



# ANNUAL REPORT 2010



## 2010 in review



At **NRW** we see the way forward. We have a strategic plan to deliver the best service to our clients - therefore delivering success to our projects, our employees and our shareholders.



## Western Turner Syncline JV with Eastern Guruma

Client // Rio Tinto Iron Ore  
Value // \$200m  
Location // Pilbara, Western Australia  
Duration // Approx 14 months

The mining division's most significant contract win of this year was the award of a four year contract to undertake the design, development and operation of an iron ore mine and road haulage services at Western Turner Syncline for Rio Tinto Iron Ore.

Undertaken as a joint venture with the traditional landowners of the lease, the Eastern Guruma people, this contract is NRW's largest mining operation in Western Australia and commenced mobilisation midway through the second half of FY2010.

## PowerUP NRW's Indigenous Development Program

NRW is committed to providing real opportunities to Indigenous Australians and our Indigenous Development Program, PowerUP, engages suitable participants in our innovative work-start program.

The program consists of a daily routine and five core units from Certificate II Metalliferous Mining Operations are part of the course requirements. Participants are exposed to a simulator and hands-on activities in a controlled 'real life mining pit' in haul truck and roller operations.

NRW's most recent PowerUP program was completed in June 2010 and achieved a 100 percent graduation rate, a sign as to the commitment of both the attendees and NRW. All twelve trainees are now employed on current NRW projects





# HIGHLIGHTS 2009 / 2010



## Karara Concrete and Earthworks Package

Client // Karara Mining Limited  
Value // \$114m  
Location // Mid-West Western Australia  
Duration // Approx 14 months

Representing the largest major concrete works package NRW has undertaken, this project was a key strategic win in diversification for NRW in the 2009-2010 financial year.

The \$114m Bulk Earthworks and Concrete Package encompassed most of the preliminary construction work for the Karara Iron Ore crushing and processing facility.



## Establishment of Action Drill and Blast

NRW established Action Drill and Blast in early 2010 in a strategic move to provide a broader range of services and capabilities to our customers. This new division will address the lack of competitive alternative drill and blast solutions currently available in the market, enabling NRW to remain at the forefront of services to the resources industry.

Action Drill and Blast is currently undertaking operations at Rio Tinto Iron Ore's Western Turner Syncline and BHP Billiton Iron Ore's RGP5, and will continue operations for the life of these contracts.





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## Corporate Registry

### Directors

Dr. Ian F Burston  
Non-executive Chairman

Julian Pemberton  
Managing Director  
and Chief Executive Officer

Michael Arnett  
Non-executive Director

### Company Secretary

Kim Hyman

### Registered Office

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### Auditor

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Woodside Plaza

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### ASX Code

NWH - NRW Holdings Limited  
Fully Paid Ordinary Shares

### Web Page

[www.nrw.com.au](http://www.nrw.com.au)



## Chairman's Letter

“...we are pleased to announce a final dividend for 2010 of 3.00 cents, resulting in a full year dividend of 6.00 cents per share.”

Dear Shareholders,

I am pleased to present the Company's fourth Annual Financial Report since listing on the Australian Securities Exchange on 5th September 2007.

In a turbulent year for mining and resources industries with the proposed 'Super Tax' and the global economy slowly emerging from the 'GFC', NRW Holdings Ltd performed exceedingly well. The Group's underlying net profit after tax was \$37.9 million, a 2 percent increase from 2009 of \$37.1 million. The result was derived from revenues of \$609.7 million representing an increase of 20 percent over 2009.

The global financial crisis and the resulting pressure on commodity prices has created a more competitive tendering environment in the resources industry as spare capacity remains under utilised. Although difficult trading conditions exist, NRW remains optimistic for 2011 with a significant pipeline of opportunities expected to build during the year. NRW expects revenue growth of 15 to 20 percent.

As indicated in our 2009 Annual General Meeting, management has conserved cash and reduced net debt from \$40.2 million in 2009 to current levels at 30 June 2010 of \$39.0 million. Despite significant capital purchases that were financed on balance sheet the Company reduced overall gearing levels. The Board reviews the Company's dividend policy on a regular basis and in doing so we are pleased to announce a final dividend for 2010 of 3.00 cents, resulting in a full year dividend of 6.00 cents per share.

I take this opportunity to acknowledge and thank the Board, executives and all staff for their dedication and hard work culminating in the excellent result for 2010. In particular the Board would like to acknowledge the contribution of outgoing Chief Executive Officer Mr Jeff McGlenn who departed the Company in July 2010. Mr McGlenn was a co-founder of NRW and successfully led the company through the transition to a listed entity in 2007. The Board has great confidence that 2011 will be another challenging but successful year.

**Dr. Ian Burston**  
Chairman  
**NRW Holdings Limited**









# Chief Executive Officer Year in Review



“NRW Holdings Limited achieved record \$609.7 million sales revenue in FY2010, a 20 percent increase on FY2009.”

Mr Julian Pemberton,  
NRW Chief Executive Officer

It is with great pleasure that we present to our shareholders and stakeholders alike, the results of NRW Holdings Limited for the financial year ended 30 June 2010.

The 2010 financial year result was pleasing given the competitive market experienced since the Global Financial Crisis and more recently continuing as a result of the proposed Resource Super Profits Tax. Uncertainty and a lack of confidence in the sector had a significant impact through delays in new projects commencing, and the effect of downward pressure on margin.

Despite the economic environment NRW Holdings Limited achieved record \$609.7 million sales revenue, a 20 percent increase on FY2009 and \$37.9 million net profit after tax (“NPAT”) before goodwill write-down, whilst sustaining our return of capital employed in excess of 30 percent. We also focussed on the reduction of net borrowings resulting in a strengthening of the balance sheet for the next phase of growth for the company.

NRW has successfully grown the business through a difficult operating year and diversified the Group’s services to encompass the addition of significant new capacity and capability in our Civil business unit with its concrete division undertaking the \$80 million concrete component of the Karara civil contract.

During the year we also established Action Drill and Blast to expand on our core of civil and mining works and to provide our customers with adjacent service offerings. Initially providing services alongside NRW’s civil and mining projects - such as Western Turner Syncline and BHP Billiton Iron Ore’s RGP5 - Action Drill and Blast has expanded its infrastructure and equipment base to facilitate expected growth to the wider market.

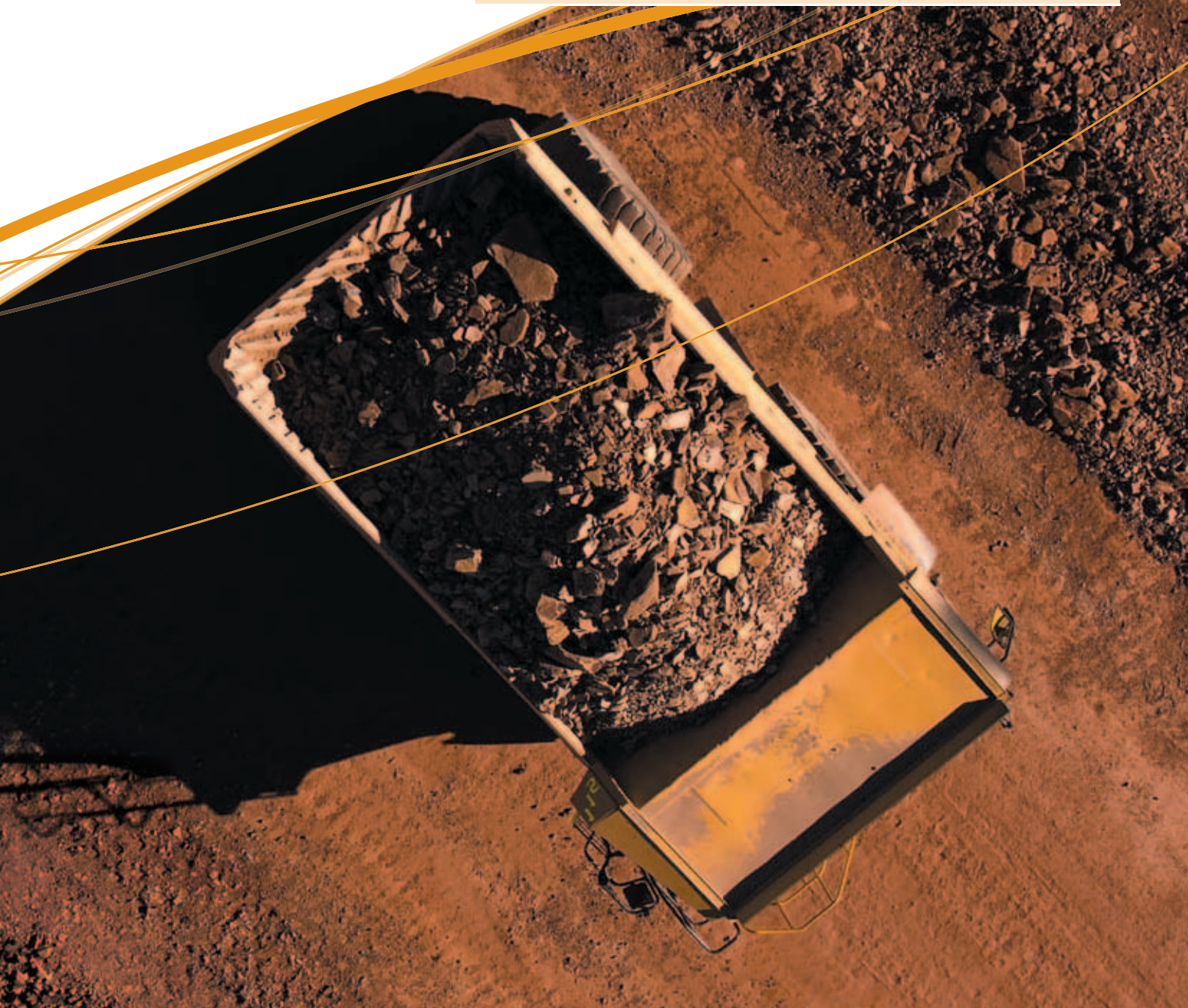




NRW has continued to build upon excellent client relationships and also diversify its client portfolio. The Company continues its efforts to bring depth and diversity to the business by seeking opportunities in market sectors that we are not already active within. Credit is given to our diligent and hard working employees and to our management team that have delivered this years' result.

## HIGHLIGHTS »

- « 20% increase in revenue to \$609.7 million
- « Decrease in net debt to equity to 23%
- « 2% increase of NPAT to \$37.9 million, before goodwill write down
- « Strong Balance Sheet for future growth
- « Order book strong with 75% of FY11 Revenue secured
- « Final dividend declared 3.00 cents / full year fully franked dividend 6.00 cents







# Financial Overview

“With the expansion of the mining division, NRW has been awarded projects with tenure in excess of three years.”

Mr Julian Pemberton,  
Chief Executive Officer

## Financial Performance

NRW Holdings Limited has successfully increased revenue by 20 percent to \$609.7 million. Despite a very competitive tendering market resulting in margin pressure, the NRW Group was able to expand services and increase profits (before write down) to \$37.9 million.

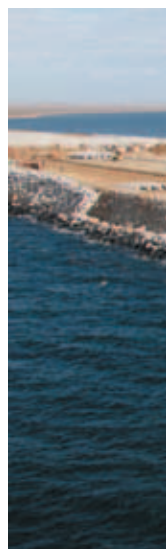
Strong return on capital employed reflects excellent management of the need to balance growth, capital utilisation and margins in a competitive and cautious environment.

With the Promac subsidiary significantly reducing its activities, NRW elected to write off goodwill associated with the company to the total value of \$2.71 million. The table below summarises the results of the Group excluding the write-down;

## Financial Position

Equity attributable to shareholders, increased by 19 percent, compared to 2009 and valued at \$169.1 million at the end of FY10. Building upon initiatives undertaken in 2009 to de-gear the balance sheet, NRW's net borrowings have continued to decline to a prudent 23 percent net debt to equity. Working capital increased above 2009 levels but is reflective of the growth of the business and the increase and timing of monthly billed revenue. Payment cycles are positive which in turn is illustrated in the cash balance of the Group.

\$M's	FY07	FY08	FY09	FY10	Annual Change
Mining	77.8	107.2	189.4	201.1	
Civil	158.9	336.8	294.1	383.6	
Drill & Blast	-	-	-	7.0	
Action Mining	4.8	26.2	25.6	24.5	
Promac	28.6	21.2	31.8	17.1	
Other / Eliminations	(12.8)	(20.2)	(31.4)	(23.6)	
<b>SALES</b>	<b>\$257.4</b>	<b>\$471.2</b>	<b>\$509.6</b>	<b>\$609.7</b>	<b>▲ 20%</b>
<b>EBITDA</b>	<b>45.2</b>	<b>71.9</b>	<b>79.7</b>	<b>92.4</b>	<b>▲ 16%</b>
<b>EBIT</b>	<b>33.6</b>	<b>53.8</b>	<b>58.7</b>	<b>62.4</b>	<b>▲ 6%</b>
<b>UNDERLYING NPAT</b>	<b>\$20.1</b>	<b>\$32.8</b>	<b>\$37.1</b>	<b>\$37.9</b>	<b>▲ 2%</b>







## Dividend

On the 26 August 2010, the Board of NRW Holdings Limited declared a final dividend for the Financial Year ending 30 June 2010. The final dividend payable is 3.00 cents per share and brings the full year dividend to 6.00 cents per share fully franked.

## Cash

Cash provided by operating activities for the financial year was \$71.0 million compared to \$88.1 million in 2009; the prior year benefited from variation claims related to the 2008 financial year. Cash flow since the December 2009 half has returned to within normal parameters.

## Funding

Base secured funding is in excess of \$270 million comprising facilities for working capital and performance guarantees with ANZ Banking Corporation, and a combination of equipment finance and other banking facilities for capital purchases.

\$M's	FY10
Working capital & bank guarantees (ANZ)	86.3
OEM & other banking	185.9
<b>Total</b>	<b>\$272.2</b>
Utilisation of facilities June 2010	\$99.3
<b>Headroom</b>	<b>\$172.9</b>

The table above illustrates the current headroom of facilities for further growth and the acquisition of income producing capital. NRW has successfully negotiated substantial facilities to enable the Company to tender projects with secured funding options.

NRW matches funding requirements with project size and tenure. The pool of funds available is more than sufficient to achieve targeted FY11 revenue growth of 15 to 20 percent.

## Order Book

NRW has consistently grown its order book since the 2005 operating year. In the past the Company has had the majority of its order book of a short term nature; but with the expansion of the mining division, NRW has been awarded projects with tenure in excess of three years.

## Capital Expenditure

Group capital expenditure in 2010 was \$60 million compared to \$26 million in 2009. NRW undertook strategic investments in new and replacement equipment in the first half of the 2010 financial year, in order to meet the expected requirements of existing and new projects. The majority of the plant purchased was for Bootu Creek (where a hired fleet of CAT 785 dump trucks was replaced) and for the Western Turner Syncline contract, which commenced during the second half. In addition a number of drill rigs were acquired for the establishment of our new subsidiary Action Drill and Blast.





# Civil

NRW civil contracting projects have included construction of access roads, rail formations (greenfields and duplication), rail sidings, seawalls, airstrips, camp villages, greenfield mine development, power station foundations, bridges, run-of-mine pads and iron ore storage facilities.

Revenue for the civil contracting division was \$383.6 million (2009: \$294.1 million) in the 2010 financial year - an increase of 31 percent. The addition of concreting capabilities has provided diversity to the suite of services the civil division offers to clients.

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 product.

## Operations

Contracts and contract extensions undertaken during the period included:

- ▶ Flood damaged bridge and rail rectification at Pannawonica for Rio Tinto Iron Ore.
- ▶ Cape Preston - Bulk Earthworks and breakwater for CITIC Pacific Mining.
- ▶ Concrete and civil earthworks works at the Karara Iron Ore Project for Karara Mining.
- ▶ Cloudbreak to Christmas Creek rail extension for Fortescue Metals Group.

- ▶ Earthworks and Rail construction for BHP Billiton Iron Ore - Cowra to Yandi.
- ▶ Ore processing facility earthworks at Christmas Creek for Fortescue.
- ▶ Earthworks and rail construction for BHP Billiton Iron Ore's RGP5.
- ▶ Construction of dredge bund and embankment walls at Finucane Island for BHP Billiton Iron Ore.
- ▶ The signing of a Master Service Agreement with Rio Tinto Iron Ore for ongoing miscellaneous works.
- ▶ Construction of accommodation, roads and earthworks for BHP Billiton Iron Ore's RGP5.

