NRW Holdings Limited

2011 ANNUAL REPORT

ANNUAL REPORT 2011

CONTENTS

CORPORATE

REGISTRY

Auditor

Deloitte Touche Tohmatsu
Level 14 Woodside Plaza
240 St Georges Terrace
Perth WA 6000

Share Registry

Link Market Services Limited
Ground Floor,
178 St Georges Terrace
Perth WA 6000

Telephone: +61 2 8280 7111
Facsimile: +61 2 8287 0303

ASX Code

NWH - NRW Holdings Limited
Fully Paid Ordinary Shares

Web Page

www.nrw.com.au

Directors

Dr Ian Burston
Non-Executive Chairman

Julian Pemberton
Managing Director and
Chief Executive Officer

Michael Arnett
Non-Executive Director

John Cooper
Non-Executive Director

Company Secretary

Kim Hyman

Registered Office

73-75 Dowd Street
Welshpool WA 6106

Telephone: +61 8 9232 4200
Facsimile: +61 8 9232 4232
Email: info@nrw.com.au

2010/2011 HIGHLIGHTS

Middlemount Coal
Mining Services Contract

Client // *Middlemount Coal
Value // $780.0 million
Location // Middlemount, Queensland
Duration // 5 years

In April 2011, NRW was awarded a mining services contract for the Middlemount Coal Project in Queensland. Comprising overburden removal and coal mining, this contract commenced mining operations in July 2011. The contract represents a major milestone in NRW's diversification strategy in terms of location, client and commodity. It also provides NRW with a substantial entry into the east coast market and in particular the highly attractive metallurgical coal sector.

* The Middlemount Coal project is a joint development between Macarthur Coal Ltd and Gloucester Coal Ltd.

Framework Agreement
with Rio Tinto Iron Ore

Client // Rio Tinto Iron Ore
Location // Pilbara, Western Australia
Duration // 5 years

A five year Framework Agreement between Rio Tinto Iron Ore and NRW was signed, representing a formalisation of their existing long term relationship. This agreement places NRW in a preferred contractor position for two streams of earthworks consisting of project-specific contracts. The projects covered are a part of the major expansion of Rio Tinto's operations in the Pilbara to a capacity of 333 mtpa. Beyond the delivery of the earthworks packages, the framework also encompasses NRW in an early contractor involvement role.

Solomon Hub
Early Mining Services Contract

Client // Fortescue Metals Group
Value // $80.0 million
Location // Pilbara, Western Australia
Duration // Approximately 18 months

Awarded in July, this contract consists of load and haul, and drill and blast for the initial pre-strip and it is expected pioneering civil earthworks, including access roads, will be undertaken as part of the scope. This follows other successful NRW works carried out for Fortescue - including rail earthworks for the Christmas Creek and Cloudbreak mines; contract mining operations; and bulk earthworks at the Herb Elliott Port in Port Hedland.

Action Drill & Blast
External Contract Wins

Action Drill and Blast, established in April 2010 to initially provide an internal service, has now successfully broken into the drill and blast market as a contractor in its own right.

With revenue of $27.8 million in its first full financial year, Action Drill and Blast has built up an experienced team with capability and expertise to further expand into new markets. Key external contracts awarded in this financial year include works at both Greenbushes for Talison Lithium, and Gregory Crinum for BMA.

CHAIRMAN'S LETTER

"..The Group's net profit after tax was $41.2 million, a 17 percent increase from 2010 of $35.1 million.."

Dear Shareholders,

The 2011 financial year for NRW Holdings Limited has been one of consolidation marked with steady expansion, and I am proud to present to our shareholders the Company's fifth Annual Report.

Over the last twelve months we experienced ongoing repercussions to our industry from the MRRT, as well as the continuing impacts of the Global Financial Crisis and the more recent United States' housing and debt crisis. These times we live and operate in are certainly unique and pose constant challenges – NRW rose admirably to face them head on, and excelled this financial year in spite of those challenges.

The Group's net profit after tax was $41.2 million, a 17 percent increase from 2010 of $35.1 million. This result was primarily derived from revenues of $382.6 million from the Civil Contracting Division and $321.7 million from the Mining Services Division.

A number of significant operational milestones were attained over the period, one being the five year mining services contract for the Middlemount Coal project in Queensland. Representing NRW's entry into the lucrative coal market, as well as our expansion into the state of Queensland, this contract is a key step in working towards further fulfilment of our client, commodity and location diversification strategy.

The signing of a five year Framework Agreement with Rio Tinto Iron Ore was also a significant achievement and places NRW in a preferred contractor position for two streams of earthworks in the Pilbara.

The organic growth of NRW's concrete capability, alongside Action Drill and Blast's increasing amount of external contract wins, contributes solidly to our ongoing expansion.

In April 2011, through a placement to institutional investors and a Share Purchase Plan to existing shareholders, NRW raised $76.0 million which provided capital expenditure flexibility for both Middlemount Coal and future contracts.

It is with great pleasure that I take this opportunity to formally welcome Mr John Cooper to the Board. Mr Cooper was appointed on the 29 March and brings to the Board a wealth of experience in developing major capital works throughout Australia and internationally. The Board believes Mr Cooper's appointment will bring high level expertise to the Company given his extensive involvement in the oil, gas and construction industries.

Finally, I thank the Board, executives and all staff for their continued and unwavering commitment and hard work. The excellent results outlined in this report, combined with strong client relationships and a commitment to safe project delivery, foreshadow continued success into the future. The Board has great expectations and confidence that 2012 will be another year of targeted success and strong financial results for our shareholders.

Dr Ian Burston
Chairman
NRW Holdings Limited


777D
NRW
CAT

CHIEF EXECUTIVE OFFICER
YEAR IN REVIEW

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 2011.

We are proud to report NRW Holdings Limited achieved another record year with sales revenue of $745.3 million, a 22 percent increase from FY 2010; generating a 17 percent increase in net profit after tax (“NPAT”) to $41.2 million. We achieved returns on average capital employed of 29.6 percent, and have successfully preserved a conservative net debt to equity position of 19.8 percent.

The repercussions of the Global Financial Crisis, followed by the MRRT, continued to have some legacy through industry, primarily with respect to project commencement delays. We were sheltered from the majority of negative impacts due to the strength of our relationships with our clients and the expansion of scope on some existing projects.

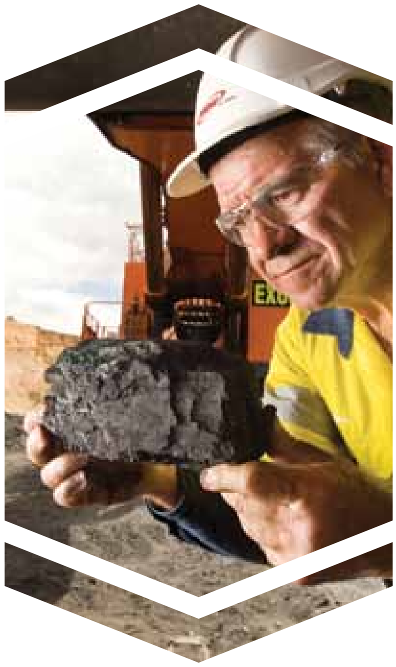
In April and May 2011 NRW raised a total of $76.0 million from an equity placement and SPP that was well supported by institutional and retail investors. The funds were used in the transaction to purchase equipment from Comiskey Earthmoving which was subsequently deployed at the Middlemount Coal project in Queensland.

The award of the Middlemount Coal project was a milestone achievement in the Group's diversification strategy across commodity, client and geography as well as expanding the overall tenure of the Mining Division's order book. Overall, the Mining Division ended the financial year strongly, with a 60 percent increase in revenue.

NRW's Civil Division has had considerable success during the year with work in hand of approximately $650.0 million and finalisation of the Rio Tinto Iron Ore Preferred Contractor five year Framework Agreement. The agreement nominates NRW as Rio Tinto Iron Ore's preferred earthworks contractor for two significant streams of work; the Port Stream and Western Pilbara Stream. In addition, NRW continues to expand its concrete division with the contract awarded at Herb Elliott Port for Fortescue Metals Group.

Action Drill and Blast, established in April 2010 to initially provide an internal service, has now successfully broken into the drill and blast market as a contractor in its own right. With revenue of $27.8 million in its first full financial year (representing 297 percent growth), Action Drill and Blast has now built up an experienced team of over 200 people.

Overall, the 2011 financial year result was pleasing and represents the endeavours of hard work and commitment that our Board, management team and employees have dedicated to the business. The Company reaffirms its commitment to seeking out profitable opportunities to diversify, whilst continuing to build upon core capabilities to successfully deliver existing projects.



