fully paid ordinary shares				
Balance at the beginning of the financial year *	65,974,869	30,723	100,000	1
Issued as consideration for acquisition of NRW Unit Trust and 45% of Promac Rental & Sales Pty Ltd	-	-	42,000,000	4,948
Issued to Stark NRWHPL Holding Limited to raise new capital for growth	-	-	18,042,857	21,400
Issued as consideration for acquisition of 55% of Promac Rental & Sales Pty Ltd	-	-	4,374,260	4,374
Issued to employees under the 'ESP'	-	-	1,457,752	-
Effect of the share split**	160,275,131	-	-	-
Share issue – initial public offering	23,290,000	46,580	-	-
Share issue – deferred consideration for acquisition of Actionblast Pty Ltd	1,250,000	2,500	-	-
Share issue – employee gift offer	433,000	866	-	-
Repayment of limited recourse loan as part of the 'ESP' (see note 37)	-	619	-	-
Less cost of the initial public offering (net of tax)	-	(1,760)	-	-
Balance at the end of the period	251,223,000	79,528	65,974,869	30,723

* The balance of ordinary shares on issue at 1 July 2007 includes 1,457,752 ordinary shares (pre share-split) issued to senior executives under the Employee Share Plan ('ESP'), the details of which are disclosed in note 37. This issue of shares has been accounted for as an in-substance option plan. Refer to note 37 for further discussion on the in-substance option valuation.

** The Company undertook a share split at a ratio of 226,250,000 / 65,974,869 shares.

18. Reserves

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Option reserve				
Balance at the beginning of the financial year	1,290	-	1,290	-
In-substance options issued to employees under the employee share plan	-	1,290	-	1,290
Interest received on employee loan balances due under the 'ESP'	264	-	264	-
Related income tax	(79)	-	(79)	-
Balance at the end of the financial year	**1,475**	**1,290**	**1,475**	**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 37).

19. Retained earnings

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Balance at the beginning of the financial year		13,501	(2)	11,749	-
Net profit attributable to members of the parent entity		32,761	13,503	29,874	11,749
Dividends paid	16	(10,049)	-	(10,049)	-
Balance at the end of the financial year		36,213	13,501	31,574	11,749

20. Controlled entities

	Country of incorporation	Ownership interest 2008	Ownership interest 2007
Parent entity			
NRW Holdings Limited	Australia	-	-
Wholly owned subsidiaries			
NRW Pty Ltd as trustee for NRW Unit Trust	Australia	100%	100%
Actionblast Pty Ltd	Australia	100%	100%
NRW Mining Pty Ltd	Australia	100%	100%
NRW Intermediate Holdings Pty Ltd	Australia	100%	100%
Promac Rental & Sales Pty Ltd	Australia	100%	100%
NRW SARL (Incorporation Date 05-12-2007)*	Guinea	100%	-
Indigenous Mining & Exploration Company Pty Ltd	Australia	100%	100%

All of the wholly-owned subsidiaries in Australia have entered into a deed of cross guarantee with NRW Holdings Ltd pursuant to the ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report.

*NRW Sarl is a wholly owned subsidiary of NRW Holdings Limited and is incorporated in the Republique of Guinee (West Africa) and not part of the above deed of cross guarantee arrangements.

The consolidated income statements of the entities party to the deed of cross guarantees are:

	Consolidated	
	2008	**2007**
	$'000	$'000
Income Statement		
Revenue	468,097	257,383
Other income	7,105	6,384
Financial income	920	639
Financial expenses	(7,179)	(4,888)
Materials and consumables used	(75,180)	(42,145)
Employee benefits expense	(100,419)	(61,987)
Subcontractor costs	(109,082)	(49,180)
Depreciation and amortisation expenses	(17,305)	(11,576)
Impairment expense	(495)	-
Plant and equipment costs	(80,361)	(46,869)
Travel and accommodation	(14,000)	(13,576)
Other expenses	(26,153)	(13,195)
Profit from continuing operations	45,948	20,990
Income tax expense	(14,095)	(7,140)
Profit for the year	31,853	13,850

20. Controlled entities (continued)

The consolidated balance sheets of the entities party to the deed of cross guarantees are:

	Consolidated	
	2008	2007
	$'000	$'000
Balance Sheet		
Assets		
Current assets		
Cash and cash equivalents	3,273	16,551
Trade and other receivables	132,666	66,964
Inventories	10,328	8,574
Other current assets	3,148	2,203
Total current assets	149,415	94,291
Non-current assets		
Trade and other receivables	7,098	-
Property, plant and equipment	123,356	83,714
Goodwill	27,127	27,101
Deferred tax assets	3,267	-
Total non-current assets	160,848	110,815
Total assets	310,263	205,106
Liabilities		
Current liabilities		
Trade and other payables	68,008	60,182
Borrowings	53,155	55,317
Other financial liabilities	-	6,749
Current tax liabilities	14,513	7,256
Provisions	4,452	587
Total current liabilities	140,127	130,090
Non-current liabilities		
Trade and other payables	8,495	-
Borrowings	44,923	27,897
Deferred tax liabilities	-	1,272
Provisions	410	334
Total non-current liabilities	53,828	29,503
Total liabilities	193,955	159,593
Net assets	116,308	45,513
Equity		
Issued capital	79,528	30,723
Reserves	1,475	1,290
Retained earnings	35,305	13,501
Total equity	116,308	45,513

21. Cash and cash equivalents

(a) For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash and cash equivalents	3,273	16,551	1,205	1
Bank overdraft	(14,508)	-	-	-
	(11,235)	16,551	1,205	1

(b) Non-cash investing activities

During the year, the Group acquired $54,240,000 (2007: $28,787,000) of equipment under finance lease. These acquisitions will be reflected in the cash flow statement over the term of the finance leases via repayments of finance leases.