Significant Achievements throughout the year included:

- ▶ Growth in revenue despite reduced opportunities following Global Financial Crisis (GFC)
- ▶ Enhanced reputation across an increasing client base
- ▶ Securing high quality project staff to permit ongoing business growth
- ▶ Successful expansion of concrete capability
- ▶ Industry leader in Indigenous engagement

## Outlook

The first half of FY11 will be focussed upon completion of current projects such as the Chichester Deviation project for BHP Billiton Iron Ore and finalising the works at Cape Preston for CITIC Pacific Mining, with our major contract at Karara continuing on throughout the second half.

Timing in approvals and contract awards, for the main part due to the RSPT, has had a significant impact in pushing the bulk of the civil contracting opportunities out into the second half of FY11. Tender activity is high, however still remains very competitive. With many new projects scheduled to commence during the second half, NRW is optimistic of significant improvement in the sector particularly into FY12.

The division will continue its successful strategy of engaging in joint venture participation with suitable partners on large projects and with our Indigenous partners whose communities directly benefit in job creation and sharing of profits.

The division has also recently appointed a Civil construction manager based in Brisbane to expand our capability base and assess opportunities for expansion independently and by way of joint venture on the East coast.







“The award of the Karara contract is a tremendous step forward in the diversification of the NRW skill base with the significant concrete component. It represents an opportunity to build a strong relationship with Gindalbie and Ansteel for future works.”

Mr Mal Stewart, General Manager, Civil



## Case Study - Karara Bulk Earthworks and Concrete Package

**Client:** Karara Mining Limited

**Scope of Works:** Concrete and Bulk Earthworks

**Value:** \$114 million

**Location:** Mid-West Western Australia

**Duration:** Approx 14 months

**NRW employees:** 300-400

Of particular strategic importance to NRW in 2010 was the award of the Karara Iron Ore Project \$114 million Bulk Earthworks and Concrete Package, encompassing most of the preliminary construction work for the iron ore crushing and processing facility.

Representing the largest major concrete works package NRW has undertaken, this project includes the construction of major concrete foundations and structures for the plant and associated infrastructure, including Ball Mills, Primary and Secondary Crushers, Load out vault, and conveyor trestle foundations. The pouring of more than 40,000m<sup>3</sup> of concrete is a major component of the project.

As well as site earthworks and concrete foundations, the contract includes construction of site drains, site roads, a retention pond and the all-weather airstrip. The earthworks and roadworks for the plant site and associated infrastructure have an approximate total volume of bulk earthworks of 500,000 cubic metres of cut to fill and borrow to fill which takes into account approximately 18 kms of roadworks. NRW's internal division, Action Drill and Blast, is carrying out approximately 50,000 cubic metres of drill and blasting.





# Mining

The division provides contract mining services to resource and minerals companies and has extensive experience in remote locations. Significant work has been undertaken in the iron ore, gold, manganese and mineral sand sectors. Services include earth moving, waste and ore mining, drill and blast, ore haulage and related ancillary services.

Revenue was \$201 million (2009: \$189.4 million) in the 2010 financial year, representing a 6% increase. The Division's revenue was derived primarily from commencement of new and continuation of various existing projects for Rio Tinto Iron Ore, Fortescue and OM Holdings. Although the year on year revenue growth was only modest, the division delivered on a core component of our mining services strategy, which is to continue to extend the tenure of our mining contracts giving the group increased visibility on future earnings.

The mining division's most significant contract win of the year was the award of a four year contract to undertake mining operations at Western Turner Syncline for Rio Tinto together with NRW's Indigenous joint venture partner Eastern Guruma. This contract commenced mobilisation midway through the second half of FY2010. The division also undertook works at Simandou (Guinea), Tom Price and Hope Downs for Rio Tinto; Bootu Creek for OM Holdings and Christmas Creek for Fortescue.

The division has established a reputation for reliable delivery of services and additional opportunities are being pursued in the iron ore, coal and gold sectors within Australia as well as opportunities overseas predominately in West Africa building on the experience gained in Guinea.

“Western Turner Syncline is a significant mining contract and the culmination of months of hard work and dedication. It symbolises a step in the right direction towards our overall strategic plan of strengthening our mining portfolio.”

Mr Willie Rooney, Managing Director, NRW Civil and Mining

## Contracts awarded and extensions during the period were:

- ▶ Rio Tinto Iron Ore: Mine and transport iron ore at the Western Turner Syncline deposit.
- ▶ Fortescue Metals Group: Waste and Ore mining at Fortescue's Christmas Creek Eyre pit.
- ▶ Simfer SA (Rio Tinto Guinea): Simandou Pre Development (Guinea, West Africa) - Exploration access, infrastructure development and trial mining.

## Outlook

Consistent with the civil division's outlook the mining contracting opportunities have also been affected by delays due to the RSPT, however those opportunities are now resurfacing with the pipeline of new projects growing strongly.

The mining division is focused on retaining, supporting and providing the best possible service to all of our existing projects whilst achieving further growth into the 2011 financial year through potential areas of opportunity particularly in Western Australia, Queensland and West Africa.

As part of our ongoing strategy to grow our mining business and increase our long term earnings visibility we continue to focus our attention on further diversification of client and commodity.







### Case Study - Simandou

NRW has been operating in Simandou, Guinea (West Africa) for Rio Tinto since 2007, assisting with site access and drill pad development.

The original scope of works developed into further works over the last three years and now includes the Beyla airstrip, surface mining trials, the National/Regional Roads Program and drill pad and access road construction at Simandou Mountain.

During time on site NRW has:

- ▶ Established onsite offices and workshop facilities
- ▶ Established labour, materials and plant suppliers in Guinea and Europe
- ▶ Accelerated the onsite drill pad development and rehabilitation program
- ▶ Completed the Beyla airstrip
- ▶ Constructed a new access road to Oueleba
- ▶ Completed the Canga East, Moribadou and Beyla road upgrades
- ▶ Completed the surface mining trial
- ▶ Maintaining villages and National roads
- ▶ Pre construction earth works
- ▶ Leach drainage for waste water refuse
- ▶ Helipad construction
- ▶ National highway upgrade Beyla to N'Zerekore

This project is an example of NRW's geographical diversification strategy which provides a competitive advantage as we pursue further opportunities in the region.









# Action Drill and Blast



“Our team has built a significant pipeline of opportunities which it is now actively tendering.”

Mr Warren Fair, General Manager,  
Action Drill & Blast

NRW established Action Drill and Blast to provide a broader range of services and capabilities to our customers and to address the lack of competitive alternative solutions currently available in the market. The Drill and Blast business commenced operations at the Western Turner Syncline and Chichester Deviation projects and will continue operations for the life of these contracts.

## Outlook

NRW has identified further opportunities for development of the Drill and Blast division in Western Australian iron ore as well as the coal sector in the Queensland Bowen Basin region. Our drill and blast capabilities are being marketed throughout the industry and our team has built a significant pipeline of opportunities which it is now actively tendering.

## Case Study - BHP Billiton Iron Ore's RGP5

Action Drill and Blast is carrying out the civil drill and blast on BHP Billiton Iron Ore's RGP5. Safety remains the highest priority on site and the proximity to heritage sites and the active rail requires skilled, controlled blasting.

### Duration:

Approx 5-6 months

### Average Production Rate:

3,500bcm per day

### Equipment Used:

- ▶ 4 x top hole hammer drills (THH):
  - Atlas Copco F9C
  - GD5000,
  - Pantera 1500
  - Montabert
- ▶ 2 Explosive trucks (MPUs)



**Action  
Drill & Blast**



# Action Mining Services

Action Mining Services (AMS) provides earthmoving and mining equipment repairs to all brands of equipment. A comprehensive mechanical repair and rebuild facility, sand blasting, painting, boiler making repair and fabrication services are offered to our clients.

A separate fabrication and assembly shop is also on the premises where 6x4 and 8x4 service truck and water tanker fabrication is undertaken. These products are fully mine site compliant and are marketed to both resources and mining services companies.

Revenue for the Services Division was \$24.5 million (2009: \$25.6 million); growth remained static due to a significant decline in activities in the resources sector.

Product/Service Line	Revenue
Service & Water Trucks Division	9.0
Mechanical Division	9.6
Other	6.2
<b>Total (\$M's)</b>	<b>\$24.5</b>

The service, water truck and mechanical divisions comprised 75% of total sales for AMS and it is expected that demand will steadily increase in the mining sector in line with the commencement of projects in the second half.

## Outlook

The outlook for continuing growth within the services division remains influenced by investment in the resources and oil and gas sector. However with several large projects commencing in WA the outlook remains positive particularly from the second half, with AMS well placed to take advantage of growth.

Apprentice development continues to be a focus with current apprentice numbers at 28 with intakes occurring January and July. Apprentices complete the first two years at Action Mining Services and are then rotated throughout the various NRW Civil and Mining sites to gain practical site experience.

In addition, fabricated products comprising service modules, water tankers, Drill support trucks and our range of Modified High Cube Sea-Containers, purpose built Maintenance orientated Site workshop Sea-Containers have been successfully developed and remain highly regarded throughout the industry. It is expected that the future will provide strong demand from customers both in the Civil and Mining industry. New products within this field that take advantage of our AMS skill base and the group customer relationships are currently being developed to widen the client base and sales locations within Australia.

## Case Study: AMS at Gorgon

The Gorgon project has been favourable to Action Mining Services generating a steady revenue stream. Work related to the Gorgon Project continues to perform well with one formalised quarantine contract in place with a major Gorgon contractor. Additionally, new Gorgon related contractors continue to approach Action Mining Services for quarantine work with various clients requesting additional repairs, site specification requirements, modifications and alterations for equipment of all types.

Action Mining Services continues to receive further enquiries regarding formal Quarantine contracts from other engaged contractors on the Gorgon project which are highly likely to materialise during the course of the Project life. Action Mining Services Management continues to review additional opportunities relating to quarantine works on the Gorgon Project.







“The outlook remains positive particularly from the second half, with Action Mining Services well placed to take advantage of growth.”

Mr Rob Roper, Action Mining Services,  
General Manager.

Promac achieved revenue of \$17.1 million compared to \$31.8 million in 2009. The Promac entity ceased trade in July 2010. After several years of disappointing results and a restructure in March 2009 the Board and management took the view the Promac business did not form part of core operations.

Although \$15 million of the total sales were external, margins for the products continued to be competitive. It has been determined that the company's resources can be better employed to grow the Civil, Mining and Drill and Blast divisions.





# Human Resources

“At the end of the first year of the Western Turner Syncline contract NRW anticipate 25 percent Indigenous involvement, rising over the course of the Contract with the goal of reaching 50 percent by the completion of the Contract.”

Mr Keith Bassett, General Manager Human Resources

NRW's current and future success' is directly linked to that of our people. We are driven to provide our people with a workplace that provides excellent reward, combined with development opportunities and most importantly, attention to safety.

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.

The last 12 months has seen an excellent up take of training opportunities with strong participation and progress by our work-force towards formal qualifications in the form of the Certificate II in Metalliferous Mining as well as the Diploma of Management and Advanced Diploma of Management. These qualifications are encouraged by our Health Safety, Training and Environment department and are open to all site based operational employees.



## Case Study - PowerUP

NRW is committed to providing real opportunities to Indigenous Australians with no relevant industry experience but who would like to break into the resources industry. NRW's Indigenous Development Program, PowerUP, engages suitable participants in our innovated work-start program.

The only necessary prerequisites are possessing a normal manual driver's licence, being healthy and having an eagerness to be employed. PowerUP differs from similar programs in that participants are guaranteed full time work upon satisfactory completion.

The four week program consists of a daily routine with a 7am start and a 5pm conclusion. Five core units from Certificate II Metalliferous Mining Operation Operations are also part of the course requirements. Participants are exposed to a simulator and hands-on activities in a controlled 'real life mining pit' in haul truck and roller operations.

Training consists of the following:

- ▶ Mentoring
- ▶ Senior First Aid
- ▶ Traffic control & Management
- ▶ Life style skills whilst on site
- ▶ Financial management awareness
- ▶ HR training and licence acquisition
- ▶ Mandatory cultural awareness for working in Pilbara
- ▶ Dump Truck, Roller and Light Vehicle theory and practical
- ▶ Simulator training included.
- ▶ Five core units certificate 2 metalliferous mining:

NRW's most recent PowerUP completed in June 2010, achieved a 100 percent graduation rate. All twelve trainees are now employed on current NRW projects.





Rapid response to mobilisation needs in conjunction with client requirements remains a strong focus for the Human Resources department and NRW boasts a dedicated recruitment and mobilisation team who understand that delays in sourcing the right candidates equates to real economic cost to both NRW and our clients.

As at 30 June 2010, the NRW Group had a total workforce of approximately 1,614. Our workforce includes 147 Indigenous employees and sub contractors and 23 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.

NRW has implemented several Indigenous training programs including PowerUP in conjunction with the Department of Education, Employment and Workplace Relations. The PowerUP program provides training and employment opportunities for long term unemployed. NRW also conducts its Cultural Awareness Program for all employees and sub contractors with PEEDAC Pty Limited (an Indigenous training organisation). It is through these initiatives that NRW has maintained a significant and highly valued Indigenous workforce.

## Training and Assessment

During 2010 NRW continued its nationally accredited Certificate II in the Metaliferous Competencies for all operators employed by the Company.

To date 901 employees have successfully completed the 'Five Core Unit' workshops and have received a nationally accredited qualification for the plant which they operate. This programme has proven very popular with NRW employees with many having attended the courses in their own time and has proven commercially valuable as clients continue to focus on the training and certification of operators.

The introduction of the Certificate II in the Metaliferous Competencies has achieved considerable attention from BHP Billiton Iron Ore in particular with recognition of the independent nature of the assessment assisting in the fast tracking of the Verification of Competency (VOC) process at project start up.

NRW introduced the Diploma of Management (Cert IV) for all Managers and Supervisors and to date approximately 145 employees are studying the four modules. This Diploma has been specifically tailored to train our management team in the management of our business.

### Case Study: Community Support

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

One such initiative is the annual Murdoch University Chiropractic field trip to remote Western Australia sponsored by NRW. During August 2010, a group of final year Murdoch University Chiropractic students spent ten days in Tom Price providing free treatment to miners, the community and Indigenous people at Wakathuni and Jigalong.





# Health, Safety & Environment

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

Mr Bob McNair, General Manager, HSE & T

## Health & Safety

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

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 saw the continuation of the Bodysmart program, 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 (OHN). The health programme also has been extended to include personal dust monitoring and noise surveys which are also conducted by the OHN.

It was pleasing to note a decrease in the LTIFR to 1.8 and a corresponding decrease in AIFR to 12.62. Total man hours for the period was 3,327,100.

## Environment

NRW maintained certification to AS/NZS ISO 14001: 2004 Environmental Management Systems which covers Environmental Management Systems in the civil engineering and mining industries. This certification reinforces NRW's commitment to maintaining strict environmental protocols on all projects undertaken. This certification is also subject to continuing audit by external agencies.

## Quality Assurance

NRW maintained certification to ISO standard 9001: 2008 and AS/NZS 4801 (achieved in May 2009) for its Quality Management System.

## Case Study: Environmental Surety at Cape Preston

Constructing a breakwater more than 2.5 kilometres into the sea presents an enormous challenge, particularly if the waters encompassing the breakwater are in a proposed marine park and island nature reserves are in close proximity. It was clear from project inception that the Cape Preston earthworks and breakwater package represented a high environmental risk.

Every team member had a role to play to ensure the conservation values associated with this coastal environment were maintained.

Environmental education was delivered throughout the project to raise awareness of the area's conservation significance.

Potential impacts to turtles, whales, migratory birds and coral habitats were identified and construction techniques employed to mitigate these risks.

Constant water turbidity monitoring occurred during the breakwater construction. Exclusion zones were established around beaches utilised by turtles and lighting was redirected away from the beaches in order to minimise light spill.





# Company Outlook



The outlook for the NRW Holdings Limited Group is optimistic and we look forward to continuing our strong growth profile during the 2011 financial year. We see demand for civil and mining services becoming robust in the second half of FY11 with expectations of high demand for services continuing through FY12 and beyond.

At the present time the civil and mining tender activity is gaining momentum however the overall environment still remains very competitive.

Following a restructure of our business model and reporting lines for the FY11 year a new strategy has been developed and is now being implemented to continue the outstanding growth profile consistent with our performance to date. We are committed to building new revenue streams through expansion of services in our core businesses. We will carefully consider targeted acquisitions that increase NRW's relevance to our customers and that enable the Group to maintain our strong return on capital employed.