"We are proud to report NRW Holdings Limited achieved another record year with sales revenue of $745.3 million, a 22 percent increase from FY 2010..."

Mr Julian Pemberton,
NRW Chief Executive Officer

HIGHLIGHTS

22% INCREASE
in revenue to $745.3 million

12% INCREASE
in EBIT to $64.6 million

RECORD ORDER BOOK
of $2.0 billion

CONSERVATIVE NET DEBT
to equity position of 19.8%

17% INCREASE
in NPAT to $41.2 million

CASH BALANCE
of $70.6 million

FINAL DIVIDEND
declared 5 cents

FINANCIAL OVERVIEW

Financial Performance

NRW Holdings Limited has successfully increased revenue by 22 percent to a record $745.3 million. Despite a very competitive tendering market resulting in margin pressure, the uncertainly created by the political environment (MRRT), and unseasonal weather conditions in Western Australia and Queensland, the NRW Group was able to expand services and increase profits after tax to $41.2 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. The table below summarises the results of the Group.

Financial Performance ($m's)	1HY 11	2HY 11	Full Year FY11	FY10	Change
Sales Revenue					
Civil	192.1	190.5	382.6	383.6	0%
Mining	149.9	171.8	321.7	201.1	60%
Action Drill & Blast	11.3	16.5	27.8	7.0	297%
Action Mining Services	12.7	15.4	28.1	24.5	15%
Other*	(7.7)	(7.3)	(15.0)	(6.5)	
Total Sales	**358.3**	**387.0**	**745.3**	**609.7**	**22%**
EBITDA	48.5	47.0	95.5	90.4	6%
EBIT	32.0	32.6	64.6	57.6	12%
NPAT	**20.4**	**20.8**	**41.2**	**35.1**	**17%**
EPS (basic) cents	8.1	8.0	16.1	14.0	15%
DPS cents	4.0	5.0	9.0	6.0	50%

* Other includes unallocated income and consolidation eliminations for Action Drill & Blast ($11)m, Action Mining Services ($7.3)m & residual transactions of Promac $3.3m

Financial Position

Equity attributable to shareholders increased by 58 percent compared to 2010, and is valued at $266.7 million at the end of FY11. Building upon initiatives undertaken in 2009 to de-gear the statement of financial position, NRW has maintained a conservative gearing of 19.8 percent net debt to equity. Working capital increased above 2010 levels and is reflective of the growth of the business. Payment cycles are positive which in turn is illustrated in the cash balance of the Group.

Financial Position ($m's)	FY11	FY10	FY09	FY08	FY07
Funded by:					
Cash / (overdraft)	70.6	21.4	20.6	(11.3)	16.6
Debt	(123.5)	(60.8)	(60.8)	(81.0)	(90.0)
Net Funding	(52.9)	(39.4)	(40.2)	(92.3)	(73.4)
Shareholders' Equity	**266.7**	**169.1**	**142.2**	**117.2**	**45.5**
EBIT / net interest	11.3x	9.8x	7.2x	8.4x	6.9x
Net debt / equity	19.8%	23%	28%	79%	67%

Dividend

On the 22 August 2011, the Board of NRW Holdings Limited declared a final dividend for the financial year ended 30 June 2011. The final dividend payable is 5.0 cents per share and brings the full year dividend to 9.0 cents per share fully franked.

Cash

The cash position at the end of the financial year was $70.6 million compared to the prior corresponding period of $21.4 million. Cash flow from operations remains strong, owing to efficient management of working capital, project claims, contract variations and supplier arrangements.

Funding

Base secured funding is in excess of $538.0 million comprising facilities for working capital and performance bonding and asset funding.

The table below 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 undertake projects with secured funding options.

Equity of $76.0 million was raised between April and May 2011 for the purposes of funding the purchase of equipment from Comiskey Earthmoving to then be utilised on the five year mining services project awarded by Middlemount Coal situated in Queensland.

NRW matches funding requirements with project size and tenure. The pool of funds available is more than sufficient to achieve targeted FY12 revenue growth and significant growth into FY13.

Funding Position ($m's)	FY11	FY10
Cash	70.6	21.4
Debt	(123.5)	(60.9)
Net Debt	**(52.9)**	**(39.4)**
Net Debt / Equity	19.8%	23%
Capex	68.0	61.2
Comiskey Asset Purchase	82.0	-
Funding headroom	**$323.0**	**$175.0**

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 of three and five years. At the date of this report, the order book is valued at $2.0 billion comprising $1.35 billion in the Mining Services Division and $0.65 billion in the Civil Contracting Division.

It should be noted that this order book excludes future expected revenue from projects included in the Rio Tinto Iron Ore Framework Agreement of which the year one value is approximately $260.0 million (comprising Western Turner Brockman and Cape Lambert packages).

Capital Expenditure

Group capital expenditure in 2011 was $150.0 million compared to $61.2 million in 2010. NRW undertook strategic investments in new and replacement equipment, with specific reference to Comiskey equipment purchase ($82.0 million), in order to meet the expected requirements of existing and new projects.

The majority of the plant purchased was for the Middlemount Coal project which commenced late in second half. The table below illustrates the divisional spend. Maintenance capital expenditure in FY11 was $4.7 million (included in Civil and Mining capex).

Capital Expenditure ($m's)	FY11	FY10
Assets purchased for Civil & Mining	60.0	59.9
Comiskey Assets	82.0	-
Action Drill & Blast	7.4	0.7
Miscellaneous	0.6	0.7
TOTAL	**$150.0**	**$61.2**

NRW
CIVIL

Overview

NRW civil projects have included bulk earthworks, concrete installation, project rehabilitation, conveyor line preparation and construction of roads, drill pads, rail formations, tailings dams, run-of mine pads, seawalls, airstrips, greenfields mine development, bridges, tunnels, accommodation camps and iron ore storage facilities.

Revenue for the civil contracting division for FY2011 was $382.6 million (2010: $383.6 million). Whilst revenue was static, the Division successfully increased human capital resources in the first half of the 2011 financial year in preparation for the increase in projected workload. Prior to many of the significant contracts awarded in the second half, numerous smaller projects were sourced and executed so as to retain these valuable resources in preparation for the next wave of projects. NRW is proud to report there were no redundancies made during the period.

The expansion of NRW's concreting capabilities at Herb Elliott Port for Fortescue continued to provide diversity in our service offering to clients.

Growth in this capability continues to be driven by Pilbara iron ore producers and their need for new or enhanced infrastructure to meet expanding demand for product. The successful execution of the Karara Bulk Earthworks and Concrete package remains our largest concrete project to date, and has resulted in a significant in-house capability.

Of noteworthy mention, two thirds of the Civil Division's work in hand at financial year end was negotiated with clients, as opposed to competitive tender. This included NRW's first ever major negotiated project with BHP Billiton Iron Ore for the Port Hedland Inner Harbour Project. The other one third includes two projects for Rio Tinto Iron Ore which form part of the previously mentioned five year Framework Agreement.

Operations

Major contracts and contract extensions awarded during the period included:

- Western Turner Brockman – Rio Tinto Iron Ore
- Main Line Rail Duplication - Fortescue
- Herb Elliott Port – Fortescue
- Port Hedland Inner Harbour Project – BHP Billiton Iron Ore
- Cape Lambert Stockyards and Car dumper Earthworks – Rio Tinto Iron Ore

Significant Achievements throughout the year included:

- First ever contracts with WestNet and Main Roads WA representing fruition of strategic diversification plan to include Government infrastructure.
- Award of several $100 million plus projects to NRW in joint venture with Indigenous partners – Eastern Guruma Pty Ltd and Ngarluma and Yindjibarndi Foundation Limited (NYFL).
- Signing of Rio Tinto Iron Ore five year Framework Agreement.
- Enhanced reputation across an expanding client base, alongside reinforcement of strong relationships with existing key clients.
- Securing high quality project staff to permit ongoing business growth and no redundancies made in period.
- Successful continued reinforcement of concrete capability
- 20 percent reduction in Total Recordable Injury Frequency Rate (TRIFR) across the Division

Outlook

The Civil Division currently has record levels of work in hand ($650.0 million) associated with upcoming streams of work, as client expansion plans are approved and previously delayed projects come back on line.

The Division is focussed on current projects such as the Western Turner Brockman and Cape Lambert Stockyards and Car-dumper Earthworks projects for Rio Tinto Iron Ore, completing works at Karara Iron Ore for Karara Mining Limited, the Main Line Rail Duplication and Herb Elliott Port facility earthworks contracts for Fortescue as well as the Port Hedland Inner Harbour Project for BHP Billiton Iron Ore.