During the year, the Company partially settled the deferred component of the consideration due for the acquisition of Actionblast Pty Ltd by way of issued equity instruments. 1,250,000 fully paid ordinary shares in the Company were issued to the Actionblast Pty Ltd vendor with a fair value of $2.00 per share (issue price). This issue is not reflected in the cash flow statement.

22. Reconciliation of cash flows from operating activities

a) Reconciliation of profit for the period to net cash flows from operating activities:

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Profit for the period	32,761	13,850	29,874	11,749
Adjustments for:				
Trust distribution income	-	-	(54,756)	(24,424)
Debts forgiven income	-	(1,010)	-	(1,010)
Initial public offer costs	10,845	2,352	10,845	2,352
Restructure costs	-	2,381	-	-
Gain on sale of property, plant and equipment	(363)	(1,788)	-	15
Depreciation	17,554	11,576	-	-
Impairment of fixed assets	495	-	-	-
Employee gift share offer	866	-	866	-
Interest on 'ESP' loans accounted for directly in equity	264	-	264	-
In-substance options	-	1,290	-	1,290
Operating profit before changes in working capital and provisions	62,422	28,651	(12,907)	(10,028)
Change in trade and other receivables	(73,838)	(31,038)	-	-
Change in inventories	(1,756)	(1,079)	-	-
Change in other assets	(1,254)	(936)	-	-
Change in trade and other payables	22,866	34,183	(314)	752
Change in provisions and employee benefits	2,573	2,603	-	587
Change in provision for income tax	7,668	7,517	7,044	6,094
Change in deferred tax balances	(3,920)	(1,658)	(2,247)	(939)
Net cash from operating activities	14,762	38,244	(8,424)	(3,534)

23. Trade and other receivables

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Current Receivables					
Trade Receivables		75,940	56,635	-	-
Other Receivable	(i)	9,217	-	-	-
Retentions		151	-	-	-
Other Loan receivable		12	74	-	-
Securities (Property Bonds)		24	-	-	-
Amounts Due from Subsidiaries		-	-	87,773	-
Allowance for Doubtful Debts	(ii)	-	(372)	-	-
		85,344	56,337	87,773	-
Amounts due From Customers under Construction Contracts	(iv)	47,322	10,413	-	-
Goods and Service Tax		-	214	-	-
		132,666	66,964	87,773	-
Non Current Receivables					
Other Receivable	(i)	8,494	-	-	-
Amounts Due from Subsidiaries		-	-	-	43,189
		8,494	-	-	43,189

Loans to controlled entities are interest free, have no fixed repayment terms and can be called at the Company's discretion.

(i) On 30 May 2008, Promac entered into a Settlement Deed with Pilbara Iron Company (Services) Pty Ltd ("PICS") in relation to matters arising from a one-off series of transactions in 2006 in which Promac supplied a number of second-hand tyres to PICS. NRW guaranteed certain obligations of Promac under the Settlement Deed. The terms of the Settlement Deed are confidential.

Under the terms of a Deed of Indemnity and a Deed of Acknowledgement dated 30th May 2007, as at 30th June 2008 an amount of $17,711,141 ("Indemnification balance") is receivable by Promac from the Indemnifiers (see Related Party note 40 for the full list of the Indemnifiers), comprising $9,216,589 receivable within 12 months and $8,494,552 receivable after 12 months. The Indemnification balance is for the same amount (receivable at the same times) as the amount payable by Promac to PICS under the Settlement Deed, and has been guaranteed by Jeffery William McGlinn as trustee for the Mystica Trust, Walsec Pty Ltd as trustee for the LN Piper Family Trust, Keith Bounsell as trustee for the Bounsell Family Trust and Nicholas John Ross Silverthorne and Maureen Kaye Silverthorne as trustees for the Silverthorne Trust.

As a result of the arrangements described above, NRW and Promac are fully indemnified in respect of matters arising from the supply of second-hand tyres to PICS in 2006. Title to and risk in the second-hand tyres has passed to the Indemnifiers.

(ii) Movement in the provision for doubtful debts:

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Balance at the beginning of the year	(372)	(327)	-	-
Impairment losses recognised on receivables	-	(45)	-	-
Amounts written off as uncollectable	22	-	-	-
Amounts resolved during the year	350	-	-	-
Balance at end of year	-	(372)	-	-

23. Trade and other receivables (continued)

(iii) Ageing of past due but not impaired – accounts receivable:

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
60-90 days	386	383	-	-
90-120 days	807	19	-	-
120+ days	4,057*	345	-	-
	5,250	747	-	-

* The primary customer has a good relationship with NRW Limited and the customer's credit worthiness is maintained at 30 June 2008.

(iv) Construction work in progress comprises:

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Gross cost plus profit recognised to date	164,079	191,734	-	-
Less: progress billings received	(116,757)	(181,321)	-	-
Net construction work in progress	47,322	10,413	-	-

24. Inventories

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Raw materials and consumables	4,556	6,475	-	-
Work in progress	921	1,133	-	-
Finished goods	4,851	966	-	-
	10,328	8,574	-	-

25. Financial assets

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Non-current					
Investments carried at cost					
- investments in subsidiaries	20	-	-	34,086	34,061
		-	-	34,086	34,061

26. Other assets

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current				
Prepayments	3,148	1,889	-	-
Share offer costs	-	314	-	314
	3,148	2,203	-	314

Share offer costs carried as other assets as at 30 June 2007 have now been offset against the value of new equity raised as part of the initial public offer in September 2007.