The key to our successful business model is to continue offering the best possible service to our clients where our solid reputation has been built over many years by the quality of work and the outstanding effort and diligence of our people.

In addition to servicing the expanding iron ore sector, NRW's civil construction business will grow its footprint through capitalising on opportunities in the Oil and Gas sectors where our skills and track record allow a natural entry and where significant expansion is expected over the next 12-24 months.

In Queensland, the appointment of a civil construction manager will enable the assessment of tender opportunities independently and by way of partnering in both the resources and government works sectors.

NRW's mining division expects to capitalise on greenfields projects and potential expansion of existing projects in Western Australia, as well as continuing to identify opportunities in the coal market, particularly in Queensland.

The African continent continues to be an area of specific interest to complement the operations already being carried out in Guinea for Rio Tinto. NRW is actively tendering opportunities in West Africa.

The newly established Action Drill and Blast business has the potential to grow strongly and has the opportunity to be a significant future contributor to NRW's customer-focused capabilities and earnings over the coming years.

Action Mining Services is expected to be a stable contributor and an improved outlook should evolve through product development and through expected gains in sector momentum into the second half of 2011.

NRW is conservatively geared, generating strong cash flows with strong return on capital employed. We have the capacity for strong growth into FY11/12 contingent upon prevailing market influences. Revenue growth for FY11 is expected to be in the range of 15 percent to 20 percent with continuation of a tight margin environment.

**Mr Julian Pemberton,**  
Managing Director and Chief Executive Officer



# Chief Financial Officer Financial Year in Review

“The balance sheet is in excellent shape to underpin expansion opportunities as well as the growth expected in FY11.”

Mr Mark Wallace, Chief Financial Officer, NRW Holdings

The 2010 financial year was another year of controlled growth across the NRW Civil & Mining operations. The NRW Group increased revenue and net earnings (excluding the write down of goodwill) in a challenging economic environment.

The Group continued to achieve high returns on average capital employed through a combination of high utility of plant, project execution and a clear focus on balance sheet, cash and resource allocation.

## Capital Expenditure

NRW increased capital expenditure primarily in the first half of FY10. Most of the plant and equipment purchased was for long term projects being undertaken by the Mining division.

In total, an amount of \$60 million of capital goods, leasehold improvements and consumable items were acquired during the year ended 30 June 2010 compared to \$25 million in FY09. The purchases of mobile equipment were heavily discounted, due to the prevailing economic conditions, and replacing capital hired on a long term basis.

## Cash flow

Operating cash flow was strong overall with minimal investment of cash being tied up in net working capital - a good outcome given that new projects had commenced and revenue had increased by \$100 million.

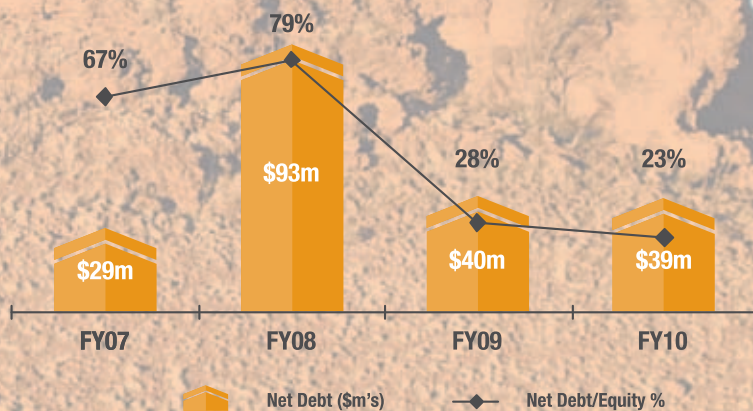
Following a difficult calendar year ended 31 December 2009, the company's cash conversion rate dramatically improved in the second half of FY10.

## Balance Sheet & Debt

Following 2008, NRW's management undertook a program of de-gearing the balance sheet in order to strengthen the company during the financial downturn. In FY09 net debt to equity was 28 percent and despite an increase in capital expenditure during FY10, net debt for the Group continued to trend at a conservative level of 23 percent. *See graph.*

\$m's except where stated	June 10	June 09	Change %
Revenue	\$609.7	\$509.6	20%
EBIT (excluding goodwill expense)	\$62.4	58.7	6%
EPS (cents)	0.14	0.15	(6%)
Interest cover (x times)	7.3	6.8	6%
Net debt to equity	23%	28%	(18%)
Return on equity %	20%	26%	(23%)
Return on average capital employed %	33%	33%	-





The balance sheet is in excellent shape to underpin expansion opportunities as well as the growth expected in FY11. Sufficient funding facilities have been agreed with financiers and currently the group has a total capacity in excess of \$270 million, of which there is \$170 million in headroom available if required.

### Taxation & Franking Credits

Company income tax increased in 2010 despite lower profit than 2009. The increase is due to the non-deductibility of the goodwill write off related to Promac in 2010 and the concessions gained in 2009 from the Federal Governments investment allowances for purchases of plant and equipment.

The company has built up sufficient franking credits to fully frank dividends for the foreseeable future.

### Systems

NRW has implemented new management systems to improve transparency of project performance, resource allocation and cash management to assist on-site project managers as well as the corporate management of the company.

The systems are designed so as to integrate information pertaining to all facets of the business including human resource, plant assets, project costing and supply chain management in a timely manner.

We will continue to develop the business' systems and tools in order to provide better management of risk with the aim of providing beneficial outcomes for all our stakeholders.

**Mr Mark Wallace**  
Chief Financial Officer







# Corporate Governance Statement



## 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 2010.

In addition, the Company has a Corporate Governance section on its website: [www.nrw.com.au](http://www.nrw.com.au) 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 2010, and the main corporate governance practices in place are set out below.

## Principle 1: Lay Solid Foundation for Management and Oversight

The Board has implemented a Board Charter that details its functions and responsibilities together with those of the Chairman and individual Directors.

Key responsibilities of the Board include:

- ▶ approving the strategic objectives of the Group and establishing goals to promote their achievement;
- ▶ monitoring the operational and financial position and performance of the Group;
- ▶ ensuring the Directors inform themselves of the Group's business and financial status;
- ▶ establishing investment criteria including acquisitions and divestments, approving investments, and implementing ongoing evaluations of investments against such criteria;
- ▶ providing oversight of the Company, including its control and accountability systems;
- ▶ exercising due care and diligence and sound business judgment in the performance of those functions and responsibilities;
- ▶ considering and approving the Group's budgets;
- ▶ reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- ▶ monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available;
- ▶ ensuring that business risks facing the Group are, where possible, identified and that appropriate monitoring and reporting internal controls are in place to manage such risks;
- ▶ approving and monitoring financial and other reporting; and
- ▶ ensuring the Company complies with its responsibilities under the Corporations Act, the ASX Listing Rules, the Company's Constitution and other relevant laws and regulations.

## Principle 2: Structure of the Board to Add Value

### BOARD COMPOSITION

Details of the Directors in office at the date of this report, including their qualifications, experience, date of appointment and their status as non-executive, independent or executive Directors are set out in the Director's Report.

The Board Charter (a copy of which has been published on the Company's website) currently provides that at least one third of its Directors will be independent non-executive directors and that the Chairman must also be an independent non-executive director.

The Board currently has three Directors, two of whom are non-executive. The two non-executive Directors, including the Chairman, are considered to be independent.

The roles of the Chair and Managing Director are exercised by different individuals.

### INDEPENDENT DECISION-MAKING

The Board agrees that all Directors should bring an independent judgement to bear in decision-making.

Accordingly, the Board:

- ▶ has adopted a procedure for Directors to take independent professional advice if necessary at the Company's expense (with the prior approval of the Chairman, which will not be unreasonably withheld)
- ▶ as much as is reasonably practicable within the constraints of its current Board size and structure, the Board sets aside sessions at its scheduled meetings to confer without management present
- ▶ has described in the Board Charter the considerations it takes into account when determining independence.

## DIRECTOR INDEPENDENCE

The Board's Charter lists relationships it takes into account when determining the independent status of Directors.

Criteria that the Board takes into account when determining Director Independence include:

- ▶ is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company (as defined in section 9 of the Corporations Act 2001);
- ▶ has not, within the last 3 years, been employed in an executive capacity by a member of the Group, or been a director after ceasing to hold any such employment;
- ▶ has not, within the last 3 years, been a principal of a material professional adviser or a material consultant to the Group, or an employee materially associated with the service provided;
- ▶ is not a material supplier or customer of the Group, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
- ▶ has no material contractual relationship with the Group other than as a director of the Company;
- ▶ has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- ▶ is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Board has reviewed the independence status of its Directors and has determined the following Directors to be "independent" (in accordance with the criteria listed above):

- ▶ Dr Ian Burston (Chairman)
- ▶ Mr Michael Arnett.

The period of office held by each director in office is as follows:

Director	Date Appointed	Period in office	Due for Re-election
Dr. Ian Burston	27 July 2007	3 years	2010 AGM
Mr. Jeff McGlinn	10 February 2006	4 years	Not applicable
Mr. Michael Arnett	27 July 2007	3 years	2011 AGM
Mr. Julian Pemberton	1 July 2006	4 years	Not Applicable

Mr McGlinn resigned as an Executive Director and as Chief Executive Officer effective 7 July 2010.

## CONFLICTS OF INTEREST

A Director's obligations to avoid a conflict of interest are set out in the Board Charter and reinforced in the Code of Conduct - The Company's Obligations to Stakeholders.

Directors and employees of the Company are expected to act at all times in the Company's best interests and to exercise sound judgment unclouded by personal interests or divided loyalties. They must avoid the appearance of, as well as actual, conflicts of interest both in their performance of duties for the Company and in their outside activities.

The Charter states that Directors must comply strictly with Corporations Act requirements and the Board Charter for the avoidance of conflicts.

## NOMINATION AND REMUNERATION COMMITTEE

The Board has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's role and responsibilities, composition and membership requirements.

### Nomination responsibilities:

The role of the Nomination and Remuneration Committee when carrying out its Nomination responsibilities includes:

- ▶ identifying nominees for directorships and other key executive appointments;
- ▶ the composition of the Board;
- ▶ ensuring that effective induction and education procedures exist for new Board appointees and key executives; and
- ▶ ensuring that appropriate procedures exist to assess and review the performance of the Chair, executive and non-executive directors, senior management, Board committees and the Board as a whole.

The responsibilities of this Committee with respect to remuneration are set out under Principle 8.

## Composition of the Committee

The Committee Charter states that the composition should include:

- ▶ a minimum of three members, the majority of whom must be independent, and
- ▶ a Chairman who is an independent Director.

Committee membership is disclosed in the Directors Report included as part of the Annual Report along with details of meetings attended. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASXCGC Principles.

During the 2010 financial year two meetings of the Nomination & Remuneration Committee were held. Certain responsibilities of the Nomination and Remuneration Committee were also considered at Board meetings by the full Board as required.

## SELECTION, APPOINTMENT, INDUCTION AND CONTINUING DEVELOPMENT PROCESSES

Directors must retire at the third AGM following their election or most recent re-election. At least one third of Directors must stand for election at each AGM. Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Re-appointment of Directors by rotation is not automatic (the above retirement and re-election provisions do not apply to the Managing Director).

All notices of meeting at which a Director is standing for election or re-election are accompanied by information to enable shareholders to make an informed decision.

As part of the induction process, meetings will be arranged with other Board members and key executives prior to the Director's appointment.





All Directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, to be paid for by the Company where appropriate.

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the Annual Report is set out in the Directors Report included in the Annual Report.

The Board will undertake an annual performance evaluation that reviews:

- ▶ performance of the Board against the requirements of the Board Charter;
- ▶ performance of Board Committees against the requirements of their respective Charters;
- ▶ individual performances of the Chair, Managing Director, Directors, and Chief Executive Officer and
- ▶ The Board Charter, the Committee Charters and the procedures of the Board with a view to continuous improvement.

## COMPANY SECRETARY

The Company Secretary plays an important role in supporting the effectiveness of the Board by monitoring that Board policy and procedures are followed, and co-ordinating the timely completion and despatch of Board agenda and briefing material. The responsibilities of the Company Secretary are stated in the Board Charter.

All Directors have access to the Company Secretary.

The appointment and removal of the Company Secretary is a matter for decision by the Board.

## Principle 3: Promote Ethical and Responsible Decision Making

### CODE OF BUSINESS ETHICS AND CONDUCT

NRW has adopted a Code of Business Ethics and Conduct that applies to its Directors, management and employees and which seeks to establish the minimum standards the Board believes are necessary to maintain the highest level of confidence for all stakeholders in the integrity of the NRW group. This Code is published on the Company's website.

### SECURITIES DEALING POLICY

The Board has adopted a Securities Dealing Policy that is binding on all Directors, employees, contractors, consultants and advisers to NRW. The Policy is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

This Policy is provided to all new employees at induction. The Company will obtain a periodic acknowledgement from members of the management team of their compliance with this policy.

## Principle 4: Safeguard Integrity in Financial Reporting

### AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has established an Audit and Risk Management Committee to assist the Board in discharging its oversight responsibilities and has adopted a formal Charter that sets out the Committee's role and responsibilities, composition and membership requirements.

The role of the Audit and Risk Management Committee includes:

- ▶ reviewing the integrity of management's presentation of the Company's financial position;
- ▶ reviewing the integrity of management reporting on Company performance in all other key operational compliance areas subject to external audit, and
- ▶ ensuring the independence and competence of the Company's external auditors.

In order to assist the Audit and Risk Management Committee, chartered accountants and business advisors Grant Thornton have been engaged to conduct internal audit of systems and processes for the NRW Holdings Ltd group of companies.

### COMPOSITION OF THE COMMITTEE

The Board has determined that the Audit and Risk Management Committee should comprise:

- ▶ at least three members
- ▶ a majority of independent non-executive directors
- ▶ an independent chair who is not the Chair of the Board.

In addition, the Audit and Risk Management Committee should include:

- ▶ members who are financially literate
- ▶ at least one member with relevant qualifications and experience
- ▶ at least one member with an understanding of the industry in which the entity operates.

Committee membership is disclosed in the Directors Report included as part of the Annual Report along with details of meetings attended. Membership is consistent with the composition requirements of the Charter and the ASX Principles.

The Charter is published on the Company's website. The website also contains information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit partners.

## Principle 5: Make Timely and Balanced Disclosure

The Company is committed to ensuring that:

- ▶ all investors have equal and timely access to material information concerning the Company - including its financial situation, performance, ownership and governance
- ▶ Company announcements are factual and presented in a clear and balanced way.

The Board has adopted a Continuous Disclosure Policy that complies with ASX and other statutory obligations with the Company Secretary responsible for external communications.

## Principle 6: Respect the Rights of Shareholders

The Company is committed to effective communications with its shareholders, providing them with understandable and accessible information about the Company and facilitating shareholder participation at general meetings.

The Board has established a Shareholder Communications Policy, its purpose being to set out in conjunction with the Continuous Disclosure obligations:

- ▶ Company strategy;
- ▶ strategy implementation; and
- ▶ financial results flowing from the implementation of Company strategy.

The full Shareholder Communications Policy is published on the Company website.

## ELECTRONIC COMMUNICATIONS

The Company maintains an up-to-date website on which all ASX and media announcements are posted. Prior to the AGM shareholders are also invited to submit questions to the Company through the office of the Company Secretary.

## EXTERNAL AUDITOR'S AGM ATTENDANCE

The external auditor is required to attend the Company's AGM and to respond to questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

## Principle 7: Recognise and Manage Risk

### RISK MANAGEMENT POLICY

The Company has adopted a Risk Management Policy, the primary objective of which is to ensure that the Company maintains an up-to-date understanding of areas where the Company may be exposed to risk and compliance issues and implement effective management of those issues.

This Policy is published on the Company's website under the Charter of Audit and Risk Management.

Oversight of Risk Management is undertaken by the amalgamated Audit and Risk Management Committee.

This Committee assists the Board in its oversight role by:

- ▶ the implementation and review of risk management and related internal compliance and control systems,
- ▶ monitoring the Company's policies, programs and procedures to ensure compliance with relevant laws, the Company's Code of Conduct and,
- ▶ the establishment and ongoing review of the Company's corporate governance policies, procedures and practices.

The Board require management to report to it, directly, or through the Audit and Risk Management Committee, as to the effectiveness of the Company's management of its material business risks.

The Managing Director is required to report to the Board on the progress of, and on all matters associated with, risk management. The Managing Director is to report to the Board as to the effectiveness of the Company's material business risks at least annually.