As indicated above, the Civil Division expects to complete numerous concurrent projects in excess of $100 million each. This represents the future direction of the Division and we look forward to enhancing our reputation as a contractor of choice for our key blue chip resource sector clients, whilst developing further synergies in the government and infrastructure sectors.

The Division will also build on its successful strategy of engaging in joint ventures with suitable partners on large projects and with our Indigenous partners whose communities directly benefit in job creation and sharing of profits.

Civil opportunities in Queensland and the Oil and Gas sector continue to be explored as part of the Group's client, geographical and commodity diversification strategy.

"...The Civil Division currently has record levels of work in hand ($650 million)..."


DT816

NRW MINING

Overview

The Mining Division has continued to provide contract mining services to mineral resource companies and has extended its footprint into Queensland whilst continuing operations in Western Australia, the Northern Territory and West Africa.

Services include earth moving, waste and ore mining, drill and blast, ore haulage and related ancillary services. Revenue for the business unit was $321.7 million (2010: $201.0 million) in the 2011 financial year, representing a 60 percent increase. The Division's revenue was derived primarily from the continuation of existing projects for Rio Tinto Iron Ore and Fortescue in iron ore, and OM Holdings in manganese.

The Mining Division's most significant contract win of the year was the award of a $780.0 million five year contract to undertake mining operations at the Middlemount Coal joint venture project in Queensland. Middlemount Coal is a joint venture between Macarthur Coal and Gloucester Coal.

Another notable achievement for the Division was the award of an early mining services contract at Fortescue's expansion project the Solomon Hub, won in joint venture with NYFL and Eastern Guruma, and worth approximately $80.0 million. The Division also undertook works at Simandou (Guinea), Tom Price, Western Turner Syncline and Hope Downs for Rio Tinto; Bootu Creek for OM Holdings; Christmas Creek and Cloudbreak for Fortescue; and Karara for Karara Mining.

Although there was significant revenue growth during FY11, the mining margins were affected by performance at Western Turner Syncline and adverse weather conditions at Bootu Creek. Mobilisation to Middlemount was also delayed as a result of adverse weather conditions.

Contracts awarded and extensions during the period include:

- Middlemount Coal Project – Middlemount Coal
- Karara Iron Ore Project – Karara Mining
- Solomon Early Mining Services – Fortescue
- Cloudbreak and Christmas Creek – Fortescue

Outlook

With the award of significantly longer mining tenures of three and five years the Division intends to build upon this going forward. A stronger emphasis will be placed on targeting new contracts with extended tenures to secure the forward order book, alongside the exploration of continued repeat work with our existing clients.

The strategy remains that of diversification and sectors of interest continue to be iron ore, coal, and manganese; however gold's reenergised price in the market has created an opportunity for this to be a key commodity of interest in the near term.

The Mining Division remains focused on retaining and developing its workforce whilst providing the best possible service to all projects and achieving further growth into the 2012 financial year. The Division continues to enhance a reputation for reliable delivery of services and additional opportunities are being pursued across numerous sectors within Australia as well as overseas.

"Revenue for the business unit was $321.7 million (2010: $201.0 million) in the 2011financial year, representing a 60 percent increase..."

ACTION DRILL AND BLAST

Overview

NRW established Action Drill and Blast to provide a broader range of services and capabilities to clients and to address the lack of competitive alternative solutions currently available in the market.

The Drill and Blast business commenced operations at Western Turner Syncline and RGP5 Rail (south) projects servicing NRW's Mining and Civil Divisions respectively. The value of work in hand for the business progressing into FY12 is $107.0 million for internal projects including Middlemount Coal, Fortescue's Main Line Rail Duplication, Cape Lambert, Solomon and continuation at Western Turner Syncline. Externally, the business has work in hand of approximately $15.0 million.

In 12 months the business achieved:

- Revenue of $27.8 million
- Awarded external contracts with BMA (Gregory Crinum) and Talison Lithium (Greenbushes)
- Strengthened expertise within management and workforce
- Invested in new equipment
- Diversified revenue geographically and across clients.

Outlook

The Drill and Blast business' capabilities are being marketed throughout industry and our team has built a significant pipeline of opportunities which it is now actively tendering and winning. It is the business' mandate to derive revenue of 50 percent from external clients in the medium term.

"The Drill and Blast business commenced operations at Western Turner Syncline and RGP5 Rail (south) projects servicing NRW's Mining and Civil Divisions respectively. Externally, the business has work in hand of approximately $15.0 million.."

Action Drill & Blast


Speedglas

ACTION
MINING SERVICES

Overview

Action Mining Services 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 resource, hire and mining services companies.

Revenue for the Services Division was $28.1 million (2010:$24.5 million); profit growth declined due to lower activity as well as labour and material cost pressures in the first half of the financial year. Activity and profits increased steadily in the last quarter and we expect better performance from the business in FY12.

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 31 with intakes occurring in 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.

"Apprentice development continues to be a focus with current apprentice numbers at 31 with intakes occurring in January and July."

Action
Mining Services

HUMAN RESOURCES

In 2011 NRW continued to focus effort on the attraction and retention of experienced and skilled employees. The ongoing skills shortage provided unique challenges in Human Resources in both the attraction and management of talent in the business. A number of new projects were awarded and suitably qualified employees were engaged to deliver these projects safely and productively.

Recognising the need to develop innovative strategies to achieve these objectives, NRW undertook a series of activities designed to support this goal. Some of these initiatives included:

- Undertaking of successful overseas recruitment campaigns for highly skilled and qualified professionals.
- Strengthening the capacity of the Queensland operations to support the recruitment of people required for additional work secured.
- The creation of a mature age apprenticeship scheme for current employees to allow them to develop within the business.

NRW continued to develop its capability and skills in employee relations and enhanced its relationship with its workforce. NRW provides development opportunities at all levels by identifying employees with potential and allowing access to high quality training and development. There were no disputes or time lost due to industrial action in 2011.

As of 30 June 2011, the NRW Group had a total workforce of approximately 2,536 This workforce includes direct employees, sub contractors and apprentices. Approximately 12 percent of the workforce is Indigenous, an increase from 10 percent during the last financial year, reflecting NRW's strong commitment to Indigenous employment and training.

NRW continued to enjoy outstanding success with its Powerup program, run in conjunction with the Department of Education, Employment and Workplace Relations. The program has become a significant source of Indigenous trainees. NRW also began a second phase of the program in order to provide further training and development for high potential Indigenous employees.

"NRW continued to develop its capability and skills in employee relations and enhanced its relationship with its workforce..."

HEALTH, SAFETY AND ENVIRONMENT

Health & Safety

NRW is committed to achieving the highest possible performance in occupational health and safety across all business operations. NRW's Health, Safety and Environmental (HSE) 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 HSE inducted, trained and assessed in the tasks each will be required to perform, plus deemed competent via a Registered Training Organisation (RTO) process in the operation of plant and equipment.

FY2011 has seen significant re-structuring of the HSE department within NRW and the new structure will provide stronger support for projects, whilst enabling NRW to improve outcomes as it continues to grow.

During the year, one of the main focuses has been in the area of hazard identification and hazard removal from work processes. The success of the program has been reflected in the improved performance with Lost Time Injury Frequency Rate (LTIFR) currently at 1.38, which represents a 23 percent decrease from the previous year (FY2010: 1.8). A corresponding decrease in Recordable Case Frequency was also achieved - this is currently at 9.81, down from 12.62 in FY2010.

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.

"NRW ensures that all employees, including subcontractors' employees, are fully HSE inducted, trained and assessed in the tasks each will be required to perform..."

COMPANY OUTLOOK

The outlook for the NRW Holdings Limited Group in the near term is very positive due to fully secured FY12 order book, although we remain cautious of political and global economic uncertainty. The labour market remains tight but continued emphasis on employee training and development initiatives will bolster both recruitment and retention.

NRW looks forward to continuing its strong growth profile with expectations of further high demand for services continuing through FY13 and will focus on capitalising on the strength of activity in the sector, as well as increasing margins and ROCE across all divisions.

NRW has a strong near term tender pipeline estimated at approximately $3.6 billion, evenly split between mining and civil opportunities in Western Australia and Queensland. We remain focused on servicing the blue chip customer base in the key markets of iron ore and coal, whilst actively pursuing opportunities in the gold and LNG sectors.

The Company is committed to further diversifying revenue streams through continued expansion of services in the core businesses across commodity, geography and clients. However we also take into consideration targeted acquisitions on an ongoing basis that have the potential to increase NRW's relevance to its customers and that enable the Group to maintain strong returns on capital employed.

The key to our successful business model is to continue offering the best possible service and optimal value to our clients. This is reinforced by our solid reputation built on the foundations of quality work, understanding client requirements and the outstanding effort and diligence of the NRW workforce.