27. Trade and other payables

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Current Payables					
Trade Payables		(41,329)	(33,585)	-	-
Goods and Service Tax		(1,963)	(1,503)	-	(1)
Other Payables	(i)	(9,217)	-	-	-
Non Trade Payables and accruals		(15,499)	(22,918)	-	(851)
Deferred Income		-	(1,430)	-	-
Amounts Due to Subsidiaries		-	-	(86)	-
Non trade related parties		-	(745)	-	-
		(68,008)	(60,181)	(86)	(852)
Non Current Payables					
Amounts Due to Subsidiaries		-	-	-	(23)
Other Payables	(i)	(8,495)	-	-	-
		(8,495)	-	-	(23)

(i) Includes an amount payable to Pilbara Iron Company (Services) Pty Ltd ('PICS'). Refer Trade and other receivables note for detail disclosure of this transaction.

28. Current tax liabilities

The current tax liability of the consolidated entity of $15,001,000 (2007: $7,256,000) and for the Company of $13,217,000 (2007: $6,094,000) represents the amount of income taxes payable in respect of the current and prior periods.

29. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Consolidated				
Doubtful debts	-	111	-	-
Work in progress	-	-	(276)	(340)
Inventories	183	99	(1,442)	(2,041)
Property, plant and equipment	157	6	(1,501)	(1,510)
Other assets	360	906	-	-
Costs of the initial public offer	3,603	-	-	-
Other creditors and accruals	725	737	-	(4)
Provisions	1,459	765	-	-
Total tax assets / (liabilities)	6,487	2,624	(3,220)	(3,896)
Net tax assets / (liabilities)	3,267	-	-	(1,272)
Company				
Other assets	-	672	-	-
Costs of the initial public offer	3,603	-	-	-
Other creditors and accruals	-	225	-	-
Provisions	337	176	-	-
Total tax assets / (liabilities)	3,940	1,073	-	-

30. Borrowings

(i) 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 32.

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Secured at Amortised Cost				
Current				
Bank Overdraft	14,508	3,486	-	-
Bank Loans	-	24,000	-	24,000
Finance lease liability	33,552	20,387	-	-
Insurance Funding	2,465	1,867	-	-
Trade Finance Liability	2,629	5,577	-	-
Total Current	53,155	55,317	-	24,000
Non Current				
Finance lease liability	44,744	27,691	-	-
Insurance Funding	179	206	-	-
Total Non Current	44,923	27,897	-	-
	98,077	83,214	-	24,000

(ii) Finance Facilities

Consolidated finance facilities as at 30 June 2008

	FACE VALUE (limit)	CARRYING AMOUNT (utilised)
FINANCE DESCRIPTION	$'000	$'000
Asset Financing	122,750	78,296
Bank Overdraft	40,000	14,508
Trade Finance	7,500	2,629
Other	2,644	2,644

Consolidated finance facilities as at 30 June 2007

	FACE VALUE (limit)	CARRYING AMOUNT (utilised)
FINANCE DESCRIPTION	$'000	$'000
Asset Financing	92,923	48,078
Loans	30,880	27,486
Trade Finance	9,900	5,577
Other	2,229	2,073

Financing arrangements / security

The various ANZ facilities are secured by a fixed and floating charge over the consolidated entities assets.

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.

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.

31. Other financial liabilities

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Current					
Payables to related party entities	40	-	3,430	-	-
Consideration payable to AMS vendor – to be satisfied by the issue of shares in the Company	6	-	2,500	-	2,500
Consideration payable to AMS vendor – to be satisfied in cash	6	-	819	-	819
		-	6,749	-	3,319

32. Financial instruments

Financial Risk Management

Exposure to credit, interest rate and currency risks arise in the normal course of the Company's and the Group's business. The group's policy and objectives remain unchanged from prior years.

Primarily the Group aims to ensure the going concern basis is maintained and capital availability is appropriate to all stakeholders. In this respect debt borrowings are driven by balancing cash, short term borrowings and longer term capital financing of the entity.

The Groups key management personnel report to the audit and risk management committee regularly reporting on the progress and objectives of the risks and the associated corporate governance policy objectives. The group aims to reduce risk where commercially possible. In this regard the risk management covers at least the risks associated with market, liquidity and credit activity.

Capital Management and liquidity

Cash is monitored daily and ensures the Group will be able to pay its debts as and when they fall due. Borrowings form part of this. However, operating cash flows are primarily used to cater for general day to day costs. Cash flow will also include dividend and tax disbursements as required. Asset purchases for long term use are generally placed under hire purchase, fixed rate payment cycles. This provides a good risk profile and generally terms do not exceed 4 years.

The Groups primary lender imposes certain debt covenants relating to gearing. The Audit and Risk Management Committee meets regularly to discuss with management its capital requirements and borrowings to date. This is aimed at balancing the needs of all stakeholders and providing sufficient capital needs for meeting contractual obligations and driving strategic growth.

Gearing Ratio

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Debt	30	98,077	83,214	86	24,023
Cash	21	(3,273)	(16,551)	(1,205)	(01)
Net Debt		94,805	66,663	(1,119)	24,022
Equity		117,217	45,513	112,578	43762
Net Debt to Equity Ratio		81%	146%	-%	55%

32. Financial instruments (continued)

Fair Value of Financial Instruments

The directors as in prior years, consider that the carrying amount of financial assets and financial liabilities recorded in the financial statement continue to approximate their fair values.

Fair values are materially in line with carrying values.

The analysis of financial assets and liabilities are set out in the following tables. The effective interest rates are average interest rates for each class of financial asset or liability.