NRW has established a risk management foundation that will be developed and enhanced over time to meet best practice standards including the recent appointment of an internal auditor.

The Board has received an assurance from the Managing Director and Chief Financial Officer that there is a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.

## Principle 8: Remunerate Fairly and Responsibly

### NOMINATION AND REMUNERATION COMMITTEE

The Board has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's role and responsibilities, composition and membership requirements.

#### Remuneration responsibilities:

The role of the Nomination and Remuneration Committee when carrying out its Remuneration responsibilities includes:

- ▶ responsibility for providing the Board with advice and recommendations regarding the ongoing development of an executive remuneration policy that:
- ▶ is designed to attract, maintain and motivate directors and senior management with the aim of enhancing the performance and long-term growth of the Company; and
- ▶ clearly sets out the relationship between the individual's performance and remuneration.
- ▶ complies with the reporting requirements relating to the remuneration of directors and key executives as required by ASX Listing Rules, Accounting Standards and the Corporations Act.

The Committee must review the remuneration policy and other relevant policies on an ongoing basis and recommend any necessary changes to the Board.

The composition requirements for and membership of this Committee is consistent with the Charter and with ASXCGC Principles.

Committee membership is disclosed in the Directors Report included as part of the Annual Report along with details of meetings attended.

A copy of this Committee's Charter is on the Company's website.

### EXECUTIVE REMUNERATION

The Board periodically reviews executive remuneration practices with a view to ensuring there is an appropriate balance between fixed and incentive pay, and that the balance reflects short and long term performance objectives appropriate to the Company's circumstances and goals.





Executive remuneration will be published in the Remuneration Report in the Company's Annual Report each year (including the Remuneration Report contained in this Annual Report).

## **NON-EXECUTIVE DIRECTOR REMUNERATION**

ASX guidelines for appropriate practice in non-executive director remuneration are that non-executive directors should:

- ▶ normally be remunerated by way of fees (in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity)
- ▶ not normally participate in schemes designed for the remuneration of executives
- ▶ not receive options or bonus payments
- ▶ not be provided with retirement benefits other than superannuation.

The Company's current practice for remunerating non-executive directors is consistent with these guidelines.

The details of Directors' remuneration are set out in the Remuneration Report contained in the Annual Report.

## **REMUNERATION POLICY DISCLOSURES**

Disclosure of the Company's remuneration policies is best served through a transparent and readily understandable framework for executive remuneration that details the costs and benefits.

The Company intends to meet its transparency obligations in the following manner:

- ▶ publishing a detailed Remuneration Report in the Annual Report each year
- ▶ continuous disclosure of employment agreements with key executives where those agreements, or obligations falling due under those agreements, may trigger a continuous disclosure obligation under ASX Listing Rule 3.1.
- ▶ presentation of the Remuneration Report to shareholders for their consideration and non-binding vote at the Company's AGM
- ▶ taking into account the outcome of the non-binding shareholder vote when determining future remuneration policy and,
- ▶ providing a response to shareholder questions on policy where appropriate.



The 2010 financial year was another year of strong growth across the NRW Civil & Mining operations.



For the year ended 30 June 2010

# Financial Report



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# Director's 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 2010.

## Directors

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

Name	Status	Qualifications, special responsibilities and other Directorships
Dr Ian Burston	Chairman	Dr Ian F Burston was appointed as a Director and Chairman on 27 July 2007.
	Independent Non-Executive Director	<p>His career includes former positions as Managing Director of Portman Limited, Managing Director and Chief Executive Officer of Aurora Gold Ltd, Chief Executive Officer of Kalgoorlie Consolidated Gold Mines Pty Ltd, Vice President – WA Business Development of CRA Ltd and Managing Director of Hamersley Iron Pty Ltd. He was a non-executive Director of the Esperance Port Authority for ten years and executive Chairman of Cape Lambert Iron Ore Ltd, and is currently a non-executive Chairman of Broome Port Authority and Imdex Ltd and a non-executive Director of Mincor Resources NL and Fortescue Metals Group.</p> <p>Dr I F Burston has a Bachelor of Engineering (Mech) degree from Melbourne University and a Diploma in Aeronautical Engineering from Royal Melbourne Institute of Technology. He has completed the Insead Management Course in Paris and the Harvard Advanced Management Program in Boston.</p> <p>He was awarded the Western Australian Citizen of the Year (category of Industry and Commerce) in 1992, the Order of Australia (General Division) in 1993 and an Honorary Doctor of Science (Curtin) in 1995.</p> <p>Dr I F Burston has held the following directorships of listed companies in the 3 years immediately before the end of the financial year:</p> <ul style="list-style-type: none"> <li>▶ Non Executive Chairman, Imdex Limited (Resigned 15 October 2009)</li> <li>▶ Non Executive Director, Mincor Resources NL</li> <li>▶ Non Executive Director, Kansai Mining Corporation</li> <li>▶ Non Executive Chairman, Cape Lambert Iron Ore Limited (Resigned 15 August 2008)</li> <li>▶ Non Executive Director, Fortescue Metals Group</li> <li>▶ Non Executive Director, Carrick Gold Limited (Resigned 2010)</li> <li>▶ Non Executive Director, Condor Nickel Limited (Resigned 2010)</li> </ul>
Jeffery McGlinn	Managing Director	<p>Mr McGlinn was appointed a Director on 10 February 2006 and resigned effective 7 July 2010.</p> <p>Mr McGlinn was the founding Managing Director of NRW. He has over 30 years of experience in civil contracting, mining and marketing.</p> <p>His major responsibilities within NRW were in the areas of Group management and finance including strategy, acquisitions and overall business development.</p>
Julian Pemberton	Chief Executive Officer and Managing Director	<p>Mr Pemberton was appointed as a Director on 1 July 2006. Appointed as Chief Executive Officer &amp; Managing Director 7 July 2010.</p> <p>He has over 20 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, General Manager and Chief Operating Officer for NRW prior to his current role.</p>
Michael Arnett	Non-executive Director	<p>Mr Arnett was appointed as a Director on 27 July 2007.</p> <p>Michael Arnett is a consultant to and former partner of and member of the Board of Directors and national head of the Natural Resources Business Unit of the law firm Deacons. Michael has been involved in significant corporate and commercial legal work for the resource industry for over 20 years.</p> <p>Mr Arnett has held the following directorships of listed companies in the 3 years immediately before the end of the financial year:</p> <ul style="list-style-type: none"> <li>▶ Non Executive Director, Anzon Australia Limited (Resigned 2008)</li> <li>▶ Non Executive Director, Anzon Energy Limited (Resigned 2008)</li> <li>▶ Non Executive Director, Archipelago Resources PLC</li> <li>▶ Non Executive Director, Axiom Mining Limited (Resigned 2008)</li> <li>▶ Non Executive Director, Queensland Energy Resources Limited</li> <li>▶ Chairman, New Guinea Energy NL</li> <li>▶ Non Executive Director, Nexus Energy Limited</li> </ul>



## 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.

## 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
Ian Burston	5	5
Michael Arnett	5	5
Jeffery McGlenn	4	5
Julian Pemberton	5	5

The Remuneration Committee met once during this period. This meeting comprised of Michael Arnett and Ian Burston as the Remuneration Committee.

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 contracting services
- » mining services
- » equipment rental and sales
- » fabrication, quarantine and repair services
- » drilling and blasting services

## State of Affairs

With the exception of winding up the operations within Promac Rental and Sales Pty Ltd, 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 2010, as well as information on the financial position of the Group, is set out in the Year in Review on pages 4 to 21 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 4 to 21 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 24th September 2010 the relevant interest of each Director in the ordinary share capital of the Company was:

Director	Ordinary Shares (NWH)
Julian Pemberton	2,534,540
Ian Burston	324,992
Michael Arnett	275,000

Transactions between entities within the Group and Director-related entities are set out in Note 38 to the financial statements.

## Dividends

A fully franked interim dividend of \$0.03 per ordinary share was paid during the financial year ended 30 June 2010.

The Directors have declared a fully franked final dividend of \$0.03 cent per share, in relation to 30 June 2010, payable on 29 October 2010.

## Options over unissued Shares or Interests

Other than those mentioned in the remuneration policy, 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 41 of this report.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in note 10 (page 64) 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 10 (page 64) to the financial statements do not compromise the external auditors independence, based on advice received from the Audit and Risk Management 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 \$91,385 (2009: \$150,020).

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
<b>Directors</b>		
Dr I F Burston	Chairman and Non Executive Director	Appointed as Non-executive Director, 27 <sup>th</sup> July 2007
Mr M Arnett	Non Executive Director	Appointed as Non-executive Director, 27 <sup>th</sup> July 2007
Mr J W McGlenn	Managing Director & Chief Executive Officer	Appointed as a Director, 10 <sup>th</sup> February 2006. Resigned, 7 <sup>th</sup> July 2010.
Mr J A Pemberton	Managing Director & Chief Executive Officer	Appointed as Director of the Company 1 <sup>st</sup> July 2006 and as Chief Executive Officer 7 <sup>th</sup> July 2010.
<b>Executives</b>		
Mr K Hyman	Company Secretary, Risk Management & Legal	Appointed 10 <sup>th</sup> July 2007
Mr M Wallace	Chief Financial Officer	Appointed 8 <sup>th</sup> December 2008
Mr NJR Silverthorne	Director – Business Development	Appointed 22 <sup>nd</sup> November 1994
Mr K Bounsell	General Manager – Assets	Appointed 22 <sup>nd</sup> November 1994
Mr W Rooney	Managing Director - Civil and Mining	Appointed 1 <sup>st</sup> October 2008
Mr M Stewart	General Manager – Civil	Appointed 1 <sup>st</sup> July 2008
Mr S Ridley	General Manager – West Coast and Overseas Mining	Appointed 1 <sup>st</sup> March 2010
Mr P Miguel	Manager Project Plant & Equipment	Appointed 20 <sup>th</sup> July 1998
Mr K Bassett	General Manager – Human Resources	Appointed 2 <sup>nd</sup> March 2004
Mr S Lucas	General Manager - East Coast Mining	Appointed 1 <sup>st</sup> 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)

## PRINCIPLES OF COMPENSATION

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

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

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

Historic Performance (since listing):

Measure	2010	2009	2008	2007 <sup>(2)</sup>
Market Capitalisation	\$246.2 million	\$238.7 million	\$489.9 million	-
Market Capitalisation at IPO	\$502.5 million	\$502.5 million	\$502.5 million	-
Share Price at end of year	\$0.98	\$0.95	\$1.95	-
Share Price at beginning of year	\$0.95	\$1.95	-	-
Net Profit After Tax	\$35.1 million <sup>(1)</sup>	\$37.1 million	\$32.8 million	\$13.8 million
Interim Dividend paid	\$0.03	\$0.01	\$0.04	-
Final Dividend declared in respect of the year	\$0.03	\$0.01	\$0.0423	-

(1) Excludes writedown of goodwill associated with Promac of \$2.71 million

(2) NRW Holdings Limited floated on the ASX on 5 September 2007. Prior to this date comparative concepts were not available.

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

## FIXED COMPENSATION

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

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

## PERFORMANCE LINKED COMPENSATION

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

## IN-SUBSTANCE OPTIONS

Limited recourse loans were issued to key management personnel whereby loans were to be repaid 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 was 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).

The loans have all been repaid in full and at 30 June 2010 no balance remains unpaid.

No new issues have been provided under this arrangement in the year to 30 June 2010. Historically the balance of 4,999,128 ordinary shares have been issued and remain unchanged.

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 (2009: \$0).

## LONG TERM INCENTIVE

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

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

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

## 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 for the year ended 30 June 2010, executive service agreements with each of Jeffrey McGlenn as Chief Executive Officer, John Silverthorne as Director – Business Development, 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-complete provisions restraining the executives from operating or being associated with an entity that competes with the business of NRW in Western Australia for 12 months after termination;
- ▶ provide for annual salaries of \$1,510,000 for Jeffrey McGlenn and \$1,000,000 for John Silverthorne who in addition receive statutory superannuation contributions, motor vehicle benefits and other fringe benefits. Julian Pemberton has packaged arrangements where by his service agreement allows for a package of \$800,000 for year ended 30 June 2010;
- ▶ 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.

## DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (COMPANY AND GROUP)

The 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 outlined in the following tables.

## Directors' and executive officers' remuneration (Company and Group)

IN AUD \$ 2010		Short Term Benefits			Post Employment Benefits	Other Long Term Benefits	Share Based Payments		Total
KEY MANAGEMENT PERSONNEL	Salary & fees	STI cash bonus	Non cash benefit <sup>(1)</sup>	Annual Leave <sup>(2)</sup>	Superannuation	Other <sup>(3)</sup>	Equity	In substance options	Total
		\$	\$	\$	\$	\$	\$	\$	\$
<b>DIRECTORS</b>									
Mr J W McGlinn <sup>(4)</sup>	1,787,583	-	37,759	44,535	197,481	-	-	-	2,067,358
Mr J A Pemberton	677,433	-	108,546	51,966	13,745	13,333	-	-	865,023
<b>NON-EXECUTIVE DIRECTORS</b>									
Dr I Burston	91,743	-	5,320	-	8,257	-	-	-	105,320
Mr M Arnett	80,000	-	-	-	7,200	-	-	-	87,200
<b>EXECUTIVES</b>									
Mr NJR Silverthorne	999,999	-	104,990	76,716	90,000	-	-	-	1,271,705
Mr K Bounsell	400,000	-	74,779	22,994	36,000	6,666	-	-	540,438
Mr M Wallace	339,917	-	-	17,403	30,593	-	-	-	387,912
Mr M Stewart	595,256	-	41,294	-	54,000	-	-	-	690,550
Mr W Rooney	713,479	-	18,622	6,281	64,213	-	-	-	802,595
Mr K Hyman	243,118	-	3,306	13,041	21,881	4,912	-	-	286,257
Mr S Ridley <sup>(5)</sup>	107,692	-	-	12,170	9,692	-	-	-	129,555
Mr P Miguel	244,477	-	9,463	-	22,706	4,833	-	-	281,480
Mr K Bassett	258,320	-	-	-	23,848	-	-	-	282,168
Mr S Lucas	373,803	-	33,207	30,222	33,642	-	-	-	470,875
<b>Total Compensated (Consolidated)</b>									
	<b>6,912,820</b>	-	<b>437,286</b>	<b>275,328</b>	<b>613,258</b>	<b>29,744</b>	-	-	<b>8,268,436</b>

(1) - The non cash benefits comprise fringe benefits including motor vehicle allowances and related expenses offered to key management personnel.

(2) - Represents accrued annual leave movement FY 2010; this item represents an accrual only.

(4) - Resigned, 7 July 2010.

(3) - Represents accrued long service leave movement for the FY 2010; this item represents an accrual only.

(5) - Appointed 1st March 2010.





IN AUD \$ 2009	Short Term Benefits				Post Employment Benefits	Other Long Term Benefits	Share Based Payments		Total
	Salary & Fees \$	STI Cash Bonus \$	Non Cash Benefit <sup>(1)</sup> \$	Annual Leave <sup>(5)</sup> \$	Superannuation \$	Other <sup>(3)</sup> \$	Equity \$	In substance options <sup>(6)</sup> \$	Total \$
<b>DIRECTORS</b>									
Mr J W McGlinn	1,510,000	-	197,555	149,277	147,639	58,048	-	-	2,062,519
Mr J A Pemberton	645,421	-	109,714	82,301	13,745	79,982	-	110,218	1,041,381
<b>NON-EXECUTIVE DIRECTORS</b>									
Dr I F Burston	100,000	-	2,846	-	9,000	-	-	-	111,846
Mr M Arnett	80,000	-	-	-	7,200	-	-	-	87,200
<b>EXECUTIVES</b>									
Mr K Hyman	238,144	-	61,428	24,755	21,433	11,711	-	-	357,471
Mr M Wallace <sup>(4)</sup>	148,200	-	5,566	5,960	13,338	-	-	-	173,064
Mr M Stewart <sup>(4)</sup>	636,153	-	15,245	28,609	57,254	-	-	-	737,261
Mr W Rooney <sup>(4)</sup>	510,796	-	7,598	25,422	45,972	-	-	-	589,788
Mr P Miguel	250,091	-	15,974	14,021	22,508	18,086	-	-	320,680
Mr K Bassett	256,240	-	-	8,198	23,062	-	-	-	287,499
Mr NJR Silverthorne	1,000,000	-	140,443	76,711	90,000	17,247	-	-	1,324,401
Mr S Lucas	300,000	-	43,169	23,013	27,000	-	-	-	393,182
Mr K Bounsell	400,000	-	103,308	2,992	36,000	6,899	-	-	549,199
<b>Total compensation (Consolidated)</b>	<b>6,075,045</b>	<b>-</b>	<b>702,846</b>	<b>441,259</b>	<b>514,151</b>	<b>191,973</b>	<b>-</b>	<b>110,218</b>	<b>8,035,491</b>

(1) - The non cash benefits comprise fringe benefits including motor vehicle allowances and related expenses offered to key management personnel.