In addition to servicing the expanding iron ore sector, NRW's Civil Division will grow its footprint by capitalising on opportunities in the Western Australian oil and gas and Queensland infrastructure sectors where core skills and track record allow a natural entry and where significant expansion is expected over the next 12 to 24 months.

NRW will continue to explore partnerships and joint ventures with other reputable organisations to provide a full service offering to our clients where these relationships add value to all parties. Furthermore, NRW is proud of our successful joint venture partnerships with Indigenous organisations representing the traditional landowner groups from the communities in which we operate.

NRW's Mining Division expects to capitalise on greenfields projects and potential expansion of existing projects in Western Australia, as well as identifying further opportunities in Queensland and selected emerging markets.

The Action Drill and Blast business has experienced exceptional growth and continues to seek opportunities for further expansion through South Australia, Queensland as well as in Western Australia. Experienced personnel and a continued investment in plant will ensure Action Drill and Blast continues to add value to NRW through expanded core capabilities.

Action Mining Services is expected to be a stable contributor and an improved outlook should evolve through product development and expected gains in sector momentum into 2012.

NRW is conservatively geared, generating strong cash flows with a high return on capital employed. We expect strong revenue growth of 35 percent into FY12 with an EBIT target of 10 percent. NRW has the balance sheet and funding capacity to grow strongly into FY13 on the basis of current order book of $2 billion and a significant pipeline of opportunities.


EX0064

CHIEF FINANCIAL OFFICER

FINANCIAL YEAR IN REVIEW

2011 was a challenging but successful financial year for NRW Holdings Ltd having achieved some important milestones in terms of its growth and forward strategy:

- The Mining Services Division commenced a five year coal project in Queensland for Middlemount Coal Pty Ltd. The Project confirmed NRW's diversification strategy across commodity and geography as well as increasing tenure in the order book.
- The Civil Contracting Division signed a five year Earthworks Framework Agreement with Rio Tinto Iron Ore for the 333 programme in the Pilbara of Western Australia.
- Action Drill and Blast achieved an outstanding performance with 297 percent revenue growth compared to the previous corresponding period. The Division will continue to provide solid growth during FY12 and has a clear mandate to expand services to external clients Australia wide.

Investment Returns

Earnings per share continued to increase in line with the profitability of the business; the compound average growth rate is 27 percent since FY07. With activity in the resources sector expected to consistently improve - and investment in people, systems and equipment - it is expected NRW's earnings per share will continue the strong growth trend.

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

Earnings per Share & Dividend per Share

Consistent with growth in EPS the Board of Directors seek to maximise dividend payments to NRW shareholders. The dividend payout for FY11 as a percentage of earnings per share is 56 percent compared to 40 percent in the prior corresponding period.

Capital Expenditure

NRW made a significant asset purchase of $82.0 million with the purchase of plant, equipment and inventory of Queensland based Comiskey Earthmoving Pty Ltd in April 2011. In an economic environment that is experiencing capacity constraints the acquisition mitigates supply limitation issues for NRW.

Capital Expenditure ($m's)	FY11	FY10
Assets purchased for Civil & Mining	60.0	59.9
Comiskey Assets	82.0	-
Action Drill & Blast	7.4	0.7
Miscellaneous	0.6	0.7
TOTAL	$150.0	$61.2

NRW increased capital expenditure primarily in the second half of FY11. Apart from the Comiskey assets, further investment was undertaken with the acquisition of plant for Action Drill and Blast to expand that entity's capabilities. Of the total $150.0 million expenditure $4.7 million was maintenance related.

Cash flow

Operating cash flow was strong over all with minimal investment in net working capital and efficient cash conversion of trade debtors and creditors.

During April and May 2011 NRW raised $70.0 million and $5.8 million from institutional and retail investors respectively. The funds were employed in the purchase of the Comiskey Earthmoving assets.

Consolidated Statement of Financial Position & Funding

The Consolidated Statement of Financial Position has continued to strengthen following a de-gearing process in 2008. Despite an increase in capital expenditure during FY11, Group debt, net of cash was a conservative 19.8 percent.

The Consolidated Statement of Financial Position is in excellent shape to underpin growth expected in FY12 and beyond as well as expansion opportunities.

A Structured Debt Facility (ANZ lead arranger) was negotiated in June 2011 which provides NRW with the capability and flexibility to fund asset purchases into the future, with the additional ability to scale up as required with the participation of other lenders on standard terms and conditions.

Currently the Group has total funding capacity in excess of $500.0 million.

Working capital increased marginally in FY11 compared to the previous corresponding period with the investment of inventory of tyres and spare parts which are expected to experience supply constraints in the short to medium term.

Systems

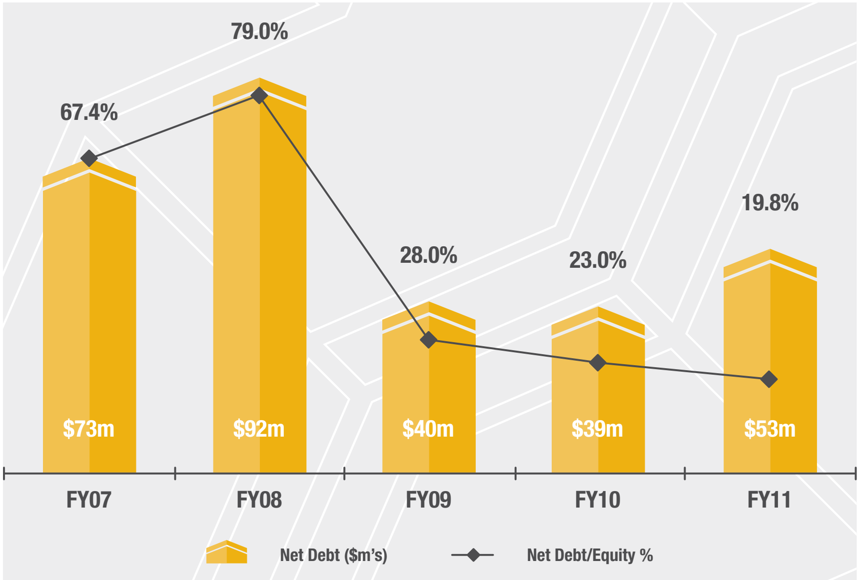
NRW has continued to invest in management systems to improve transparency of project performance, resource allocation and cash management so as to assist on-site project managers as well as the corporate management of the Company.

With the continued growth of the Company it is imperative that systems are designed so as to integrate information pertaining to all facets of the business - including human resources, plant assets, project costing and supply chain management - in a timely manner.

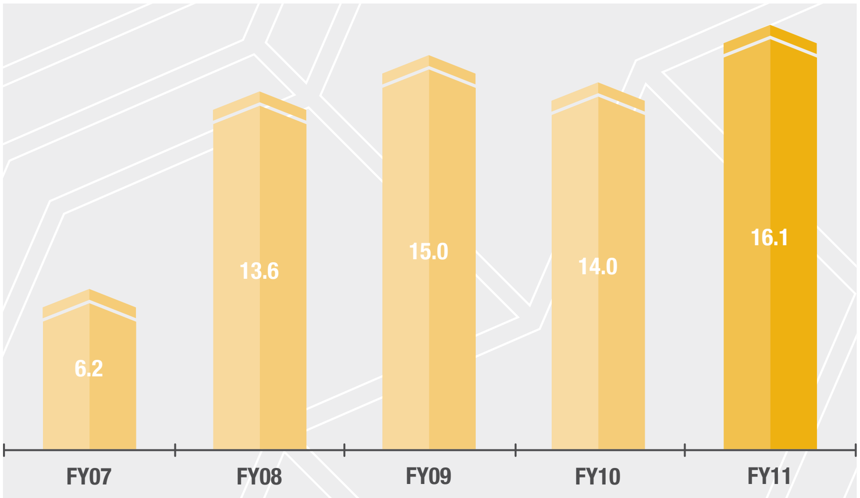
We will continue to develop the business' systems and tools in FY12 in order to provide better management of risk, transparency and accountability to address any issues that may occur with the onset of continued Company growth.