Interest and Liquidity Analysis

2008					
CONSOLIDATED	**Effective interest rate %**	**Total $000s**	**1yr or less $000s**	**1to 5 yrs $000s**	**> 5 yrs $000s**
Financial Assets					
Cash and Cash Equivalent	6.6%	3,273	3,273	-	-
Trade and Other Receivables	-	132,666	132,666	-	-
		135,939	135,939	-	-
Financial Liabilities					
Asset Financing	8.61%	(78,296)	(33,552)	(44,744)	-
Loans	8.16%	(14,508)	(14,508)	-	-
Trade Finance	9.12%	(2,629)	(2,629)	-	-
Trade and Other Payables	-	(68,008)	(68,008)	-	-
Other Borrowings	9.33%	(2,644)	(2,465)	(179)	-
		(166,085)	(121,162)	(44,923)	-
Net Financial Assets/(Liabilities)		**(30,146)**	**(14,777)**	**(44,923)**	**-**
COMPANY					
Financial Assets					
Cash and Cash Equivalent	6.7%	1,205	1,205	-	-
		1,205	1,205	-	-
Financial Liabilities					
Inter Company Loans Payable	-	(86)	(86)	-	-
		(86)	(86)	-	-
Net Financial Assets/(Liabilities)		**1,119**	**1,119**	**-**	**-**

32. Financial instruments (continued)

Interest and Liquidity Analysis

2007					
CONSOLIDATED	**effective interest rate %**	**Total $000s**	**1yr or less $000s**	**1to 5 yrs $000s**	**> 5 yrs $000s**
Financial Assets					
Cash and Cash Equivalent	5.90%	16,551	16,551	-	-
Trade and Other Receivables	-	66,964	66,964	-	-
		83,515	**83,515**	**-**	**-**
Financial Liabilities					
Asset Financing	7.39%	(48,078)	(20,387)	(27,691)	-
Loans	9.14%	(27,486)	(27,486)	-	-
Trade Finance	8.45%	(5,577)	(5,577)	-	-
Trade and Other Payables	-	(60,182)	(60,182)	-	-
Other Borrowings	8.45%	(2,073)	(1,867)	(206)	-
		(143,396)	**(115,499)**	**(27,897)**	**-**
Net Financial Assets/Liabilities		**(59,881)**	**(31,984)**	**(27,897)**	**-**
COMPANY					
Financial Assets					
Cash and Cash Equivalent		1	1	-	-
Inter Company loans rec	-	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**	**-**

Foreign Exchange and currency exposure

The group has an increasing exposure to foreign currency but considered minor in the total group operations. The growing presence of NRW Sarl in West Africa – Guinea means a greater exposure to foreign currency cash held and to foreign currency movements. Currently these exposures would primarily relate to the small cash outgoings disbursed to the local administration within the Guinea operations. Cash balances at 30 June 2008 were 14,000 USD (2007: 0 USD) and 13,000 GNF (2007: 0 GNF).

At this stage no hedging is entered into. Cash is converted to USD and then into GNF as required. Volatile market movements is considered as a low risk, given the majority of the cash is utilised quickly, leaving low quantities of cash exposed to currency fluctuations (although may increase) and secondly the cost plus nature of the contract means the majority of supplies is passed on to our customers as allowable under the contract. Contract income however is negotiated and invoiced in Australian dollars.

In this regard foreign exchange movements are considered minimal.

32. Financial instruments (continued)

Interest rate risk management

The Group enjoys a mixture of fixed and variable borrowings to manage both cash and long term capital purchases. This risk is managed by utilised fixed hire purchase contracts predominantly for capital purchases. It provides a fixed result with little risk of change.

The Group does not enter into any specific swaps or hedging to cover any interest rate volatility. Predominantly the exposure is on the bank borrowings, which are primarily the bank overdraft and for new capital borrowings. The Group is potentially exposed to continued rate rises should they occur and also to locking in fixed finance contracts should they be entered prior to a reduction in overall interest rates in the market. However Australia has experienced a number of rate rises in recent times and it is recently expected that rates may reduce in the next 12 months. These outlooks cannot be guaranteed. The outlook for inflation and continued negative sentiment for the USA credit market could provide a risk in the variable rates and new capital cost.

However, as a guide the following table provides a typical exposure the Group faces, should the cost of capital and borrowings rise or fall. (Note this is provided as quantifiable data, but given the Reserve Bank of Australia position - no further rate rises are expected). The table should be used with caution as moves in the markets are unpredictable at present. The 50 basis points move is indicative of the type of movement the Australian market is likely to face in the coming 12 months.

	Rate % Move	Affect of P&L ($000's)
Debt Fixed	-/+0.50%	-/+$20
Variable borrowings	-/+0.50%	-/+$78
Total	-/+	-/+$98

The above table is exclusive of any foreign currency impacts and based on the Australian market.

Credit market risk

Trading terms for customers is typically an average of 45 days and it is considered normal to have receivables paid within 60 day terms. Cash retentions held for performance guarantees are generally held for up to 12 months from practical completion. These amounts form a small portion of current receivables. Included in the outstanding balance at 30 June 2008 is a renegotiated amount receivable to the value of $20,000,000. This amount is considered fully recoverable with no allowance for impairment or doubtful debts. The payment and credit terms have been renegotiated forming part of a new contract which encompass this amount receivable.

Where terms are exceeded no interest is charged on late payments, however management follow a strict credit policy as part of day to day cash flow management.

The directors continue with their opinion, as in prior years, that the off balance sheet provisions will not be required, given it is not probable that these costs will materialise. The total amount of guarantees stand at $16,982,000 (2007: $10,358,000) and cash retentions held as accounts receivable stand at $151,000 (2007: $1,586,000).

33. Finance Leases

Finance leases as lessee

Non cancellable finance leases are payable as follows:

The types of finance lease the Group mainly enters into are in relation to the acquisition of new capital, primarily plant and equipment. The majority of new plant and equipment purchases are financed utilising these finance leases, under hire purchase or chattel mortgage. They are fixed contracts with a fixed and determinable measure of finance cost for the period.