(2) - The key management personnel have terminated their employment.

(3) - Represents accrued long service leave for the FY 2009.

(4) - Mr Mark Wallace appointed as Chief Financial Officer on 8th December 2008, Mr M Stewart appointed as GM Civil on 1st July 2008, Mr W Rooney appointed as MD Mining and Civil on 1st October 2008.

(5) - Represents accrued annual leave for the FY 2009.

(6) - In-substance options relate to the revaluation of loan agreements of key personal staff.

## 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 (excluding superannuation and non cash benefits) to be paid by the Company are as follows:

Director	Fee per annum AUD
Dr I F 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.



**Mr Julian Pemberton**  
Chief Executive Officer



**Dr Ian F Burston**  
Chairman

Perth, 24th September 2010



# Auditor's Independence Declaration

**Deloitte.**

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

Woodside Plaza  
Level 14  
240 St Georges Terrace  
Perth WA 6000  
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The Board of Directors  
NRW Holdings Limited  
73 – 75 Dowd Street  
Welshpool WA 6106

24 September 2010

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 financial year ended 30 June 2010, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



**DELOITTE TOUCHE TOHMATSU**



**A T Richards**  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of  
Deloitte Touche Tohmatsu

# Directors' Declaration

The directors 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 are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity, and
- (d) 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 19 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by 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



**Mr Julian Pemberton**  
Chief Executive Officer



**Dr Ian F Burston**  
Chairman

Perth, 24th September 2010

# Consolidated Statement of Comprehensive Income

	Note	Consolidated	
		2010 \$'000	2009 \$'000
<b>Continuing Operations</b>			
Revenue	6	609,737	509,603
Other income	7	5,887	3,542
Financial income	9	169	207
Financial expenses	9	(8,672)	(8,341)
Materials and consumables used		(120,935)	(84,487)
Employee benefits expense	8b	(150,906)	(125,754)
Subcontractor costs		(101,762)	(89,233)
Depreciation and amortisation expenses	12	(30,025)	(21,102)
Impairment expense	13	(2,710)	-
Plant and equipment costs		(96,954)	(98,731)
Travel and accommodation		(29,998)	(18,729)
Other expenses		(22,641)	(14,997)
<b>Profit before income tax</b>		<b>51,190</b>	<b>51,978</b>
Income tax expense	11	(16,052)	(14,886)
<b>Profit for the year</b>		<b>35,138</b>	<b>37,092</b>
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations	15	(9)	(24)
<b>Total comprehensive income</b>		<b>35,129</b>	<b>37,068</b>
<b>Profit Attributable to:</b>			
Equity holders of the Company	16	<b>35,138</b>	<b>37,092</b>
<b>Total Comprehensive Income Attributable to:</b>			
Equity holders of the Company		<b>35,129</b>	<b>37,068</b>
<b>Earnings per share (cents per share)</b>			
Basic earnings per share (AUD)	17	14.0 cents	15.0 cents
Diluted earnings per share (AUD)	17	14.0 cents	14.9 cents

Notes to the financial statements are included on pages 45 to 86.



For the year ended 30 June 2010

# Consolidated Statement of Financial Position

	Note	Consolidated	
		2010 \$'000	2009 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	20	21,443	20,603
Trade and other receivables	22	168,103	118,293
Inventories	23	13,364	13,181
Other current assets	24	2,723	3,046
<b>Total current assets</b>		<b>205,633</b>	<b>155,123</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	152,936	125,922
Goodwill	13	24,417	27,127
Deferred tax assets	27	1,419	3,608
<b>Total non-current assets</b>		<b>178,772</b>	<b>156,657</b>
<b>Total assets</b>		<b>384,405</b>	<b>311,780</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	25	140,290	98,108
Borrowings	28	29,347	34,722
Current tax liabilities	26	6,748	4,019
Provisions	36	7,036	5,978
<b>Total current liabilities</b>		<b>183,421</b>	<b>142,828</b>
<b>Non-current liabilities</b>			
Borrowings	28	31,510	26,096
Provisions	36	405	602
<b>Total non-current liabilities</b>		<b>31,915</b>	<b>26,698</b>
<b>Total liabilities</b>		<b>215,336</b>	<b>169,526</b>
<b>Net assets</b>		<b>169,069</b>	<b>142,254</b>
<b>Equity</b>			
Issued capital	14	82,211	80,560
Reserves	15	1,602	1,527
Retained earnings	16	85,256	60,167
<b>Total equity</b>		<b>169,069</b>	<b>142,254</b>

Notes to the financial statements are included on pages 45 to 86.

# Consolidated Statement of Changes in Equity

	Fully paid ordinary shares	Foreign currency translation reserve	Option reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2008</b>	<b>79,528</b>	-	<b>1,475</b>	<b>36,213</b>	<b>117,216</b>
Profit for the year	-	-	-	37,092	37,092
Exchange differences arising on translation of foreign operations	-	(24)	-	-	(24)
<b>Total comprehensive income for the period</b>	-	<b>(24)</b>	-	<b>37,092</b>	<b>37,068</b>
Interest on Employee Share Plan loans	-	-	108	-	108
Related income tax	-	-	(32)	-	(32)
<b>Net income recognised directly in equity</b>	-	-	<b>76</b>	-	<b>76</b>
Payment of dividends	-	-	-	(13,138)	(13,138)
Repayment of limited recourse loan as part of the Employee Share Plan	1,032	-	-	-	1,032
<b>Balance at 30 June 2009</b>	<b>80,560</b>	<b>(24)</b>	<b>1,551</b>	<b>60,167</b>	<b>142,254</b>
<b>Balance at 1 July 2009</b>	<b>80,560</b>	<b>(24)</b>	<b>1,551</b>	<b>60,167</b>	<b>142,254</b>
Profit for the period	-	-	-	35,138	35,138
Exchange differences arising on translation of foreign operations	-	(9)	-	-	(9)
<b>Total comprehensive income for the period</b>	-	<b>(9)</b>	-	<b>35,138</b>	<b>35,129</b>
Interest on Employee Share Plan loans	-	-	120	-	120
Related income tax	-	-	(36)	-	(36)
<b>Net income recognised directly in equity</b>	-	-	<b>84</b>	-	<b>84</b>
Payment of dividends	-	-	-	(10,049)	(10,049)
Repayment of limited recourse loan as part of the Employee Share Plan	1,651	-	-	-	1,651
<b>Balance at 30 June 2010</b>	<b>82,211</b>	<b>(33)</b>	<b>1,635</b>	<b>85,256</b>	<b>169,069</b>

Notes to the financial statements are included on pages 45 to 86.

For the financial year ended 30 June 2010

# Consolidated Statement of Cash Flows

	Notes	Consolidated	
		2010	2009
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		568,421	538,583
Cash paid to suppliers and employees		(477,861)	(416,163)
Interest paid		(8,672)	(8,341)
Interest received		289	280
Income tax paid		(11,169)	(26,242)
<b>Net cash provided by operating activities</b>	21	<b>71,009</b>	<b>88,117</b>
<b>Cash flows from investing activities</b>			
Proceeds from the sale of property, plant and equipment		3,686	2,119
Payments for property, plant and equipment <sup>(1)</sup>		(20,960)	(7,254)
<b>Net cash used in investing activities</b>		<b>(17,274)</b>	<b>(5,135)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		10,897	15,145
Repayment of borrowings and finance/hire purchase liabilities		(50,422)	(54,183)
Proceeds from repayment of Employee Share Plan loans	15	1,651	1,032
Payment of dividends to shareholders		(10,049)	(13,138)
Advances to related parties <sup>(2)</sup>	39	(4,972)	-
<b>Net cash used in financing activities</b>		<b>(52,895)</b>	<b>(51,144)</b>
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		20,603	(11,235)
<b>Cash and cash equivalents at the end of the period</b>	20	<b>21,443</b>	<b>20,603</b>

(1) Exclusive of property, plant and equipment acquired by way of finance lease/hire purchase contracts.

(2) Relates to unpaid amounts from certain related parties regarding the settlement deed with Pilbara Iron Company (Services) Pty Ltd ("PICS"). Subsequent to the 30 June 2010, the amount has been received from the related parties.

Notes to the financial statements are included on pages 45 to 86.



# 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 for the year ended 30 June 2010 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, the fabrication and, repairs to plant and equipment and sales of earthmoving equipment. In the financial year ended 30 June 2010, the Group added drilling and blasting activities to its portfolio of services provided. An entity has been set up to operate the drilling and blasting services from 1 July 2010 being a wholly owned subsidiary within the Group – NRW Drill and Blast Pty Ltd.

## 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.

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

The financial statements were authorised for issue by the Board of Directors on 24th September 2010.

### (b) Basis of Measurement

The financial report has been prepared on the basis of historical cost modified by the revaluation of certain non-current assets and financial instruments. 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 revenue earned, but not billed at 30 June 2010, mostly in relation to civil and some mining income claims. These amounts may comprise variations to contract particulars, and changes to scope beyond the original tendered contract. The process requires the client to accept or come to an arrangement with NRW for these types of claims.

#### (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.

#### (iii) Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- ▶ future increases in wages and salaries;
- ▶ future on cost rates; and
- ▶ experience of employee departures and period of service.

### 3. Adoption of new and revised Accounting Standards

#### 3.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 3.2.

##### Standards affecting presentation and disclosure

AASB 101 Presentation of Financial Statements (as revised in September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

AASB 101 (September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard has required the presentation of a third statement of financial position at 1 July 2008, because the entity has applied new accounting policies retrospectively (see below).

AASB 8 Operating Segments

AASB 8 is a disclosure Standard that has resulted in a redesignation of the Groups reportable segments (see note 6).

AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments

The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

Amendments to AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations (adopted in advance of effective date of 1 January 2010)

Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project that the disclosure requirements in Standards other than AASB 5 do not generally apply to noncurrent assets classified as held for sale and discontinued operations.

Amendments to AASB 107 Statement of Cash Flows (adopted in advance of effective date of 1 January 2010)

The amendments (part of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows. Prior year amounts have been restated for consistent presentation.



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

#### 3.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2008-7 Amendments to Australian Accounting Standards Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting A-IFRS for the first time and with the recognition of dividend income from subsidiaries in a parents separate financial statements.
AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of vesting conditions for the purposes of AASB 2, introduce the concept of non-vesting conditions, and clarify the accounting treatment for cancellations.
AASB 123 Borrowing Costs (as revised in 2007) and AASB 20076 Amendments to Australian Accounting Standards arising from AASB 123	The principal change to AASB 123 was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Groups accounting policy to capitalise borrowing costs incurred on qualifying assets.
AASB 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation	The revisions to AASB 132 Financial Instruments: Presentation amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
AASB 2008-8 Amendments to Australian Accounting Standards Eligible Hedged Items	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
Interpretation 15 Agreements for the Construction of Real Estate	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of AASB 111 Construction Contracts or AASB 118 Revenue and when revenue from the construction of real estate should be recognised. The requirements have not affected the accounting for the Groups construction activities.
Interpretation 16 Hedges of a Net Investment in a Foreign Operation	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
Interpretation 17 Distributions of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 Distributions of Non-cash Assets to Owners	The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.



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

Interpretation 18 Transfers of Assets from Customers	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from customers and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with AASB 118 Revenue.
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	In addition to the changes affecting amounts reported in the financial statements described at 3.1 above, the amendments have led to a number of changes in the detail of the Groups accounting policies some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.
AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	In addition to the amendments to AASB 5 and AASB 107 described earlier in this section, and the amendments to AASB 1 17 discussed in section 3.3 below, the amendments have led to a number of changes in the detail of the Groups accounting policies some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. Except as noted in 3.3 below, the changes in AASB 2009-5 have been adopted in advance of their effective dates of 1 January 2010.

#### 3.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project <sup>(1)</sup>	1 January 2010	30 June 2011
AASB 2009-8 Amendments to Australian Accounting Standards Group Cash-Settled Share-based Payment Transactions	1 January 2010	30 June 2011
AASB 2009-10 Amendments to Australian Accounting Standards Classification of Rights Issues	1 February 2010	30 June 2011
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 2009-14 Amendments to Australian Interpretation Prepayments of a Minimum Funding Requirement	1 January 2011	30 June 2012
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	July 2010	30 June 2011

(1) AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project specify amendments resulting from the IASBs annual improvement project to various Australian accounting standards and interpretations. As permitted, the group has early adopted most of the amendments in AASB 2009-5 (refer note 3.2). However, the amendments to AASB 117 Leases have not been early adopted. Adoption of these amendments will potentially result in the reclassification of several leases over land as finance leases. The amendments, which apply retrospectively to unexpired leases from 1 July 2010, remove the guidance from AASB 117 which effectively prohibited the classification of leases over land as finance leases. It is not practical to provide a reasonable estimate of the impact of this amendment until a detailed review of existing leases has been completed.

There are no standards/interpretations following IASB Standards and IFRIC Interpretations but not yet effective, although Australian equivalent Standards/ Interpretations have not yet been issued.



## 4. Significant accounting policies

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

### (a) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

A list of controlled entities is contained in Note 19 to the financial statements. All controlled entities have a 30 June financial year-end with the exception of NRW SARL which has a 31 December 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

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting 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. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

## 4. Significant accounting policies (continued)

### (b) Income tax (continued)

#### Tax consolidation

The Company and all its wholly-owned Australian resident entities are not part of a tax consolidated group under Australian taxation law. Management is reviewing this position and may choose to alter the groups tax consolidated position in the future.

### (c) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to each particular class of inventory, with all categories being valued on a first in first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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.

### (d) 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.

#### a. Property

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are carried in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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.

#### b. 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 date of acquisition.

#### c. 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.

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% - 66.67%

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

Tyres on major plant and equipment have been amortised at effective lives. These effective lives are based on estimated usage and are adjusted for any premature failure or wear so that the amortisation is appropriate to the application of the tyres. All tyres are fully amortised within 12 months of the initial fit date.





## 4. Significant accounting policies (continued)

### (e) 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.

### (f) Financial Instruments

#### (i) 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.

#### (ii) Investments in Subsidiaries

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

#### (iii) 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.

#### (iv) 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, less impairment.

#### (v) 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.

#### (vi) 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.

#### (vii) 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(m) and 4(o).

##### Financial Liabilities

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

## 4. Significant accounting policies (continued)

### 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.

### **(viii) Derivative financial instruments**

The Group enters into occasional derivative financial instruments mainly to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 30 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date if considered material. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

The fair value of a hedging derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### **(ix) Embedded derivatives**

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

### **(x) Hedge accounting**

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.



## 4. Significant accounting policies (continued)

### (xi) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

### (xii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

### (xiii) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the foreign currency translation reserve.

### (xiv) 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.

### (xv) 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.

### (xvi) 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 impairment has arisen. Impairment losses are recognised in the income statement.

## (g) 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.

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.



## 4. Significant accounting policies (continued)

### (h) Intangibles

#### (i) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units, or groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to the other assets of the cash generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or groups of cash-generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

#### (ii) Foreign Currency Transactions and Balances

##### Functional and presentation currency

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

##### Transaction and balances

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

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

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

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

### (i) 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.



## 4. Significant accounting policies (continued)

### (j) 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### (k) 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 grant date fair value of the options recognised at reporting date is credited to Options Reserve.

### (l) 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

### (m) 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).

### (n) 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.

## 4. Significant accounting policies (continued)

### (o) 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.

### (p) Business combinations

The purchase method of accounting is used to account for all business combinations within the scope of AASB 3, regardless of whether equity instruments or other assets are acquired. Cost is measured at the fair value of the assets given, 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 AASB 5 '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.

### (q) Joint Venture Arrangements

#### Jointly Controlled Operations

The Group adopts the proportionate distribution method as permitted under AASB 131. As such incorporated in the Consolidated Group's financial statements are the distribution from the joint venture operations. The Group recognises the assets that it jointly controls and the liabilities that it incurs, along with the expenses that it incurs and the Group's share of the income that it earns from the sale of goods or services by the joint venture.

The joint ventures are characterised as jointly controlled operations rather than establishment of a corporation, partnership or other entity. Each venturer uses its own property, plant and equipment and carries its own inventories as applicable. It also incurs its own expenses and liabilities and raises its own finance which represents its own obligations.