Mr Mark Wallace
Chief Financial Officer

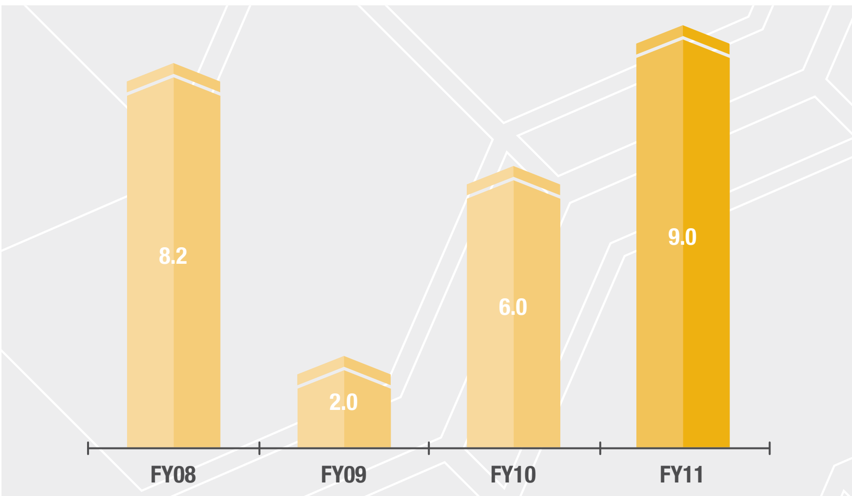
CONSOLIDATED STATEMENT OF FINANCIAL POSITION



EARNINGS PER SHARE (CENTS)



DIVIDENDS PER SHARE (CENTS)



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 2011.

In addition, the Company has a Corporate Governance section on its website: www.nrw.com.au which includes the relevant documentation suggested by the ASX Recommendations.

The extent to which NRW has complied with the ASX Recommendations during the year ended 30 June 2011, and the main corporate governance practices in place are set out to the right.

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 four Directors, three of whom are non-executive. The three 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
- Mr John Cooper.

Principle 2: Structure of the Board to Add Value (continued)

DIRECTOR INDEPENDENCE

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	4 years	2011 AGM
Mr Julian Pemberton	1 July 2006	5 years	Not Applicable
Mr Michael Arnett	27 July 2007	4 years	2012 AGM
Mr John Cooper	29 March 2011	<1 year	2011 AGM

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.

The Committee is also required to assess the skills, experience and personal qualities of any candidate in line with the principles and objectives of the Company's Diversity Policy.

NRW currently has no women Directors, 16.6 percent of all staff and 15 percent of senior management are women.

NOMINATION AND REMUNERATION COMMITTEE (continued)

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 2011 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.

COMPOSITION OF THE COMMITTEE (continued)

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.

Principle 6: Respect the Rights of Shareholders (continued)

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.

Remuneration responsibilities (continued):

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 ASX CGC 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 nonbinding shareholder vote when determining future remuneration policy and;
- providing a response to shareholder questions on policy where appropriate.

FINANCIAL REPORT 2011

CONTENTS

"The excellent results outlined in this report, combined with NRW's strong client relationships and a commitment to safe project delivery, foreshadow continued success into the future."

Dr Ian Burston
NRW Holdings Ltd Chairman

DIRECTORS' REPORT

The Directors present their report together with the financial report of NRW Holdings Limited ("the Company") and of the Consolidated Group (also referred to as "the Group"), comprising the Company and its subsidiaries, for the financial year ended 30 June 2011.

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 and Independent Non-Executive Director	Dr Burston was appointed as a Director and Chairman on 27 July 2007. His career includes former positions as Managing Director of Portman Limited, Managing Director and Chief Executive Officer of Aurora Gold Ltd, Chief Executive Officer of Kalgoorlie Consolidated Gold Mines Pty Ltd, Vice President – WA Business Development of CRA Ltd and Managing Director of Hamersley Iron Pty Ltd. He was a non-executive Director of the Esperance Port Authority for ten years, Chairman of the Broome Port Authority and executive Chairman of Cape Lambert Iron Ore Ltd. Dr Burston is currently a Non-Executive Director of Mincor Resources NL, Kansai Mining Corporation and Energio Limited. Dr Burston has a Bachelor of Engineering (Mech) degree from Melbourne University and a Diploma in Aeronautical Engineering from Royal Melbourne Institute of Technology. He has completed the Insead Management Course in Paris and the Harvard Advanced Management Program in Boston. 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. Dr Burston has held the following directorships of listed companies in the 3 years immediately before the end of the financial year: › Non-Executive Chairman, Imdex Limited (Resigned 2009) › Non-Executive Director, Mincor Resources NL (Current) › Non-Executive Director, Kansai Mining Corporation (Current) › Non-Executive Chairman, Cape Lambert Iron Ore Limited (Resigned 2008) › Non-Executive Director, Fortescue Metals Group (Resigned August 2011) › Non-Executive Director, Carrick Gold Limited (Resigned 2010) › Non-Executive Director, Condor Nickel Limited (Resigned 2010) › Non-Executive Director, Energio Limited (Appointed 2010)
Jeffery McGlinn	Managing Director	Mr McGlinn was appointed a Director on 10 February 2006 and resigned 7 July 2010.
Julian Pemberton	Chief Executive Officer and Managing Director	Mr Pemberton was appointed as a Director on 1 July 2006. Appointed as Chief Executive Officer & Managing Director 7 July 2010. 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.
Michael Arnett	Non-Executive Director	Mr Arnett was appointed as a Director on 27 July 2007. Mr 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 Norton Rose (formerly Deacons). Michael has been involved in significant corporate and commercial legal work for the resource industry for over 20 years. Mr Arnett is currently Chairman and a Non-Executive Director of New Guinea Energy NL and, a Non-Executive Director of Queensland Energy Resources Limited and Nexus Energy Limited. Mr Arnett has held the following directorships of listed companies in the 3 years immediately before the end of the financial year: › Non-Executive Director, Anzon Australia Limited (Resigned 2008) › Non-Executive Director, Anzon Energy Limited (Resigned 2008) › Non-Executive Director, Archipelago Resources PLC (Resigned 2010) › Non-Executive Director, Axiom Mining Limited (Resigned 2008) › Non-Executive Director, Queensland Energy Resources Limited (Current) › Chairman, New Guinea Energy NL (Current) › Non-Executive Director, Nexus Energy Limited (Current)

Name	Status	Qualifications, special responsibilities and other Directorships
John Cooper	Independent Non-Executive Director	Mr Cooper was appointed as a Director on 29 March 2011. Mr Cooper has held a range of very senior executive management and Board roles associated with development of major capital works throughout Australia and internationally. In 21 years with Concrete Constructions, Mr Cooper project managed major construction projects and was in charge of the group's South East Asian and Australian operations. He also headed CMPS&F, a design engineering and project management organisation specialising in oil and gas pipelines and compressor stations, mining and mine design, infrastructure and environmental contracts in Australia and South East Asia. Mr Cooper held a role with the Sydney Olympic Games Organising Committee, responsible for all contingency planning and technology/Games management. In August 2006, Mr Cooper was appointed by the South African conglomerate, Murray and Roberts Pty Ltd, as its representative and Deputy Chairman on the Clough Engineering Board, formulating overall strategy for the business and taking on an interim CEO position until a new management team was put in place in the restructured organisation. In 2007 Mr Cooper was appointed to Murray and Roberts' international board which was responsible for group operations outside of South Africa, including the Middle East, Canada, Australia and the United Kingdom. After retiring from the Murray and Roberts Group in 2010 he was subsequently appointed to the advisory council to the Bilfinger Berger Services group to assist in strategy and management development and planning. Mr Cooper has held the following directorships of listed companies in the 3 years immediately before the end of the financial year: › Non-Executive Director and Chairman, Southern Cross Electrical (Current) › Non-Executive Director, Flinders Mines (Current)

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
John Cooper	2 (of 2 meetings since appointment)	5
Michael Arnett	5	5
Jeffery McGlinn	Nil	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. The members of this Committee are Michael Arnett (Chairman) and Ian Burston.

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
- fabrication, quarantine and repair services
- drilling and blasting services
- equipment sales

State of Affairs

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 2011, as well as information on the financial position of the Group, is set out in the Year in Review on pages 6 to 25 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 6 to 25 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 23rd September 2011 the relevant interest of each Director in the ordinary share capital of the Company was:

Director	Ordinary Shares (NWH)
Julian Pemberton	2,540,414
Ian Burston	329,492
John Cooper	Nil
Michael Arnett	280,474

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 $0.04 per ordinary share was paid during the financial year ended 30 June 2011.

The Directors have declared a fully franked final dividend of $0.05 per share, in relation to 30 June 2011, payable on 31 October 2011.

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 59) 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 59) 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 $237,915 (2010: $91,385).