	Minimum future lease payments				Present value of minimum future lease payments			
	Consolidated		Company		Consolidated		Company	
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
No Later than 1 year	38,986	23,336	-	-	33,552	20,387	-	-
Later than 1 year and not later than 5 years	48,256	29,586	-	-	44,744	27,691	-	-
Later than five years	-	-	-	-	-	-	-	-
Minimum future lease payments*	87,241	52,922	-	-	78,296	48,078	-	-
Less future finance charges	(8,945)	(4,844)	-	-	-	-	-	-
Present value of minimum lease payments	78,296	48,077	-	-	78,296	48,078	-	-

* Minimum future lease payments include the aggregate of all the lease payments and any guaranteed residual.

Included in the financial statement as: (note 30 'Borrowings')

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current borrowings	33,552	20,387	-	-
Non-Current borrowings	44,744	27,691	-	-
	78,296	48,078	-	-

34. Operating Leases

Operating leases as lessee

Non cancellable operating lease rentals are payable as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Less than one year	187	994	-	-
Between one and five years	16	135	-	-
More than five years	-	-	-	-
	203	1,129	-	-

34. Operating Leases (continued)

Property lease rentals are payable as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Less than one year	1,210	1,138	-	-
Between one and five years	3,708	4,047	-	-
More than five years	2,560	3,040	-	-
	7,478	8,225	-	-

The majority of property leases continue to primarily relate to commercial property leases. These leases consist of 5 year terms 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.

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

35. Capital and other commitments

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Capital expenditure commitments – Plant and equipment				
Within one year	2,199	7,444	-	-
Between one and five years	8,793	14,889	-	-
Later than five years	-	-	-	-
	10,992	22,233	-	-

36. Contingencies

	Note	Consolidated		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Contingent Liabilities					
Bank guarantees	(i)	16,982	10,358	-	-
		16,982	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.

37. Share based payments

Employee Share Plan ("ESP")

During the prior year 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.

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 was recognised as an equity-settled employee benefits expense in the prior financial year with a corresponding entry to the Option Reserve.

To date 1,457,752 (pre-split) 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); and
- risk free interest rate of 6.1%.

During the current year, the shares issued under the 'ESP' were split at the ratio of 226,250,000/65,974,869 in August 2007. The key employees received fully franked interim dividends of 4 cents per share in March 2008, and the company subsequently received interest due on the outstanding limited recourse loan balances (refer to note 40 - Loans to key management personnel and their related parties). One of the participants to the plan left the employment of NRW in April 2008 and repaid the company their outstanding limited recourse loan balance in full (refer to note 40 - Loans to key management personnel and their related parties).

No further ordinary shares under the ESP have been issued during the financial year.

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 NRW's admission to the ASX. 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.

37. Share based payments (continued)

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.

Employee Gift Offer ("EGO")

The Employee Gift Offer allowed for eligible employees to receive between 500 and 7,500 shares at no cost to the employee, forming part of the initial public offer on 5th September 2007.

A total of 433,000 ordinary shares were issued to eligible employees under the EGO with a fair value of $2.00 per share (issue price under the prospectus). As a result, $866,000 has been charged to the income statement of the Group and the Company during the financial year as an Employee benefits expense.

38. Provisions

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Current				
Employee benefits	4,418	587	1,124	587
Warranty	34	-	-	-
	4,452	587	1,124	587
Non current				
Employee benefits	410	334	-	-
	410	334	-	-

	Consolidated			Company	
	Warranty provision	**Employee benefits**	**Total**	**Employee benefits**	**Total**
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2007	-	922	922	587	587
Acquired in a business combination	-	-	-	-	-
Provisions made during the year	34	3,906	3,940	587	587
Provisions used during the year	-	-	-	-	-
Provisions reversed during the year	-	-	-	-	-
Balance at 30 June 2008	34	4,828	4,862	587	587
Short-term provisions	34	4,418	4,452	587	587
Long-term provisions	-	410	410	-	-
Total balance at 30 June 2008	34	4,828	4,862	587	587

39. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any 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.

On the 27 August 2008, the Board of NRW Holdings Limited declared a final dividend for the Financial Year ending June 30, 2008. The final dividend payable is 4.23 cents per share and brings the full year dividend to 8.23 cents per share. This represents a 50% payout ratio on Pro forma NPAT for the full year.

40. Related parties

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 29.

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:

	Note	Balance 1 July 2007	Balance 30 June 2008	Interest paid during the period	Highest balance in the period
		$	$	$	$
Mr J A Pemberton	(i)	619,071	619,071	49,599	619,071
Mr G Chiarelli	(i)	619,071	619,071	49,599	619,071
Mr J A Kenny	(i)	412,713	412,713	33,066	412,713
Mr P J McBain	(i)	619,071	-	49,598	619,071
Mr R J Morrow	(i)	619,071	619,071	49,598	619,071
Totals		2,888,997	2,888,997	231,460	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 37 in order to finance the purchase of fully paid ordinary shares in the Company at $2.26 per share. There was no movement in the balances between the issue date and 1 July 2007, nor were there any other loans on issue to key management personnel prior to the issue of the abovementioned loans. Interest is payable half-yearly at 7.5%, which is comparable to actual commercial rates of interest, 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:

	Note	Balance 1 July 2007	Balance 30 June 2008	Interest paid during the period	Highest balance in the period
		$	$	$	$
Mr L N Piper	(i)	1,857,321	-	-	1,857,321
Mr J W McGlinn	(i)	307,618	-	-	307,618
Mr J N Silverthorne	(i)	1,170,850	-	-	1,170,850
Mr K Bounsell	(i)	93,871	-	-	93,871
Totals		3,429,660	-	-	3,429,660

(i) Loans from key management personnel during the financial year constitute balances owed to the former unit holders of NRW Unit Trust and their respective unpaid current account balances as at 30 June 2007. No interest was paid to these parties as it was resolved that these amounts would be repaid as part of the transfer of the ownership of NRW Pty Ltd ATF NRW Unit Trust to NRW Holdings Ltd. These amounts were settled in full with the named parties prior to the IPO. If interest was charged to the Group at commercial rates on outstanding balances at year end, the finance charge would have equated to $214,353 on a simple interest calculation of 6.25%.