## 5. Segment reporting

The Group adopted in the 2008 year AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 in advance of their effective dates. As such the Group's reportable segments under AASB 8 remain unchanged. Information regarding these segments is reported below. 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 interest bearing loans, borrowings, and corporate assets and expenses. Inter-segment pricing is determined on an arm's length basis.

### (a) Reportable segments

The Board has identified the following reportable segments:

- ▶ Civil Contracting. The provision of civil infrastructure and other construction services including rail formation, concrete works, bulk earthworks and detailed road and tunnel construction.
- ▶ Mining Services. This segment continues to operate in mining contracting services including earth moving, waste stripping, ore haulage and related ancillary services.
- ▶ Equipment Sales. Rental operations effectively ceased 30-06-09. Sales of plant mostly comprised of water and service trucks, spare parts, generators, lighting towers and tyre sales.
- ▶ Fabrication and Repair Services. The provision of equipment repairs, sandblasting and painting services, service truck and water tanker fabrication and import services, including quarantine cleaning.
- ▶ Drilling and Blasting. To provide services to internal and external requirements regarding drilling and blasting activities, commencing in Australia.

### (b) Geographical Information

The Civil Contracting and Mining Services segments aim to service worldwide projects, at present servicing two distinct areas being Australia and West Africa – Guinea. The other segments being Equipment Sales (and Rental in 2009), Fabrication and Repair Services operate predominantly in Australia with some business representation overseas for equipment sales. It is expected these overseas destinations will be a source of future projects and sales turnover.

The following table represents a breakdown of the activity between the two operating segments:

	Revenue from External Customers		Total Assets	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Australia	582,499	479,487	367,356	292,252
West Africa - Guinea	27,238	30,116	17,049	19,527
<b>Total</b>	<b>609,737</b>	<b>509,603</b>	<b>384,405</b>	<b>311,780</b>

## 5. Segment reporting (continued)

### (c) Segment Revenues and Profit

	Segment Revenue		Segment Profit (Loss)	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Civil Contracting	383,556	294,142	38,008	27,737
Mining Services	201,061	189,434	30,634	31,157
Drilling & Blasting Services	6,981	-	500	-
Equipment Rental & Sales <sup>(1)</sup>	17,052	31,833	(3,621)	6,552
Fabrication & Repair Services	24,467	25,578	2,699	3,138
Eliminations	(23,380)	(31,384)	-	-
<b>Total for continuing operations</b>	<b>609,737</b>	<b>509,603</b>	<b>68,220</b>	<b>68,584</b>
Other unallocated expenses			(8,527)	(8,472)
Net finance costs			(8,503)	(8,134)
Income tax expense			(16,052)	(14,886)
<b>Profit for the period</b>			<b>35,138</b>	<b>37,092</b>

(1) 2010 Segment loss includes the write off - goodwill \$2,710,000.

### (d) Segment Assets and Liabilities

Segment assets	Segment Profit (Loss)	
	2010	2009
	\$'000	\$'000
Civil Contracting	226,164	144,732
Mining Services	118,337	93,210
Drilling & Blasting Services	4,114	-
Equipment Rental & Sales	5,699	38,854
Fabrication & Repair Services	28,258	30,202
Other unallocated assets	1,833	4,782
<b>Consolidated assets</b>	<b>384,405</b>	<b>311,780</b>



## 5. Segment reporting (continued)

### (d) Segment Assets and Liabilities (continued)

Segment liabilities	Segment Profit (Loss)	
	2010	2009
	\$'000	\$'000
Civil Contracting	(121,090)	(83,239)
Mining Services	(63,359)	(53,608)
Drilling & Blasting Services	(2,203)	-
Equipment Rental & Sales	(3,619)	(27,250)
Fabrication & Repair Services	(3,364)	(2,841)
Other unallocated liabilities	(21,701)	(2,588)
<b>Consolidated liabilities</b>	<b>(215,336)</b>	<b>(169,526)</b>

### (e) Other Segment Information

	Depreciation and amortisation		Additions to non-current assets	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Civil Contracting	9,156	3,385	39,295	13,785
Mining Services	20,460	14,300	20,560	8,878
Drilling & Blasting Services	31	-	715	-
Equipment Rental & Sales	76	3,080	463	2,948
Fabrication & Repair Services	302	337	200	217
<b>Total for continuing operations</b>	<b>30,025</b>	<b>21,102</b>	<b>61,223</b>	<b>25,153</b>

- Major customers of each segment revenue comprise \$156.6 million (2009:\$220.1 million) in the civil division, \$94.5 million (2009:\$112.0 million) in the mining division, \$3.7 million (2009:\$0) in the drilling and blasting division, \$1.86 million (2009:\$15.9 million) in the Equipment Rental & Sales division and \$7.1 million (2009:\$11.5 million) in the Fabrication & Repair division.



## 6. Revenue

	Consolidated	
	2010	2009
	\$'000	\$'000
Revenue from the sale of goods	16,086	25,708
Revenue from the rendering of services	593,651	483,895
<b>Total Revenue</b>	<b>609,737</b>	<b>509,603</b>

## 7. Other income

	Consolidated	
	2010	2009
	\$'000	\$'000
Net loss on sale of property plant and equipment	(201)	(103)
Other income	6,088	3,645
<b>Total</b>	<b>5,887</b>	<b>3,542</b>

## 8. Profit for the year

### (a) Gains and losses

Profit for the year has been arrived at after charging the following gains and losses:

	Consolidated	
	2010	2009
	\$'000	\$'000
Loss on disposal of property, plant and equipment	(201)	(103)



## 8. Profit for the year (continued)

### (b) Other expenses

Profit for the year includes the following expenses:

	Consolidated	
	2010	2009
	\$'000	\$'000
Impairment of trade receivables	(10)	(188)
Impairment of goodwill	(2,710)	-
Depreciation of non-current assets <sup>(1)</sup>	(30,025)	(21,102)
	(32,735)	(21,102)
Operating lease payments	(1,933)	(717)
Rental hire payments	(87,549)	(86,977)
	(89,482)	(87,694)
Employee benefits expense:		
Superannuation contributions	(10,870)	(8,955)
Wages and salaries	(131,506)	(109,862)
	(142,376)	(118,817)

(1) Includes tyre amortisation in FY10 \$3.314 million.

## 9. Finance Income and Expense

	Consolidated	
	2010	2009
	\$'000	\$'000
Interest Income	169	207
<b>Total Finance Income</b>	<b>169</b>	<b>207</b>
Interest on bank overdrafts and loans	(2,734)	(2,083)
Interest on obligations under finance leases	(5,938)	(6,258)
<b>Total Finance expense</b>	<b>(8,672)</b>	<b>(8,341)</b>

## 10. Auditors' remuneration

### Auditor of the parent entity

Deloitte Touche Tohmatsu

Audit and review of financial reports

Non-audit services

**Total (in whole dollars)**

Consolidated	
2010	2009
\$	\$
166,000	133,750
709	-
<b>166,709</b>	<b>133,750</b>

## 11. Income tax expense

### (a) Recognised in profit or loss

#### Current tax expense

Current period

Adjustments for prior years

#### Deferred tax expense

Origination and reversal of temporary differences

**Total income tax expense**

Consolidated	
2010	2009
\$'000	\$'000
17,574	15,231
(16)	(4)
17,558	15,228
(1,506)	(342)
<b>16,052</b>	<b>14,886</b>



## 11. Income tax expense (continued)

### (b) Numerical reconciliation between tax expense and pre-tax net profit

	Consolidated	
	2010	2009
	\$'000	\$'000
Profit for the period	51,190	51,978
<b>Income tax using the Company's domestic tax rate of 30%</b>	<b>15,357</b>	<b>15,594</b>
Changes in income tax expense due to:		
Non-allowable expenses	119	83
Tax concessions (Investment Allowance)	(251)	(733)
Non-deductible (Goodwill Write Off)	813	-
Under provision for prior years	(16)	(4)
Effect of different income tax rates for subsidiaries operating in a different tax jurisdiction	30	(54)
<b>Total income tax expense</b>	<b>16,052</b>	<b>14,886</b>
Effective tax rate	31.36%	28.64%

The Group is reviewing its position in regards to a possible tax consolidation structure.

### (c) Recognised directly in equity

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Current tax</b>		
Interest received on ESP loan balances outstanding	36	32
<b>Total</b>	<b>36</b>	<b>32</b>



## 12. Property, plant and equipment

Property, plant and equipment held by the consolidated entity includes:

	Buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
Balance at 1 July 2008	851	1,121	170,048	172,020
Other acquisitions	-	189	25,694	25,883
Disposals	(384)	-	(5,132)	(5,516)
Balance at 1 July 2009	467	1,307	190,610	192,384
Effect of foreign currency exchange differences	-	-	(4)	(4)
Other acquisitions	321	507	59,691	60,520
Disposals	-	(18)	(8,000)	(8,018)
<b>Balance at 30 June 2010</b>	<b>788</b>	<b>1,796</b>	<b>242,297</b>	<b>244,882</b>
<b>Depreciation</b>				
Balance at 1 July 2008	75	44	48,523	48,662
Depreciation and amortisation expense	55	118	20,929	21,102
Impairment expense	-	-	-	-
Disposals	(46)	-	(3,255)	(3,301)
Balance at 1 July 2009	83	162	66,218	66,463
Depreciation and amortisation expense	71	103	29,850	30,025
Effect of foreign currency exchange differences	-	-	(9)	(9)
Impairment expense	-	-	-	-
Disposals	-	-	(4,533)	(4,533)
<b>Balance at 30 June 2010</b>	<b>154</b>	<b>265</b>	<b>91,526</b>	<b>91,946</b>
<b>Net book value</b>				
At 1 July 2009	384	1,145	124,392	125,922
At 30 June 2010	634	1,531	150,771	152,936



### 13. Goodwill

As part of the Board's review the Group's Goodwill has been reviewed and held at carrying amounts as follows:

	Consolidated	
	2010	2009
	\$'000	\$'000
Cost	27,127	27,127
Accumulated impairment losses	(2,710)	-
	<b>24,417</b>	<b>27,127</b>

Cost	Consolidated	
	2010	2009
	\$'000	\$'000
Balance at beginning of financial year	27,127	27,127
<b>Balance at end of financial year</b>	<b>24,417</b>	<b>27,127</b>

Accumulated impairment	Consolidated	
	2010	2009
	\$'000	\$'000
Balance at beginning of financial year	-	-
Impairment losses recognised during the year	(2,710)	-
<b>Balance at end of financial year</b>	<b>(2,710)</b>	<b>-</b>

At the end of the reporting period, the Group assessed the recoverable amount of goodwill, and determined that goodwill associated with the Group's activities undertaken by the Equipment Sales division, was impaired by \$2,710,000 (2009: Nil). The recoverable amount was assessed by reference to the Equipment Sales cash-generating unit's value in use.

The main factor contributing to the impairment of the Equipment Sales cash generating unit was the cessation of its equipment rental activities combined with its reduced market presence in the OTR earthmoving tyres market place. The Directors have decided to focus the Group's future operations away from these activities and have consequently determined to write off the goodwill directly related to the activities of Equipment Sales.

The impairment loss has been reported separately in the statement of comprehensive income noting the following:

- ▶ Actionblast Pty Ltd (fabrication, service and repairs) continues as a cash generating unit;
- ▶ Goodwill carrying amount of \$24,417,000 is retained in relation to Actionblast Pty Ltd;
- ▶ the calculation of the recoverable amount is based on the value in use, adopting the approved Board budget for full year 30 June 2011. Cash flows beyond one year have been extrapolated using a consistent 4% growth rate;
- ▶ the terminal value has been estimated at the end of the 5 year period based on the projected cash flow;
- ▶ a weighted average cost of capital including a risk margin has been set at pre tax discount rate of 14.2%;
- ▶ the Directors have applied a sensitivity movement of 10% to the value in use analysis. On this basis, there was no impairment loss.

## 14. Issued capital

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Ordinary shares</b>		
251,223,000 fully paid ordinary shares (2009: 251,223,000)	82,211	80,560
<b>Total</b>	<b>82,211</b>	<b>80,560</b>

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	
	2010	2009	2010	2009
	No. '000	No. '000	\$'000	\$'000
<b>Fully paid ordinary shares</b>				
<b>Balance at the beginning of the financial year</b>	<b>251,223</b>	<b>251,223</b>	<b>80,560</b>	<b>79,528</b>
Repayment of limited recourse loan as part of the 'ESP'	-	-	1,651	1,032
<b>Balance at the end of the period</b>	<b>251,223</b>	<b>251,223</b>	<b>82,211</b>	<b>80,560</b>

## 15. Reserves

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Option reserve</b>		
Balance at the beginning of the financial year	1,551	1,475
Interest received on employee loan balances due under the 'ESP'	120	108
Related income tax	(36)	(32)
<b>Balance at the end of the financial year</b>	<b>1,635</b>	<b>1,551</b>

The option reserve arose on the grant of ordinary shares to key management personnel financed by way of limited recourse loans with the Company creating an in-substance option over the ordinary shares.

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the financial year	(24)	-
Exchange differences arising on translation of foreign operations	(9)	(24)
<b>Balance at the end of the financial year</b>	<b>(33)</b>	<b>(24)</b>
<b>Total Reserves</b>	<b>1,602</b>	<b>1,527</b>



## 16. Retained earnings

	Notes	Consolidated	
		2010	2009
		\$'000	\$'000
Balance at the beginning of the financial year		60,167	36,213
Net profit attributable to members of the parent entity		35,138	37,092
Dividends paid	19	(10,049)	(13,138)
<b>Balance at the end of the financial year</b>		<b>85,256</b>	<b>60,167</b>

## 17. Earnings per share

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

	Consolidated	
	2010	2009
Basic earnings per share	14.0 cents	15.0 cents
Diluted earnings per share	14.0 cents	14.9 cents

### (a) 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:

	2010		2009	
	Number of shares	Total	Number of shares	Total
	No. '000	\$'000	No. '000	\$'000
Profit for the year		35,138		37,092
Weighted average number of ordinary shares for the purpose of diluted earnings per share	250,678		247,986	

### (b) 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:

	2010		2009	
	Number of shares	Total	Number of shares	Total
	No. '000	\$'000	No. '000	\$'000
Profit attributable to ordinary shareholders		35,138		37,092
Weighted average number of ordinary shares for the purpose of basic earnings per share	250,678		247,986	
<i>Shares deemed to be issued for no consideration in respect of:</i>				
Shares provided to employees related to in substance options	303		920	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	250,981		248,906	



## 18. Dividends

### (a) Dividends Paid

	2010		2009	
	Cents per share	Total	Cents per share	Total
		\$'000		\$'000
Recognised amounts paid:				
<u>Fully paid ordinary shares</u>				
Final dividend to 30 June 2008:				
Fully franked at 30% tax rate			4.23	10,627
Interim dividend to 31 December 2008:				
Fully franked at 30% tax rate			1.00	2,512
Final dividend to 30 June 2009:	1.00	2,512		
Fully franked at 30% tax rate				
Interim dividend to 31 December 2009:	3.00	7,537		
Fully franked at 30% tax rate				
Unrecognised amounts:				
Final dividend to 30 June 2010	3.00	7,537		
Fully franked at 30% tax rate				

### (b) Franking Account Balance

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Franking account balance at 1 July</b>	29,750	9,250
Australian income tax paid	11,055	26,131
Franking credits attached to dividends paid:		
- as final dividend	(1,077)	(4,554)
- as interim dividend	(3,230)	(1,077)
<b>Franking account balance at 30 June</b>	<b>36,498</b>	<b>29,750</b>
Franking credits that will arise from the payment of income tax payable as at reporting date	6,632	4,018
Franking credits that will arise from the payment of dividends declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	(3,230)	(1,077)
<b>Net franking credits available</b>	<b>39,900</b>	<b>32,691</b>



## 19. Controlled entities

	Country of incorporation	Ownership interest	
		2010	2009
<b>Parent entity</b>			
NRW Holdings Limited	Australia	-	-
<b>Wholly owned subsidiaries</b>			
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 Guinea SARL	Guinea	100%	100%
Indigenous Mining & Exploration Company Pty Ltd	Australia	100%	100%
NRW International Holdings Pty Ltd (incorporated 12/8/09)	Australia	100%	-
NRW Drill & Blast Pty Ltd (incorporated 17/6/10)	Australia	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 Guinea (West Africa) and not part of the above deed of cross guarantee arrangements.