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
Directors		
Dr I Burston	Chairman and Non-Executive Director	Appointed as Non-Executive Director, 27th July 2007
Mr J Cooper	Non-Executive Director	Appointed as Non-Executive Director, 29th March 2011
Mr M Arnett	Non-Executive Director	Appointed as Non-Executive Director, 27th July 2007
Mr J W McGlinn	Managing Director and Chief Executive Officer	Appointed as a Director, 10th February 2006. Resigned, 7th July 2010.
Mr J A Pemberton	Managing Director and Chief Executive Officer	Appointed as Director of the Company 1st July 2006 and as Chief Executive Officer 7th July 2010.
Executives		
Mr K Hyman	Company Secretary, Risk Management and Legal	Appointed 10th July 2007
Mr M Wallace	Chief Financial Officer	Appointed 8th December 2008
Mr N J Silverthorne	Director - Business Development	Appointed 22nd November 1994
Mr K Bounsell	General Manager - Assets	Appointed 22nd November 1994
Mr W Rooney	Managing Director - Civil and Mining	Appointed 1st October 2008
Mr M Stewart	General Manager - Civil	Appointed 1st July 2008
Mr T Cook	General Manager Mining - WA, NT and overseas	Appointed 30th May 2011
Mr W Fair	General Manager - Action Drill & Blast	Appointed 1st March 2010
Mr S Lucas	General Manager - East Coast Operations	Appointed 1st 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; and
- the overall Group performance considering Group earnings, share price and returns on shareholder's wealth.

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).

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

The table below sets out summary information on the entity's earnings & wealth for the past 5 years.

Measure	2011	2010	2009	2008
Market Capitalisation	$778.1 million	$246.2 million	$238.7 million	$489.9 million
Market Capitalisation at IPO	$502.5 million	$502.5 million	$502.5 million	$502.5 million
Share Price at end of year	$2.79	$0.98	$0.95	$1.95
Share Price at beginning of year	$0.98	$0.95	$1.95	-
Net Profit After Tax	$41.2 million	$35.1 million	$37.1 million	$32.8 million
Interim Dividend paid	$0.04	$0.03	$0.01	$0.04
Final Dividend declared in respect of the year	$0.05	$0.03	$0.01	$0.0423

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 percent 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 2011 no balance remains unpaid. (2010:Nil.)

No new issues have been provided under this arrangement in the year to 30 June 2011. 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 (2010: $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.

Key terms of Employment Contracts

NRW has for the year ended 30 June 2011, executive service agreements with Julian Pemberton, John Silverthorne and Keith Bounsell. The executive service agreements:

- are not fixed term agreements and continue on an ongoing basis until terminated;
- contain non-compete provisions restraining the executives from operating or being associated with an entity that competes with the business of NRW in Western Australia for 12 months after termination;
- provide for an annual packaged salary of $1,200,000 for Julian Pemberton;
- provide for $1,000,000 for John Silverthorne and $400,000 for Keith Bounsell, who in addition receive statutory superannuation contributions, motor vehicle benefits and other fringe benefits;
- provide for remuneration to be reviewed by NRW annually; and
- may be terminated by either the executive or the Company giving six months' notice of termination, or in the case of Julian Pemberton's agreement, three months' notice.

The executive service agreement with Jeffrey McGlinn terminated on his resignation from NRW.

All key management personnel, as listed in the Remuneration table, are employed on standard letters of appointment that provide for annual reviews of base salary and between 4 and 12 weeks' notice of termination by either party. The appointments are not for any fixed term and carry no termination payments other than statutory entitlements.

Remuneration for all key personnel listed is determined by the Remuneration Committee under the guidelines contained in Principle 8.

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 $ 2011	Short Term Benefits				Post Employment Benefits	Other Long Term Benefits	Share Based Payments		Total	Performance Related	Value of Options
KEY MANAGEMENT PERSONNEL	Salary & fees	STI cash bonus	Non cash benefit (1)	Annual Leave (2)	Superannuation	Other (3)	Equity	In substance options	Total	%	%
DIRECTORS											
Mr J W McGlinn (4)	704,763	-	11,946	-	68,305	-	-	-	785,014	-	-
Mr J A Pemberton	1,162,770	-	63,206	189,704	15,199	121,271	-	-	1,552,150	-	-
NON-EXECUTIVE DIRECTORS											
Dr I Burston	91,743	-	4,892	-	8,257	-	-	-	104,892	-	-
Mr J Cooper (5)	16,923	-	-	-	1,523	-	-	-	18,446	-	-
Mr M Arnett	80,000	-	-	-	1,800	-	-	-	81,800	-	-
EXECUTIVES											
Mr J N Silverthorne (6)	462,561	-	41,358	-	90,000	-	-	-	593,919	-	-
Mr K Bounsell	548,156	-	33,664	-	50,056	37,657	-	-	669,533	-	-
Mr M Wallace	409,091	-	47,660	13,647	15,199	-	-	-	485,597	-	-
Mr M Stewart	629,076	-	22,712	10,755	56,617	-	-	-	719,160	-	-
Mr W Rooney	818,197	-	7,083	6,967	73,638	-	-	-	905,885	-	-
Mr K Hyman	269,795	-	825	23,238	24,282	8,437	-	-	326,577	-	-
Mr T Cook (5)	32,692	-	-	1,701	2,942	-	-	-	37,335	-	-
Mr W Fair	355,061	-	-	5,824	31,956	-	-	-	392,841	-	-
Mr S Lucas	376,069	-	96,386	-	33,853	-	-	-	506,308	-	-
Total Compensated (Consolidated)	**5,956,897**	**-**	**329,732**	**251,836**	**473,627**	**167,365**	**-**	**-**	**7,179,457**	**-**	**-**

(1) The non cash benefits comprised mostly of the motor vehicle benefits offered to key management personnel, including the applicable grossed up fringe benefits.
(2) Represents the annual leave movement provisions. This item represents an accrual only.
(3) Represents accrued long service leave movement.
(4) J McGlinn resigned 7th July 2010 and amounts paid represent payout of annual leave, long service leave and other amounts owed. There are no termination payouts.
(5) Appointments and commencement dates made during the year include John Cooper 29 March 2011 and Trevor Cook 30 May 2011.
(6) Includes long service leave taken during the year FY2011

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	Performance Related	Value of Options
KEY MANAGEMENT PERSONNEL	Salary & fees	STI cash bonus	Non cash benefit [1]	Annual Leave [2]	Superannuation	Other [3]	Equity	In substance options	Total	%	%
DIRECTORS											
Mr J W McGlinn [4]	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	-	-
NON-EXECUTIVE DIRECTORS											
Dr I Burston	91,743	-	5,320	-	8,257	-	-	-	105,320	-	-
Mr M Arnett	80,000	-	-	-	7,200	-	-	-	87,200	-	-
EXECUTIVES											
Mr J N 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 [5]	107,692	-	-	12,170	9,692	-	-	-	129,555	-	-
Mr P Miguel	244,477	-	9,463	-	22,706	4,833	-	-	281,480	-	-
Mr W Fair [6]	107,269	-	-	8,082	9,654	-	-	-	125,005	-	-
Mr K Bassett	258,320	-	-	-	23,848	-	-	-	282,168	-	-
Mr S Lucas	373,803	-	33,207	30,222	33,642	-	-	-	470,875	-	-
Total Compensated (Consolidated)	**7,020,089**	**-**	**437,286**	**283,411**	**622,912**	**29,744**	**-**	**-**	**8,393,442**	**-**	**-**

(1) The non cash benefits comprised mostly of the motor vehicle benefits offered to key management personnel, including the applicable grossed up fringe benefits.
(2) Represents the annual leave movement provisions. This item represents an accrual only.
(3) Represents accrued long service leave movement.
(4) Resigned 7 July 2010.
(5) Appointed 1 March 2010.
(6) Appointed 1 March 2010

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 Burston	100,000
Mr J Cooper	80,000
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
Perth, 23rd September 2011

Dr Ian Burston
Chairman

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
NRW Holdings Limited
73 – 75 Dowd Street
Welshpool WA 6106

23 September 2011

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 2011, 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

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants

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 Burston
Chairman
Perth, 23rd September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
Continuing Operations			
Revenue	6	745,341	609,737
Other income	7	5,847	5,887
Financial income	9	488	169
Financial expenses	9	(6,152)	(6,432)
Materials and consumables used		(96,678)	(66,882)
Employee benefits expense	8b	(217,479)	(169,847)
Subcontractor costs		(160,243)	(129,845)
Depreciation and amortisation expenses	8b	(30,937)	(30,025)
Impairment expense		-	(2,710)
Plant and equipment costs		(154,492)	(121,447)
Travel and accommodation		(20,161)	(29,998)
Other expenses		(6,614)	(7,417)
Profit before income tax		**58,920**	**51,190**
Income tax expense	11(a)	(17,724)	(16,052)
Profit for the year		**41,196**	**35,138**
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(215)	(9)
Total comprehensive income		**40,981**	**35,129**
Profit Attributable to:			
Equity holders of the Company		**40,981**	**35,138**
Total Comprehensive Income Attributable to:			
Equity holders of the Company		**40,981**	**35,129**
Earnings per share (cents per share)	17		
Basic earnings per share (AUD)		16.1 cents	14.0 cents
Diluted earnings per share (AUD)		16.1 cents	14.0 cents