40. Related parties (continued)

Other key management personnel transactions

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

		Transaction value year ended 30 June	
Key management person and/or related party	**Transaction Booked in Group**	**2008**	**2007**
Mr J A Pemberton	Revenue on sale of motor vehicle	-	9,091
(ii) Other related party – Revenue			
Mr J W McGlinn - Mystica Trust	Revenue on sale of several items of plant and equipment	-	57,000
Mr J W McGlinn - McGlinn Property Trust	Revenue on sale of land and buildings	-	3,625,000
Mr J W McGlinn & Mr L N Piper - Fallbrook Pty Ltd	Revenue on back-charges and sale of motor vehicle	2,619	13,666
Mr C Lindsay-Rae & Mr J W McGlinn - Springpark Mining Services Pty Ltd	Revenue on services income for earthmoving contract works	33,096,370	2,662,439
Mr J N Silverthorne - Silverthorne Trust	Revenue on sale of land and buildings	-	1,700,000
Mr J W McGlinn & Mr C Lindsay-Rae - Springpark Australia Pty Ltd	Revenue on back charge and sale of motor vehicle/laptops	80,530	71,401
Mr J W McGlinn & Mr C Lindsay-Rae - Springpark International Ltd	Revenue on back charges of travel and other	-	6,806
(iii) Other related party – Expense			
Mr J W McGlinn - McGlinn Property Trust	Expense on rent paid	282,999	-
Mr J N Silverthorne - Silverthorne Trust	Expense on rent paid	111,477	-
Mr C Lindsay-Rae & Mr J W McGlinn - Springpark International Ltd	Expense on purchase of plant, equipment and tyres	-	18,790,828
Mr C Lindsay-Rae & Mr J W McGlinn - Springpark Australia Pty Ltd	Expense on purchase of tyres and machinery	3,196,949	11,431,639
Mr C Lindsay-Rae & Mr J W McGlinn - Springpark Mining Services Pty Ltd	Expense on purchase of subcontractor services and hire	7,419,668	-
Mr J W McGlinn – Newstream Group	Expense on purchasing of Consultancy services	110,000	-
(iv) Inter Group Transactions			
NRW Pty Ltd – Purchases from Promac Rental & Sales Pty Ltd	Tyres and back charge of repairs and maintenance.	1,119,644	6,643,909
NRW Pty Ltd – Purchases from Promac Rental & Sales Pty Ltd	Hire charges for rental of plant and equipment.	9,228,943	5,814,660
NRW Pty Ltd – Purchases from Action Mining Services	Repairs and maintenance plant and module purchases.	2,237,279	258,942
NRW Pty Ltd – Sales to Action Mining Services	Back charges for labour and miscellaneous.	10,513	1,250
NRW Pty Ltd – Sales to Promac Rental & Sales Pty Ltd	Back charges for repairs and maintenance, management fee and miscellaneous	388,411	462,329
Action Mining Services – Sales to Promac Rental & Sales Pty Ltd	Water trucks, service trucks, repairs and maintenance.	9,684,579	-

The terms and conditions of the above transactions fall under the normal trading terms and conditions. No special concessions are made and no interest is payable on late payments.

In addition to the above, as detailed in note 23, Promac entered into a Settlement Deed with Pilbara Iron Company (Services) Pty Ltd ("PICS") and Deeds of Indemnity and Acknowledgement dated 30th May 2008 with indemnifying parties listed:

- Jeffery William McGlinn as trustee for the Mystica Trust;
- Nicholas John Ross Silverthorne and Maureen Kaye Silverthorne as trustees for the Silverthorne Trust;
- Walsec Pty Ltd as trustee for the LN Piper Family Trust;
- Keith Bounsell as trustee for the Bounsell Family Trust;
- Julian Alexander Pemberton as trustee for the JP Trust;
- Gino Chiarelli as trustee for the Lamond Family Trust;
- Andrew Charles Hunt as trustee for the Eden Family Trust;
- Peter Laurence De San Miguel;
- Bashbille Pty Ltd as trustee for the Mate Trust; and
- Bernadine Lindsay-Rae as trustee for the LR Trust.

Assets and liabilities arising from the related party transactions

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

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Other related parties				
Trade debtors	23,022,422*	9,330,871	-	-
Current receivables/total assets	23,022,422	9,330,871	-	-
Other related parties				
Trade creditors	4,710,412	556,206	-	-
Total payables/total liabilities	4,710,412	556,206	-	-

* The indemnification related to the PICS Settlement described in Note 23. – Trade and Other Receivables. The amount receivable from the Indemnifiers as at 30 June 2008 was $17,711,173, comprising $9,216,589 receivable within 12 months and $8,494,552 receivable after 12 months.

Options and rights over equity instruments

Apart from the in-substance options described in note 37, no options were issued to or held by key management personnel or their related parties during the reporting period.