The consolidated Statement of Comprehensive Income of the entities party to the deed of cross guarantees are:

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Statement of Comprehensive Income</b>		
Revenue	609,519	509,277
Other income	5,690	9,310
Financial income	169	207
Financial expenses	(8,672)	(8,341)
Materials and consumables used	(120,672)	(90,079)
Employee benefits expense	(149,123)	(124,132)
Subcontractor costs	(101,762)	(89,233)
Depreciation and amortisation expenses	(29,998)	(21,093)
Impairment expense	(2,710)	-
Plant and equipment costs	(96,954)	(96,070)
Travel and accommodation	(29,998)	(18,729)
Other expenses	(24,867)	(18,053)
<b>Profit before income tax</b>	<b>50,622</b>	<b>53,064</b>
Income tax expense	(15,852)	(15,266)
<b>Profit for the year</b>	<b>34,770</b>	<b>37,798</b>

## 19. Controlled entities (continued)

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

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Balance Sheet</b>		
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	21,001	20,342
Trade and other receivables	168,084	118,245
Inventories	13,364	13,181
Other current assets	2,617	3,046
<b>Total current assets</b>	<b>205,066</b>	<b>154,813</b>
<b>Non-current assets</b>		
Property, plant and equipment	152,878	125,860
Goodwill	24,417	27,127
Financial assets	3	-
Deferred tax assets	1,419	3,608
<b>Total non-current assets</b>	<b>178,716</b>	<b>156,598</b>
<b>Total assets</b>	<b>383,782</b>	<b>311,411</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	140,322	97,920
Borrowings	29,347	34,722
Current tax liabilities	6,632	4,018
Provisions	7,036	5,979
<b>Total current liabilities</b>	<b>183,337</b>	<b>142,638</b>
<b>Non-current liabilities</b>		
Borrowings	31,510	26,096
Deferred tax liabilities	405	-
Provisions	-	602
<b>Total non-current liabilities</b>	<b>31,915</b>	<b>26,698</b>
<b>Total liabilities</b>	<b>215,252</b>	<b>169,336</b>
<b>Net assets</b>	<b>168,530</b>	<b>142,075</b>
<b>Equity</b>		
Issued capital	82,211	80,560
Reserves	1,635	1,550
Retained earnings	84,684	59,964
<b>Total equity</b>	<b>168,530</b>	<b>142,075</b>



## 20. Cash and cash equivalents

### (a) Reconciliation of cash and cash equivalents

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	
	2010	2009
	\$'000	\$'000
Cash and cash equivalents	21,443	20,603
<b>Total</b>	<b>21,443</b>	<b>20,603</b>

### (b) Reconciliation of profit for the period to net cash flows from operating activities

During the year, the Group acquired \$39,565,000 (2009: \$18,632,000) 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.

## 21. Reconciliation of cash flows from operating activities

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit for the year	35,138	37,092
Adjustments for:		
Gain on sale of property, plant and equipment	(200)	102
Net foreign exchange gain / loss	(10)	-
Depreciation & Amortisation	30,025	21,100
Impairment of goodwill	2,710	-
Interest on 'ESP' loans accounted for directly in equity	120	108
<b>Operating profit before changes in working capital and provisions</b>	<b>67,783</b>	<b>58,402</b>
Change in trade and other receivables <sup>(1)</sup>	(44,848)	28,565
Change in provision for doubtful debts	10	188
Change in inventories	(183)	(2,852)
Change in other assets	322	102
Change in trade and other payables	42,182	13,350
Change in provisions and employee benefits	861	1,718
Change in provision for income tax	2,693	(11,015)
Change in deferred tax balances	2,189	(341)
<b>Net cash from operating activities</b>	<b>71,009</b>	<b>88,117</b>

(1) Change in trade and other receivables above, excludes a receivable amount of \$4.97m pertaining to related party advances. This component of trade and other receivables is classified as a financing activity in the statement of cash flows and relates to the settlement deed with Pilbara Iron Company (Services) Pty Ltd ("PICS").



## 22. Trade and Other Receivables

### (a) Receivables

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Current Receivables</b>		
Trade Receivables	69,477	83,192
Other Receivable	<sup>(2)</sup> 10,122	<sup>(1)</sup> 11,474
Retentions	280	1,541
Securities (Property Bonds)	28	22
Amounts due from jointly controlled operations	200	-
Allowance for Doubtful Debts (b)	(198)	(188)
<b>Subtotal</b>	<b>79,909</b>	<b>96,041</b>
Construction Work in Progress	88,194	22,252
<b>Total Trade &amp; Other Receivables</b>	<b>168,103</b>	<b>118,293</b>

(1) 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.

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.

This amount was received in full at date of this report.

(2) Subsequent to the 30 June 2010, an amount of \$4.97m has been received from the related parties.

### (b) Movement in the allowance for doubtful debts:

	Consolidated	
	2010	2009
	\$'000	\$'000
Balance at the beginning of the year	(188)	-
Impairment losses recognised on receivables	(56)	(188)
Amounts resolved during the year	46	-
<b>Balance at end of year</b>	<b>(198)</b>	<b>(188)</b>

Ageing of impaired trade receivables

	Consolidated	
	2010	2009
	\$'000	\$'000
60-90 days	-	-
90-120 days	-	25
120+ days	198	163
<b>Balance at end of year</b>	<b>198</b>	<b>188</b>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality and other operational issue of the trade receivable, from the date credit was initially granted up to the reporting date. The Directors believe that there is no further allowance required in excess of the allowance for doubtful debts.



## 22. Trade and Other Receivables (continued)

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

	Consolidated	
	2010	2009
	\$'000	\$'000
60-90 days	1,647	702
90-120 days	348	339
120+ days	2,447	2,153
<b>Total</b>	<b>4,443</b>	<b>3,194</b>

## 23. Inventories

	Consolidated	
	2010	2009
	\$'000	\$'000
Raw materials and consumables	8,422	8,898
Work in progress	1,154	1,158
Finished goods	3,788	3,125
<b>Balance at 30 June</b>	<b>13,364</b>	<b>13,181</b>

The cost of inventories recognised as an expense during the period in respect of continuing operations was \$67.3 million (2009: \$55.8 million).

## 24. Other assets

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Current</b>		
Prepayments	2,723	3,036
Other	-	9
<b>Total</b>	<b>2,723</b>	<b>3,046</b>

## 25. Trade and other payables

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Current Payables</b>		
Trade Payables	88,240	68,050
Goods and Service Tax	2,891	2,279
Other Payables	347	<sup>(1)</sup> 10,352
Non Trade Payables and accruals	48,812	15,263
Deferred Income	-	2,164
	<b>140,290</b>	<b>98,108</b>

(1) Includes an amount payable to Pilbara Iron Company (Services) Pty Ltd ('PICS'). Refer note 22 for detailed disclosure of this transaction.

## 26. Current tax Liability

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Current tax liability</b>		
Income tax payable	6,748	4,019
	<b>6,748</b>	<b>4,019</b>

## 27. Deferred tax assets and liabilities

	Assets		Liabilities	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Costs of the initial public offer	1,717	2,660	-	-
Provisions	2,232	1,974	-	-
Work in progress	-	-	(345)	(347)
Inventories	39	103	(3,065)	(2,293)
PP&E	46	151	(1,559)	(1,710)
Other creditors and accruals	2,028	2,687	-	-
Other assets	368	342	(444)	(11)
Doubtful debts	59	52	-	-
Losses	342	-	-	-
<b>Total</b>	<b>6,832</b>	<b>7,969</b>	<b>(5,413)</b>	<b>(4,361)</b>
<b>Net tax assets / (liabilities)</b>	<b>1,419</b>	<b>3,608</b>		



## 28. Borrowings

### (a) The Groups borrowings comprised of:

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Secured at Amortised Cost</b>		
<u>Current</u>		
Finance lease liability	28,538	32,887
Insurance Funding	809	298
Trade Finance Liability	-	1,537
<b>Total Current</b>	<b>29,347</b>	<b>34,722</b>
<u>Non Current</u>		
Finance lease liability	31,510	26,096
<b>Total Non Current</b>	<b>31,510</b>	<b>26,096</b>
<b>Group Total</b>	<b>60,857</b>	<b>60,818</b>

### (b) Finance Facilities

#### Consolidated finance facilities as at 30 June 2010

Finance Description	Face Value (limit) \$'000	Carrying Amount \$'000	Unutilised Amount \$'000
Asset Financing	185,921	60,048	125,873
Bank Overdraft	40,000	-	40,000
Trade Finance	4,580	-	4,580
Other	2,429	809	1,620

#### Consolidated finance facilities as at 30 June 2009

Finance Description	Face Value (limit) \$'000	Carrying Amount \$'000	Unutilised Amount \$'000
Asset Financing	133,000	58,983	74,017
Bank Overdraft	40,000	-	40,000
Trade Finance	7,000	1,537	5,463
Other	299	298	1

#### Security

The main finance provider is the ANZ Banking Group which provides overdraft, trade finance, performance guarantees, asset financing etc. Annual and periodic reviews take place as necessary subject to bank covenants and conditions as set in the agreement between the parties. As such the ANZ Banking Group has in place security by way of a fixed and floating charge over all the Groups present and future assets, undertaking (including goodwill) and unpaid/uncalled capital of the Company excluding security attaching to other asset financiers.



## 29. Unincorporated joint ventures

The Group has in the year ended 30 June 2010 been a party to the following jointly controlled operations. These have been accounted for using the proportionate method.

Name of Venture	Principal Activity	Group Interest	
		2010	2009
NRW VDM Joint Venture	Mine Asset Development (earthworks) and Breakwater Construction.	50%	50%
LJN Consortium	Asset Development Projects (camps rail etc).	33%	33%
NYFL Joint Venture	Rail bridge rectification	50%	-
NRW Eastern Guruma Joint Venture	Mining and haulage of Section 10 iron ore deposit.	50%	-

	Consolidated	
	2010	2009
	\$'000	\$'000
<u>Statement of Financial Performance</u>		
Revenue	166,172	7,059
Expenses	164,234	6,977
<u>Statement of Financial Position</u>		
Current assets	36,028	7,566
Non-current Assets	-	-
Current Liabilities	34,939	7,484
Non-current Liabilities	-	-

## 30. Financial instruments

### Financial Risk Management

The financial instruments adopted by the Group primarily lie in the area of credit risk, liquidity risk, and market risk.

The Board has ultimate responsibility to manage the Groups exposure to risk and prevention. In particular the Board assesses which systems are employed to deliver the most appropriate level of controls including; systems of compliance and adherence to any relevant limits. Furthermore, the risk policies and procedures are reviewed periodically and aim to reflect market conditions, recent activities and other relevant dynamic changes that may occur.

The Groups overall financial risk management strategy seeks to ensure appropriate funding levels, approved treasury directives and identification of risks faced by the Group. In addition it is seen as critical that the going concern basis is maintained and capital availability held ready to meet operational and financial objectives.

Primarily interest bearing debt, cash and cash deposits, trade receivables and payables are the main focus of financial instruments engaged by the Group. The Group is also exposed to some foreign currency risks although considered minimal.

### Capital Risk Management

The capital structure of the Group comprises of debt (including borrowings), cash and cash equivalents, and equity to the relevant stakeholders.

Primarily the Board aims to provide a sound capital funding structure that allows market confidence (from all sectors) and which delivers sustained current and future growth. The majority of capital funding is required for the long term purchase of operating assets. These are primarily placed under hire purchase borrowing arrangements.

As in prior years the cash position is reviewed regularly and ensures the Group will be able to pay its debts as and when they fall due. Borrowings and operating cash flows are primarily used to cater for general day to day operations and funding of dividend and tax disbursements.



### 30. Financial instruments (continued)

Gearing Ratio:

The Board meets regularly to determine the level of borrowings and funding required. The gearing ratio is influenced directly from the capital structure including the payment of dividends and any other movement in debt such as for expansion. At year end the gearing ratio was:

	Consolidated	
	2010	2009
	\$'000	\$'000
<u>Borrowing Note 30</u>		
Debt (Note 28)	60,857	60,818
Cash (Note 20)	(21,443)	(20,603)
<b>Net Debt</b>	<b>39,414</b>	<b>40,216</b>
Equity	169,069	142,254
<b>Net Debt to Equity Ratio</b>	<b>23%</b>	<b>28%</b>

#### Fair Value of Financial Instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statement continue to approximate their fair values. There has been no impairment charge or adjustments made to any of the carrying values, as such the fair values are in line with carrying values.

The consolidated Group and the Company's remaining contractual maturity for its financial liabilities and financial assets are set out in the following tables. As applicable the table shows the effective interest rates and average interest rates.

#### Interest rate risk management

The Group has been highly successful in renegotiating its borrowings with its primary lenders. No material changes have occurred from prior years. It is not expected that any material fluctuations or volatility will occur in the short term. Any rate rise or change in the near future would not result in any material impact.

The Board continues to review its risk associated with any covenants and borrowing conditions. The Group enjoys a mixture of fixed and variable borrowings to manage both cash and long term capital purchases. The long term debt specifically relating to capital purchases of plant and machinery is fixed.

The Group does not enter into any specific swaps or hedging relative to any interest rate volatility. Predominantly the exposure is on the bank borrowings, which are primarily the bank overdraft and the annual review was completed successfully during the financial year ended 30 June 2010. Other considerations of debt and borrowings lie in funding new developments which forms part of the risk management strategy of the Group.

Given the Group has most of the financing under fixed rate hire purchase or other similar asset financing agreements, the exposure to market volatility of interest rate lies mainly in the overdraft facilities. Applying a conservative movement of 150 basis points to the average overdraft would add a cost of \$105,000 AUD plus or minus depending on market swings and balances. It is not considered material that such a swing will impact on the business should this arise.

### 30. Financial instruments (continued)

#### Consolidated Interest and Liquidity Analysis 2010:

	Effective interest rate	Total	0 to 30 days	31 days to < 1 year	1 to 5 years	> 5 years
	%	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Financial Assets</b>						
Cash and Cash Equivalents	3.4	21,443	21,443	-	-	-
Trade and Other Receivables	(N/A)	168,103	164,295	2,255	1,552	-
		<b>189,546</b>	<b>185,738</b>	<b>2,255</b>	<b>1,552</b>	<b>-</b>
<b>Financial Liabilities</b>						
Asset Financing	8.79	60,048	3,084	25,455	31,510	-
Trade Finance	7.78	-	-	-	-	-
Trade and Other Payables	(N/A)	140,290	104,181	36,109	-	-
Other Borrowings	6.77	809	165	644	-	-
		<b>201,147</b>	<b>107,430</b>	<b>62,208</b>	<b>31,510</b>	<b>-</b>

#### Consolidated Interest and Liquidity Analysis 2009:

	Effective Interest Rate	Total	0 to 30 days	31 days to < 1 year	1 to 5 years	> 5 years
	%	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Financial Assets</b>						
Cash and Cash Equivalents	2.45	20,603	20,603	-	-	-
Trade and Other Receivables	(N/A)	118,293	82,029	36,263	-	-
		<b>138,896</b>	<b>102,632</b>	<b>36,263</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>						
Asset Financing	8.65	58,983	2,805	30,081	26,096	-
Trade Finance	6.54	1,537	840	697	-	-
Trade and Other Payables	(N/A)	95,944	56,037	39,907	-	-
Other Borrowings	9.33	298	-	298	-	-
		<b>156,762</b>	<b>59,682</b>	<b>70,983</b>	<b>26,096</b>	<b>-</b>

#### Foreign Exchange and currency exposure

The Group has a reportable and functional currency in Australian dollars. However there are some transactions of an operational and capital nature that may be denominated in a foreign currency. The Board considers that movements in foreign currency (negative or positive) will have minimal impact on operating profits, given that most projects are agreed in Australian dollars. Any new developments which the Group considers or bids for are considered as part of the risk management by the board.

During the year ended 30 June 2010 and where applicable this risk strategy incorporates the use of forward exchange contracts. This has generally only been required for specific hedging of short term transactions within the normal operating cycle whether they be receivable or payable. The Group is not in the business of trading such that forward exchange contracts are aimed at placing a fixed and determinable value on the receivable or payable so as to mitigate any unexpected peak or trough in the underlying budgeted outcome. Other than specific transactions or purchases the majority of transactions are dealt with at spot.

The Groups operations in West Africa – Guinea have a continued minor exposure to foreign currency movements. The structure has not materially changed from prior years and as such predominantly the exposure is based on the transfer of funds for services rendered in the country of West Africa - Guinea. The Cash balances at 30 June 2010 (at spot) were \$242,845 AUD (2009:247,508 AUD) and \$241,160 AUD (2009: 96,833 AUD).