Notes to the financial statements are included on pages 47 to 80.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Consolidated	
	Note	2011 $'000	2010 $'000
Assets			
Current assets			
Cash and cash equivalents	20	70,628	21,443
Trade and other receivables	22	155,340	168,103
Inventories	23	23,029	13,364
Other current assets	24	3,059	2,723
Total current assets		**252,056**	**205,633**
Non-current assets			
Property, plant and equipment	12	268,537	152,936
Goodwill	13	24,417	24,417
Deferred tax assets	27	-	1,419
Total non-current assets		**292,954**	**178,772**
Total assets		**545,010**	**384,405**
Liabilities			
Current liabilities			
Trade and other payables	25	134,654	140,290
Borrowings	28	52,932	29,347
Current tax liabilities	26	51	6,748
Provisions	36	9,800	7,036
Total current liabilities		**197,437**	**183,421**
Non-current liabilities			
Borrowings	28	70,634	31,510
Provisions	36	30	405
Deferred tax liabilities	27	10,200	-
Total non-current liabilities		**80,864**	**31,915**
Total liabilities		**278,301**	**215,336**
Net assets		**266,709**	**169,069**
Equity			
Issued capital	14	156,456	82,211
Reserves	15	1,387	1,602
Retained earnings	16	108,866	85,256
Total equity		**266,709**	**169,069**

Notes to the financial statements are included on pages 47 to 80.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Fully paid ordinary shares	Foreign currency translation reserve	Option reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2009	**80,560**	**(24)**	**1,551**	**60,167**	**142,254**
Profit for the year	-	-	-	35,138	35,138
Exchange differences arising on translation of foreign operations	-	(9)	-	-	(9)
Total comprehensive income for the period	**-**	**(9)**	**-**	**35,138**	**35,129**
Interest on 'ESP 'loans	-	-	120	-	120
Related income tax	-	-	(36)	-	(36)
Net income recognised directly in equity	**-**	**-**	**84**	**-**	**84**
Payment of dividends	-	-	-	(10,049)	(10,049)
Repayment of limited recourse loan as part of the 'ESP'	1,651	-	-	-	1,651
Balance at 30 June 2010	**82,211**	**(33)**	**1,635**	**85,256**	**169,069**
Balance at 1 July 2010	**82,211**	**(33)**	**1,635**	**85,256**	**169,069**
Profit for the period	-	-	-	41,196	41,196
Exchange differences arising on translation of foreign operations	-	(215)	-	-	(215)
Total comprehensive income for the period	-	(215)	-	41,196	40,981
Payment of dividends	**-**	**-**	**-**	**(17,586)**	**(17,586)**
Issue of ordinary shares under institutional share placement	70,000	-	-	-	70,000
Issue of ordinary shares under Share Purchase Plan	5,802	-	-	-	5,802
Share issue costs	(2,225)	-	-	-	(2,225)
Income tax relating to share issue costs	668	-	-	-	668
Balance at 30 June 2011	**156,456**	**(248)**	**1,635**	**108,866**	**266,709**

Notes to the financial statements are included on pages 47 to 80.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
Cash flows from operating activities			
Cash receipts from customers		760,539	568,422
Cash paid to suppliers and employees		(664,995)	(477,861)
Interest paid		(6,152)	(8,672)
Interest received		488	289
Income tax paid [1]		(12,134)	(11,169)
Net cash provided by operating activities	21	**77,746**	**71,009**
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		2,022	3,685
Acquisition of property, plant and equipment		(101,880)	(18,979)
Net cash used in investing activities		**(99,858)**	**(15,294)**
Cash flows from financing activities			
Proceeds from the issue of share capital		75,802	-
Proceeds from borrowings		47,758	8,917
Repayment of borrowings and finance/hire purchase liabilities		(37,424)	(50,422)
Proceeds from repayment of Employee Share Plan loans		-	1,651
Payment of dividends to shareholders		(17,586)	(10,049)
Payment of Share Issue Costs		(2,225)	-
Loan proceeds from related parties		4,972	-
Loan advances to related parties		-	(4,972)
Net cash provided from/(used) financing activities		**71,297**	**(54,875)**
Net increase in cash and cash equivalents		**49,185**	**840**
Cash and cash equivalents at beginning of the period		21,443	20,603
Cash and cash equivalents at the end of the period	20(a)	**70,628**	**21,443**

(1) Inclusive of all income tax payments made in Australia and overseas tax jurisdictions

Notes to the financial statements are included on pages 47 to 80.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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 2011 comprises 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, fabrication and repairs to plant, and drilling and blasting activities.

2. Significant Accounting Policies

2.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

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

These financial statements were authorised for issue by the Directors on **23rd September 2011**.

2.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the 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 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose 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.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

2.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquirer or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquirer are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Noncurrent Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.4 Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquirer is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations that took place prior to 1 July 2009 were accounted for in accordance with the previous version of AASB 3.

2.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see note 2.4) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income/income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.6 Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature.

Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

The Group's interests in assets where the Group does not have joint control are accounted for in accordance with the substance of the Group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature

The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances if applicable.

2.7.1 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

2.7.2 Rendering of Services

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.

The Group's policy for recognition of revenue from construction contracts is described at 2.8 and below.

2.8 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work.

Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

2.9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.9.1 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments 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 pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.10 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. 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 recognised in other comprehensive income and accumulated in equity (attributed to noncontrolling interests as appropriate).

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready 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 profit or loss in the period in which they are incurred.

2.12 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

2.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.13.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such 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.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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 end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.13.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Additional information on accounting policies shall be included where the entity has other material tax balances not covered by the above analysis, such as in relation to tax deductible share-based payment arrangements.

2.14 Property, plant and equipment

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

2.14 Property, plant and equipment (continued)

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation rates and methods shall be reviewed at least annually. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined 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.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.

2.17 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.18 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2.18.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

2.18.2 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified 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.

2.18.2 Financial assets at FVTPL (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 30.

2.18.3 Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

2.18.4 AFS financial assets

Listed shares held by the Group that are traded in an active market are classified as AFS and are stated at fair value. Investments in unlisted shares that are not traded in an active market are also classified as AFS financial assets and stated at fair value (because the Directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 30. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

2.18.5 Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2.18.6 Impairment of financial assets

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2.19 Financial liabilities and equity instruments

2.19.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

2.19.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

2.19.3 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, to the net carrying amount on initial recognition.

2.19.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.20 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

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

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

2.21 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.

2.22 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 statement of financial position.

2.23 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.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see 3.2 below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

3.1.1 Revenue recognition

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.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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.

3.2.1 Construction Work in Progress

Essentially these amounts comprise revenue earned, but not billed at 30 June 2011, 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. Refer to amounts disclosed in note 22.

3.2.2 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.

The carrying amount of goodwill at 30 June 2011 was $24.4 million (30 June 2010: $24.4 million). The Directors determined no impairment of goodwill during 2011 (2010: $2.71 million). Details of the goodwill carrying amount can be found at note 13.

3.2.3 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
- employee departures and period of service.

3.2.4 Useful lives of property, plant and equipment

As described at 2.14 previously, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The effective lives are based on intended utilisation and working conditions. Also demand for specific plant and equipment will affect the plant modelling giving rise to a certain degree of fluctuations and subjectiveness.

4. Application of New and Revised Accounting Standards

4.1 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 4.2).

Standards affecting presentation and disclosure

Amendments to AASB 7 'Financial Instruments: Disclosure' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'	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 101 'Presentation of Financial Statements' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
Amendments to AASB 107 'Statement of Cash Flows'	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.

Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

4.2 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 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Except for the amendments to AASB 5 and AASB 107 described earlier this section, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.
AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Share based Payment Transactions'	The application of AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues'	The application of AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.
AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	The application of AASB 2010-3 makes amendments to AASB 3(2008) 'Business Combinations' to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of noncontrolling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of noncontrolling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, the application of AASB 2010-3 makes amendments to AASB 3(2008) to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with AASB 2 'Share-based Payment' at the acquisition date ('market-based measure').
AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Except for the amendments to AASB 7 and AASB 101 described earlier this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.
Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'	This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. To date, the Group has not entered into transactions of this nature.

4.3 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 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' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	1 July 2011	30 June 2012
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013	30 June 2014
IFRS 10 Consolidated Financial Statements	1 January 2013	30 June 2014
IFRS 11 Joint Arrangements	1 January 2013	30 June 2014
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013	30 June 2014
IFRS 13 Fair Value Measurement	1 January 2013	30 June 2014

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective are to be assessed as to any impact they may have on the group's accounting policies. These will be assessed as required by management.