40. 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:

For the year ended 30 June 2008

Key Person	Held at 1 July 2007	Purchases*	Received as compensation	Received on options exercised	Sales / transfers**	Other changes***	Held at 30 June 2008
Mr L N Piper	12,491,478	29,350	-	-	(37,693,472)	30,345,998	5,173,354
Mr J W McGlinn	13,331,679	-	-	-	(22,859,406)	32,387,129	22,859,402
Mr J N Silverthorne	12,491,478	-	-	-	(21,418,742)	30,345,998	21,418,735
Mr J A Pemberton	1,204,825	-	-	-	(1,597,210)	2,926,925	2,534,540
Mr K Bounsell	1,972,302	-	-	-	(3,381,843)	4,791,384	3,381,843
Mr G Chiarelli	1,018,526	-	-	-	(1,277,768)	2,474,342	2,215,100
Mr J A Kenny	182,219	-	-	-	-	442,671	624,890
Mr P J McBain	273,328	-	-	-	(450,334)	664,006	487,000
Mr R J Morrow	273,328	-	-	-	-	664,006	937,334
Mr S Lucas	-	25,000	-	-	-	-	25,000
Mr M Arnett	-	175,000	-	-	-	-	175,000
Dr I Burston	-	50,000	-	-	-	-	50,000
	43,239,163	279,350	-	-	(88,678,775)	105,042,460	59,882,198

* All purchases were made via subscriptions in the IPO and purchases of shares on-market.

** Sales/transfers of shares during the year consist of the portion of shares sold down by the vendor shareholders as part of the IPO and 'ESP' shares sold by a resigning key employee of NRW.

*** Other changes reflect the effect of the share split undertaken by the Company in August 2007 as part of the IPO.

For the year ended 30 June 2007

Key Person	Held at 1 July 2007	Purchases*	Received as compensation	Received on options exercised	Sales / transfers**	Other changes***	Held at 30 June 2008
Mr L N Piper	31,667	13,300,012	-	-	(840,201)	-	12,491,478
Mr J W McGlinn	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 Lindsay-Rae ****	-	994,150	-	-	(62,654)	-	931,496
Mr S Lucas	-	-	-	-	-	-	-
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 37.

****Mr C Lindsay-Rae and Mr A C Hunt resigned from their directorships during 2007 and are no longer considered key management personnel.

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 $89,773,000 (2007: $43,189,000). These loans are repayable on demand.

41. Remuneration of executives

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 committee will meet at least once each year.

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; and
- 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.

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 Executive Option Plan. No options have yet been issued under the Executive Option Plan.

In-substance options

Limited recourse loans are issued 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 at market rates.

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).

41. Remuneration of executives (continued)

To date 1,457,752 ordinary shares have been issued under this arrangement as detailed below:

Name	Shares (pre share-split)(ii)	Value of limited recourse loan
Mr G Chiarelli	273,329	619,071
Mr J Kenny	182,219	412,713
Mr J Pemberton	273,329	619,071
Mr R Morrow	273,328	619,069
Mr P McBain	273,328	619,069
Other employee (i)	182,219	412,713
Total	1,457,752	3,301,706

(i) Employee deemed not to be key management personnel for the purposes of this report.

(ii) The company undertook a share split at a ratio of 226,250,000/65,974,869 shares in August 2007.

The in-substance options had a total fair value of $1,289,725 on issue date with a corresponding charge to the income statement in the year ended 30 June 2007. Refer to note 38 'Share-based payments' for further detail.

Short term incentive bonus

No short term incentive bonus was paid during this financial year.

Long term incentive

Options may be issued under the Executive Option Plan ("EOP") in accordance with the thresholds set in the terms of the EOP. The objective of the EOP 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.

To date, no options have been issued under this Scheme.

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 Jeffery 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 Jeffery 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:

Director	Fee per annum $
Mr I Burston	100,000
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.

Key management personnel compensation

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

	Consolidated		Company	
	2008	2007	2008	2007
Short term employee benefits	6,148,423	4,816,348	-	2,876,617
Other long term benefits	465,362	-	-	-
Post employment benefits	99,998	363,270	-	220,777
Termination benefits	-	-	-	-
Share-based payments	-	1,128,848	-	-
	6,713,783	6,308,466		3,097,394

41. Remuneration of executives (continued)

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:

2008

	Short Term Benefits				Post Employment Benefits	Other Long Term Benefits	Share Based Payments		Total	Performance Related	Value of Options
KEY MANAGEMENT PERSONNEL	Salary & fees $	STI cash bonus $	Non cash benefit $	Other $	Superannuation $	Other $	Equity $	In substance options $	Total $	% $	% $
DIRECTORS											
Mr J W McGlinn	1,585,707	-	185,507	-	140,098	66,663	-	-	1,977,975	-	-
Mr J N Silverthorne	1,072,973	-	155,858	-	89,654	33,335	-	-	1,351,820	-	-
Mr J A Pemberton	403,162	-	110,862	-	36,000	-	-	-	550,024	-	-
Mr K Bounsell	401,623	-	123,128	-	36,000	-	-	-	560,751	-	-
Mr L N Piper	67,307	-	59,536	-	4,327	-	-	-	131,170	-	-
NON-EXECUTIVE DIRECTORS											
Mr I Burston	100,000	-	-	-	9,000	-	-	-	109,000	-	-
Mr M Arnett	80,000	-	-	-	7,200	-	-	-	87,200	-	-
EXECUTIVES											
Mr G Chiarelli	434,123	-	12,425	-	39,190	-	-	-	485,738	-	-
Mr K Hyman	206,196	-	28,615	-	18,000	-	-	-	252,811		
Mr J A Kenny	304,677	-	24,508	-	27,000	-	-	-	356,185	-	-
Mr R J Morrow	291,166	-	28,439	-	24,771	-	-	-	344,375	-	-
Mr P J McBain	242,746	-	27,623	-	21,246	-	-	-	291,614	-	-
Mr S P Lucas	183,951	-	18,292	-	12,877	-	-	-	215,120	-	-
Total Compensated (Consolidated)	**5,373,630**	**-**	**774,793***	**-**	**465,362**	**99,998**	**-**	**-**	**6,713,783**	**-**	**-**
Total compensation (Company)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

* The non cash benefits comprised mostly of the motor vehicle allowances offered to key management personnel.