At this stage no hedging is entered into for the purposes of the Guinea operations. Cash is converted to USD and then into GNF as required. Volatile market movements is considered low risk, given the majority of the cash is utilised quickly. Contract income however is negotiated and invoiced in Australian dollars. In this regard foreign exchange movements are considered minimal and immaterial.



### 30. Financial instruments (continued)

#### Credit risk

The credit risk associated with the Group is primarily if any third party fails to meet its obligations to pay its debt as and when they fall due. Trade and other receivables continue in the 30 to 60 day band with some falling outside this timeframe. Cash retentions are subject to the variety of contracts that the Group is engaged in. The main security is normally by way of bank guarantee or insurance bond. The retention or guarantee/bond period varies from contract to contract.

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 carrying amount of financial assets recorded in the financial statements net of any allowance for losses, represents the Groups maximum exposure to credit risk without taking into account the value of any collateral obtained.

The total amount of guarantees/bonds stand at \$39,276,000 (2009: \$35,839,000) and cash retentions held as accounts receivable stand at \$281,000 (2009: \$1,541,000).

### 31. 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	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
No Later than 1 year	32,460	36,522	28,539	32,887
Later than 1 year and not later than 5 years	34,280	27,560	31,510	26,096
Later than five years	-	-	-	-
<b>Minimum future lease payments<sup>(1)</sup></b>	<b>66,740</b>	<b>64,082</b>	<b>60,048</b>	<b>58,983</b>
Less future finance charges	(6,692)	(5,099)	-	-
<b>Present value of minimum lease payments</b>	<b>60,048</b>	<b>58,983</b>	<b>60,048</b>	<b>58,983</b>

(1) Minimum future lease payments include the aggregate of all the lease payments and any guaranteed residual value.

Included in the financial statement as: (note 28 'Borrowings'):

	2010	2009
	\$'000	\$'000
Current borrowings	28,538	32,887
Non-Current borrowings	31,510	26,096
	<b>60,048</b>	<b>58,983</b>



## 32. Operating Leases

### Operating leases as lessee

Non cancellable operating lease rentals (excluding property rentals - see below) are payable as follows:

	Consolidated	
	2010	2009
	\$'000	\$'000
Less than one year	2,452	455
Between one and five years	5,588	9
More than five years	-	-
<b>Total</b>	<b>8,039</b>	<b>464</b>

Property lease rentals are payable as follows:

	Consolidated	
	2010	2009
	\$'000	\$'000
Less than one year	1,455	1,347
Between one and five years	3,044	3,266
More than five years	1,280	1,920
<b>Total</b>	<b>5,778</b>	<b>6,533</b>

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.

## 33. Capital and other commitments

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Capital expenditure commitments – Plant and equipment and Other</b>		
Within one year	2,984	2,163
Between one and five years	8,951	6,490
Later than five years	-	-
	<b>11,934</b>	<b>8,563</b>



### 34. Contingencies

#### Contingent Liabilities

Bank guarantees  
Insurance Bonds

Consolidated	
2010	2009
\$'000	\$'000
33,110	29,673
6,166	6,166
39,276	35,839

Bank guarantees and insurance bonds are issued to minimise cash retentions and are a function of operational revenue. The period of each guarantee/ bond varies from contract to contract.

### 35. Share based payments

#### 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.

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")

No new issues of shares have been provided during the year ended 30 June 2010.

#### In-substance options

No new limited recourse loans were issued to key management personnel.

Historically, the employees' obligation for repayment of these 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.

Prior loans were repaid in full and no balances exist as unpaid at 30 June 2010.

## 36. Provisions

	Consolidated	
	2010	2009
	\$'000	\$'000
<u>Current</u>		
Employee benefits	6,777	5,939
Warranty	259	39
<b>Total current provisions</b>	<b>7,036</b>	<b>5,978</b>
<u>Non current</u>		
Employee benefits	405	602
<b>Total non current provisions</b>	<b>405</b>	<b>602</b>
<b>Total current and non current provisions</b>	<b>7,442</b>	<b>6,580</b>

	Consolidated		
	Warranty provision	Employee benefits	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2009	39	6,541	6,580
Provisions made during the year	336	6,960	7,296
Provisions used during the year	-	(6,318)	(6,318)
Provisions reversed during the year	(116)	-	(116)
<b>Balance at 30 June 2010</b>	<b>259</b>	<b>7,183</b>	<b>7,442</b>
Short-term provisions	259	6,777	7,036
Long-term provisions	-	405	405
<b>Total balance at 30 June 2010</b>	<b>259</b>	<b>7,183</b>	<b>7,442</b>

The warranty provisions relate to the sale of plant and equipment, whilst the provision for employee benefits comprise of the employee on costs specifically annual leave and vested long service leave.

## 37. 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 26th August 2010, the Board of NRW Holdings Limited declared a final dividend for the Financial Year ending June 30, 2010. The final dividend payable is 3.0 cent per share and brings the full year dividend to 6.0 cents per share.



### 38. Related parties

#### Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures are provided in the Directors' report page 23.

Throughout the year the Group transacted with various related parties. These related parties are related by director interests and others as listed. The following transactions have occurred and the amounts are all considered to be at arms length and at normal market rates.

Key management person and/or related party.	Transaction Booked in Group	Transaction Value	
		2010 \$	2009 \$
<b>(ii) Other related party – Revenue</b>			
Mr J W McGlinn - Mystica Trust - Fallbrook Pty Ltd	Revenue on back charges for mobile phone use and sale of printer.	52,775	9,748
Mr C Lindsay-Rae Mr J W McGlinn - Springpark Mining Services Pty Ltd	Revenue on services income for earthmoving contract works.	-	5,280,590
Mr J W McGlinn & Mr C Lindsay-Rae - Springpark Australia Pty Ltd	Revenue on back charge and sale of motor vehicle/laptops.	499	105,013
Mr J W McGlinn & Mr C Lindsay-Rae - Springpark International Ltd	Revenue on back charges of travel and other.	-	1,494
<b>(iii) Other related party – Expense</b>			
Mr J W McGlinn - McGlinn Property Trust	Expense on rent paid.	512,991	283,000
Mr NJR Silverthorne - Silverthorne Trust	Expense on rent paid.	123,712	114,195
Mr C Lindsay-Rae Mr J W McGlinn - Springpark Australia Pty Ltd	Expense on purchase of subcontractor services and hire.	-	947,330
Mr J W McGlinn – Newstream Group	Expense on purchasing of Consultancy services.	51,895	148,837
Mr J W McGlinn – Fallbrook Pty Ltd	Expense on back charges for travel and charters.	28,060	338,577
Mr J W McGlinn - Springpark Accommodation	Expense on purchase of accommodation at various mine sites	-	726,509
Mr C Lindsay-Rae Mr J W McGlinn - Springpark Mining Services Pty Ltd	Expense on purchase of subcontractor services, machine transport and various back charges.	199,804	-
Mr J W McGlinn - Maxem Aviation as agent for Fallbrook Pty Ltd	Expense on charter flight services.	521,176	-



### 38. Related parties (continued)

The inter group transactions are in relation to transactions within the Group between the entities. All transactions are considered at arms length and at fair market rates. The amounts comprise of:

Key management person and / or related party.	Transaction Booked in Group	Transaction value	
		2010 \$	2009 \$
<b>(iv) Inter Group Transactions</b>			
NRW Pty Ltd – Purchases from Promac Rental & Sales Pty Ltd	Purchases of tyres, electrical equipment and back charge of repairs and maintenance.	1,759,636	4,033,987
NRW Pty Ltd – Purchases from Promac Rental & Sales Pty Ltd	Hire charges for rental of plant and equipment.	-	11,834,033
NRW Pty Ltd – Purchases from Action Mining Services	Repairs and maintenance, plant and module purchases and labour hire.	6,829,335	4,114,661
NRW Pty Ltd – Sales to Action Mining Services	Back charges for labour and miscellaneous.	59,900	42,109
NRW Pty Ltd – Sales to Promac Rental & Sales Pty Ltd	Back charges for repairs and maintenance, management fee and miscellaneous	732,400	235,272
NRW Pty Ltd - Transfer of grants or government advances from NRW Holdings	Transfer of grants and government incentives or payments received	310,227	360,682
NRW Pty Ltd - Sales to NRW VDM Joint Venture	Subcontractor Services	131,032,743	10,316,885
NRW Pty Ltd - Sales to NRW NYFL Joint Venture	Subcontractor Services	15,139,746	-
NRW Pty Ltd - Sales to LJN Joint Venture	Subcontractor Services	107,308,081	-
NRW Pty Ltd - Sales to NRW Eastern Guruma Joint Venture	Subcontractor Services	4,000,000	-
NRW Pty Ltd - Purchases from NRW VDM Joint Venture	Employee travel and accommodation charges	3,051,800	-
NRW Pty Ltd - Purchases from LJN Joint Venture	Diesel consumed by NRW plant	11,675,472	-
NRW Pty Ltd - Purchases from NRW SARL	Management Fee	3,411,135	4,667,794
NRW Pty Ltd - Sales to NRW Eastern Guruma Joint Venture	Subcontractor Services	4,000,000	-

#### Assets and liabilities balances arising from the related party transactions

Amounts receivable from or payable to related parties at reporting date were as follows:

	Consolidated	
	2010 \$	2009 \$
<b>Account Receivable Balances</b>		
Inter Group (Subsidiaries)	-	5,669
Other Related Party	(2)5,009,359	(1)10,058,571
Current receivables/total assets	5,009,359	10,064,240
<b>Accounts Payable Balances</b>		
Other related party	227,848	-
Inter Group (Subsidiaries)	-	20,000
Total related party payables	227,848	20,000

(1) The indemnification related to the PICS Settlement described in Note 22. – Trade and Other Receivables. The amount receivable from the Indemnifiers as at 30 June 2009 was \$10,000,000 and \$58,571 other minor related party.

(2) The amount includes balances of the indemnities of \$4,971,501 which have been received by the Group post 30 June 2010 and prior to the signing of this financial report.

#### Options and rights over equity instruments

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



### 38. Related parties (continued)

#### Key management personnel compensation

The key management personnel compensation included in 'Employee benefits expense' (see note 8) is as follows:

	Consolidated	
	2010	2009
	\$	\$
Short term employee benefits	7,625,434	7,219,150
Other long term benefits	29,744	191,973
Post employment benefits	613,258	514,151
Termination benefits	-	-
Share-based payments	-	110,218
<b>Total</b>	<b>8,268,436</b>	<b>8,035,491</b>

#### 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:

##### For the year ended 30 June 2010

Key Person	Held at 1 July 2009	Purchases <sup>(1)</sup>	Received as compensation	Received on options exercised	Sales / transfers <sup>(2)</sup>	Held at 30 June 2010
Mr J W McGlinn	26,195,641	54,400	-	-	-	26,250,041
Mr J A Pemberton	2,534,540	-	-	-	-	2,534,540
Dr I F Burston	324,992	-	-	-	-	324,992
Mr M Arnett	275,000	-	-	-	-	275,000
Mr K Hyman	17,000	-	-	-	-	17,000
Mr NJR Silverthorne	26,506,027	-	-	-	-	26,506,027
Mr K Bounsell	3,381,843	-	-	-	-	3,381,843
	59,235,043	54,400	-	-	-	59,289,443

##### For the year ended 30 June 2009

Key Person	Held at 1 July 2008	Purchases <sup>(1)</sup>	Received as compensation	Received on options exercised	Sales / transfers <sup>(2)</sup>	Held at 30 June 2009
Mr J W McGlinn	22,859,402	3,336,239	-	-	-	26,195,641
Mr J A Pemberton	2,534,540	-	-	-	-	2,534,540
Dr I F Burston	50,000	274,992	-	-	-	324,992
Mr M Arnett	175,000	100,000	-	-	-	275,000
Mr K Hyman	17,000	-	-	-	-	17,000
Mr NJR Silverthorne	21,418,735	11,020,640	-	-	(5,933,348)	26,506,027
Mr K Bounsell	3,381,843	-	-	-	-	3,381,843
	50,436,520	14,731,871	-	-	(5,933,348)	59,235,043

(1) All purchases were made via purchases of shares on-market.

(2) Sales/transfers of shares during the year consist of the portion of shares sold down by the vendor shareholders as part of the IPO.

## 39. PARENT ENTITY DISCLOSURES

### (a) Financial Position

	Parent	
	2010	2009
	\$'000	\$'000
<b>Assets</b>		
Current assets	142,187	102,240
Non-current assets	36,143	37,076
<b>Total assets</b>	<b>178,330</b>	<b>139,316</b>
<b>Liabilities</b>		
Current liabilities	8,336	5,416
Non-current liabilities	3,607	-
Total liabilities	11,943	5,416
<b>NET ASSETS</b>	<b>166,387</b>	<b>133,900</b>
<b>Equity</b>		
Issued capital	82,211	80,560
Retained earnings	82,541	51,790
<b>Reserves</b>		
Option reserve	1,635	1,550
<b>Total Equity</b>	<b>166,387</b>	<b>133,900</b>

### (b) Financial Performance

	Parent	
	2010	2009
	\$'000	\$'000
Profit for the year	40,801	33,354
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>40,801</b>	<b>33,354</b>

### (c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries:

	Parent	
	2010	2009
	\$'000	\$'000
Debt borrowings	60,857	60,818
<b>Total</b>	<b>60,857</b>	<b>60,818</b>

# Shareholder Information

The shareholder information set out below was applicable as at 8 September 2010.

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

## Distribution of shareholdings:

Range	Securities	%	No of Holders	%
100,001 and Over	212,339,741	84.52	99	2.36
10,001 to 100,000	27,679,753	11.02	996	23.72
5,001 to 10,000	6,228,754	2.48	766	18.24
1,001 to 5,000	4,445,019	1.77	1,428	34.01
1 to 1,000	529,733	0.21	910	21.67
<b>Total</b>	<b>251,223,000</b>	<b>100.00</b>	<b>4,199</b>	<b>100.00</b>
Unmarketable Parcels	15,948	0.01	98	2.33

## NRW's 20 Largest Shareholders

Rank	Name	Shares	% Interest
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	37,310,455	14.85%
2	NATIONAL NOMINEES LIMITED	29,572,810	11.77%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,420,756	11.31%
4	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	24,572,878	9.78%
5	JEFFERY WILLIAM MCGLINN	20,250,041	8.06%
6	COGENT NOMINEES PTY LIMITED <SMP ACCOUNTS>	8,111,266	3.23%
7	WALSEC PTY LTD <PIPER FAMILY FUND A/C>	5,000,000	1.99%
8	AMP LIFE LIMITED	4,892,756	1.95%
9	CITICORP NOMINEES PTY LIMITED	4,811,831	1.92%
10	ANZ NOMINEES LIMITED <CASH INCOME A/C>	4,277,186	1.70%
11	KEITH BOUNSELL BOUNSELL FAMILY TRUST	3,381,843	1.35%
12	BOND STREET CUSTODIANS LIMITED <MACQUARIE SMALLER CO'S A/C>	3,242,145	1.29%
13	ZERO NOMINEES PTY LTD	2,808,855	1.12%
14	JULIAN ALEXANDER PEMBERTON THE J P TRUST	2,534,540	1.01%
15	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,755,708	0.70%
16	COGENT NOMINEES PTY LIMITED	1,652,183	0.66%
17	MR STEVEN SCHALIT & MS CANDICE SCHALIT <SCHALIT FAMILY S/F A/C>	1,566,486	0.62%
18	MILTON AVENUE PTY LIMITED	1,450,000	0.58%
19	CITICORP NOMINEES PTY LIMITED<CWLTH SMALL CO FD 9 A/C>	1,426,749	0.57%
20	QUEENSLAND INVESTMENT CORPORATION	1,367,515	0.54%



## 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	% Interest
J P MORGAN NOMINEES AUSTRALIA LIMITED	37,310,455	14.85%
NATIONAL NOMINEES LIMITED	29,572,810	11.77%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,420,756	11.31%
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	24,572,878	9.78%
JEFFERY WILLIAM MCGLINN	20,250,041	8.06%

## 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.



## Independent Auditor's Report to the members of NRW Holdings Limited

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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### Report on the Financial Report

We have audited the accompanying financial report of NRW Holdings Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 36 to 91.

#### *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.

# 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 Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its 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 28 to 34 of the directors' report for the year ended 30 June 2010. 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 Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.



**DELOITTE TOUCHE TOHMATSU**



**A T Richards**

Partner

Chartered Accountants

Perth, 24 September 2010

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