2007

	Short Term Benefits				Post Employment Benefits	Other Long Term Benefits	Share Based Payments		Total	Performance Related	Value of Options
KEY MANAGEMENT PERSONNEL	**Salary & fees**	**STI cash bonus**	**Non cash benefit**	**Other**	**Superannuation**	**Other**	**Equity**	**In substance options**	**Total**	**%**	**%**
	$	$	$	$	$	$	$	$	$	$	$
DIRECTORS											
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	-	36.4%
Mr K Bounsell	392,307	-	68,730	-	35,308	-	-	-	496,345	-	-
NON-EXECUTIVE DIRECTORS											
Mr M Arnett	-	-	-	-	-	-	-	-	-	-	-
Dr I F Burston	-	-	-	-	-	-	-	-	-	-	-
EXECUTIVES											
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	-	-
Total Compensated (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**	**-**	**-**

* The non cash benefits comprised mostly of the motor vehicle allowances offered to key management personnel.

** Mr C Lindsay-Rae and Mr A C Hunt resigned from their directorships during 2007 and are no longer considered key management personnel.

Shareholder Information

The shareholder information set out below was applicable as at 14 August 2008.

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

Distribution of shareholdings

Distribution schedule of shareholdings	No. of shareholders	Shares	% Total shares
1 – 1,000 Shares	740	425,977	0.17%
1,001 – 5,000 Shares	1,131	3,606,413	1.44%
5,001 – 10,000 Shares	596	4,938,976	1.97%
10,001 – 100,000 Shares	617	15,495,513	6.17%
100,001 Shares and over	85	226,756,121	90.26%
(ii) Total number of holders	**3,169**	**251,223,000**	**100.00%**
(iii) Number of holders of less than marketable parcel	**-**	**-**	**-**
(iv) Percentage held by the 20 largest holders			**78.42%**

NRW's 20 largest shareholders

Rank	Name	Shares	% Total shares
1	Stark NRWHPL Holding Ltd	28,987,736	11.54%
2	National Nominees Ltd	27,430,305	10.92%
3	Jeffery William McGlinn <The Mystica Trust A/C>	22,677,431	9.03%
4	Nicholas John Ross Silverthorne + Maureen Kaye Silverthorne <Silverthorne Trust A/C>	21,333,485	8.49%
5	J P Morgan Nominees Australia Ltd	20,134,841	8.01%
6	UBS Wealth Management Australia Nominees Pty Ltd	8,230,539	3.28%
7	Queensland Investment Corporation	7,856,822	3.13%
8	HSBC Custody Nominees (Australia) Ltd	7,823,604	3.11%
9	Cogent Nominees Pty Ltd	7,580,060	3.02%
10	ANZ Nominees Limited <Cash Income A/C>	6,628,775	2.64%
11	Cogent Nominees Pty Ltd <SMP Accounts>	5,917,192	2.36%
12	UBS Nominees Pty Ltd	5,910,379	2.35%
13	Walsec Pty Ltd <L N Piper Family Trust A/C>	5,144,004	2.05%
14	Citicorp Nominees Pty Ltd	4,055,105	1.61%
15	Citicorp Nominees Pty Ltd <CFS Future Leaders Fund A/C>	3,868,346	1.54%
16	Keith Bounsell <Bounsell Family Trust A/C>	3,381,843	1.35%
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	AMP Life Ltd	2,411,347	0.96%
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	% Total shares
Stark NRWHPL Holding Ltd	28,987,736	11.54%
National Nominees Ltd	27,430,305	10.92%
Jeffery William McGlinn 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%
J P Morgan Nominees Australia Ltd	20,134,841	8.01%

Voting rights

On a show of hands, every shareholder present in person or represented by a proxy or representative shall only 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	No. of shares subject to voluntary escrow	% Total shares
Two business days after the date on which NRW announces its results for the year ending 30 June 2008 to the ASX	91,079,320	36.25%

Deloitte.

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Independent Auditor's Report to the members of NRW Holdings Ltd

Report on the Financial Report

We have audited the accompanying financial report of NRW Holdings Ltd, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, 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 set out on pages 33 to 95.

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 ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

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 judgement, 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.

Member of
Deloitte Touche Tohmatsu

Deloitte.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a. the financial report of NRW Holdings Ltd is in accordance with the Corporations Act 2001, including:
(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 31 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of NRW Holdings Ltd for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants
Perth, 29 August 2008

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Corporate Directory

Directors

Ian Burston – Non-executive Chairman

Jeffery McGlinn – Chief Executive Officer

Julian Pemberton – Executive Director and Chief Operating Officer

Michael Arnett – Non-executive Director

Company Secretary

Kim Hyman

Registered Office

73-75 Dowd Street
WELSHPOOL Western Australia 6106

Telephone: +61 8 9358 5510
Facsimile: +61 8 9311 7336
Email: info@nrw.com.au

Auditor

Deloitte Touche Tohmatsu

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PERTH Western Australia 6000

Share Registry

Link Market Services Limited

Level 12, 680 George Street
SYDNEY New South Wales 2000

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From outside Australia: +61 02 8280 7111
Facsimile: (02) 9287 0303

Shareholders are now able to visit our Securityholder service centre available online at **www.linkmarketservices.com.au** This centre gives shareholders access to a wide variety of holding information, make some changes online or download forms.

Shareholders can access this information via a security login using your Security Reference Number (SRN) to Holder Identification Number (HIN) as well as their surname (or company name) and postcode (must be the postcode recorded on your holding record).

ASX Code

NWH – NRW Holdings Limited
Fully Paid Ordinary Shares

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