5. Segment Reporting

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on the result of the goods and services provided in each segment.

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 of corporate assets and expenses that are not specific to the performance of any operating segment. All inter group and cross segment transactions are made at arm's length at the prevailing market rates.

The Group's reportable segments under AASB 8 are therefore as follows.

(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, 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.
- 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.
- Equipment Sales. Historically comprises of the sale of new and used, heavy mining and ancillary equipment and the distribution of off-road tyres, loaders, excavators and rollers.

(b) Geographical Information

The Group's activities aim to service worldwide projects, predominantly core geographic regions comprising Australia and West Africa – Guinea.

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

	Revenue from External Customers		Total Current and Non-Current Assets	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Australia	717,001	582,499	531,544	367,356
West Africa - Guinea	28,340	27,238	13,466	17,049
Total	**745,341**	**609,737**	**545,010**	**384,405**

5. Segment Reporting (continued)

(c) Reportable segment revenues and results

	Segment Revenue		Segment Profit (Loss)	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Civil Contracting	382,642	383,556	39,659	36,768
Mining Services	321,742	201,061	31,954	29,634
Drilling & Blasting Services	27,812	6,981	2,908	500
Equipment Sales	3,736	17,052	(1,015)	(1) (3,621)
Fabrication & Repair Services	28,152	24,467	2,155	2,699
Eliminations	(18,743)	(23,380)	-	-
Total for continuing operations	745,341	609,737	75,661	65,980
Other unallocated expenses			(11,077)	(8,527)
Net finance costs			(5,664)	(6,263)
Income tax expense			(17,724)	(16,052)
Profit for the period			**41,196**	**35,138**

(1) Includes goodwill impairment of $2,710,000.

(d) Segment assets and liabilities

	Segment Assets	
	2011 $'000	2010 $'000
Civil Contracting	159,062	226,164
Mining Services	324,613	118,337
Drilling & Blasting Services	25,140	4,114
Equipment Sales	1,182	5,699
Fabrication & Repair Services	34,497	28,258
Other unallocated assets	516	1,833
Consolidated assets	**545,010**	**384,405**

	Segment Liabilities	
	2011 $'000	2010 $'000
Civil Contracting	(91,458)	(121,090)
Mining Services	(165,995)	(63,359)
Drilling & Blasting Services	(6,836)	(2,203)
Equipment Sales	(158)	(3,619)
Fabrication & Repair Services	(3,654)	(3,364)
Other unallocated liabilities	(10,200)	(21,701)
Consolidated liabilities	**(278,301)**	**(215,336)**

5. Segment Reporting (continued)

(e) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Civil Contracting	3,920	9,156	6,906	38,810
Mining Services	26,037	20,460	120,427	20,307
Drilling & Blasting Services	611	31	7,466	706
Equipment Sales	53	76	19	497
Fabrication & Repair Services	316	302	574	200
Other			14,765	
Total for continuing operations	**30,937**	**30,025**	**150,157**	**60,520**

Revenue derived from each segments major customers comprise $138.33 million (2010: $156.60 million) in the Civil Division, $110.47 million (2010: $94.50 million) in the Mining Division, $8.93 million (2010: $3.70 million) in the drilling and blasting division, $2.77 million (2010: $1.86 million) in the Equipment Sales Division and $7.46 million (2010: $7.10 million) in the Fabrication & Repair division.

6. Revenue

	Consolidated	
	2011 $'000	2010 $'000
Revenue from the sale of goods	14,189	16,086
Revenue from the rendering of services	731,152	593,651
Total Revenue	**745,341**	**609,737**

7. Other Income

	Consolidated	
	2011 $'000	2010 $'000
Net (loss) on sale of property plant and equipment	(1,560)	(200)
Other income	7,407	6,089
Total	**5,847**	**5,887**

8. Profit for the Year

(a) Gains and losses

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

	Consolidated	
	2011 $'000	2010 $'000
(Loss) on disposal of property, plant and equipment	(1,560)	(200)

8. Profit for the Year (continued)

(b) Other expenses

Profit for the year includes the following expenses:

	Consolidated	
	2011 $'000	2010 $'000
Impairment of trade receivables	-	(10)
Impairment of non-current assets	-	(2,710)
Depreciation of non-current assets	(30,937)	(30,025)
	(30,937)	**(32,735)**
Operating lease payments	(2,538)	(1,933)
Rental hire payments	(114,889)	(87,549)
	(117,427)	**(89,482)**
Employee benefits expense:		
Superannuation contributions	(14,407)	(10,870)
Wages and salaries	(203,072)	(158,977)
	(217,479)	**(169,847)**

9. Finance Income and Expense

	Consolidated	
	2011 $'000	2010 $'000
Interest Income	488	169
Total Finance Income	**488**	**169**
Interest on obligations under finance leases	(5,572)	(5,860)
Interest on bank overdrafts and loans	(580)	(572)
Total Finance expense	**(6,152)**	**(6,432)**

10. Auditor's Remuneration

	Consolidated	
	2011 $	2010 $
Auditor of the parent entity		
Deloitte Touche Tohmatsu		
Audit and review of financial reports	196,000	166,000
Non-audit services	2,600	709
Total	**198,600**	**166,709**

11. Income Tax Expense

(a) Recognised in the statement of comprehensive income

	Consolidated	
	2011 $'000	2010 $'000
Current tax expense		
Current period	11,576	17,574
Adjustments for prior years	(6,138)	(16)
	5,438	**17,558**
Deferred tax expense		
Origination and reversal of temporary differences	12,286	(1,506)
Total income tax expense in the statement of comprehensive income	**17,724**	**16,052**

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

	Consolidated	
	2011 $'000	2010 $'000
Profit for the period	58,920	51,190
Total income tax expense	(17,724)	(16,052)
Profit after income tax	**41,196**	**35,138**
Income tax using the Company's domestic tax rate of 30%	**17,676**	**15,357**
Changes in income tax expense due to:		
Non-allowable expenses	57	119
Tax concessions (Investment Allowance)	-	(251)
Non Deductible (Goodwill written off)	-	813
Under provision for prior years	4	(16)
Effect of different income tax rates for subsidiaries operating in a different tax jurisdiction	(13)	30
Total income tax expense	**17,724**	**16,052**
Effective tax rate	30.08%	31.36%

The Group continues to review any advantages from tax consolidating. At balance date and the review performed during FY 30 June 2011 has resulted in a decision to not tax consolidate. This will be reviewed again in subsequent reporting periods, and reassessed accordingly.

(c) Recognised directly in equity

	Consolidated	
	2011 $'000	2010 $'000
Current tax		
Interest received on ESP loan balances outstanding	-	36
Deferred tax		
Share issue costs (30%)	668	-
Total	**668**	**36**

12. Property, Plant and Equipment

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

	Buildings	Leasehold improvements	Plant and equipment	Total
	$'000	$'000	$'000	$'000
Cost				
Balance at 1 July 2009	835	1,032	190,517	192,384
Effect of foreign currency exchange differences	-	-	(4)	(4)
Other acquisitions	321	507	59,692	60,520
Disposals	-	(18)	(8,000)	(8,018)
Balance at 30 June 2010	**1,156**	**1,521**	**242,205**	**244,882**
Effect of foreign currency exchange differences	-	-	(36)	(36)
Other acquisitions	1,203	(9)	148,963	150,157
Disposals	(400)	(429)	(4,647)	(5,476)
Balance at 30 June 2011	**1,959**	**1,083**	**386,485**	**389,527**
Depreciation				
Balance at 1 July 2009	174	130	66,159	66,463
Depreciation and amortisation expense	72	103	29,850	30,025
Effect of foreign currency exchange differences	-	-	(9)	(9)
Impairment expense	-	-	-	-
Disposals	-	-	(4,533)	(4,533)
Balance at 30 June 2010	**246**	**233**	**91,467**	**91,946**
Depreciation and amortisation expense	248	106	30,583	30,937
Effect of foreign currency exchange differences			(15)	(15)
Impairment expense	-	-	-	-
Disposals	(109)	-	(1,769)	(1,878)
Balance at 30 June 2011	**385**	**339**	**120,266**	**120,990**
Net book value				
At 1 July 2010	910	1,288	150,738	152,936
At 30 June 2011	1,574	744	266,219	268,537

13. Goodwill

	Consolidated	
	2011	2010
	$'000	$'000
Cost	27,127	27,127
Accumulated impairment losses	(2,710)	(2,710)
	24,417	**24,417**

Cost

	Consolidated	
	2011	2010
	$'000	$'000
Balance at beginning of financial year	24,417	27,127
Balance at end of financial year	**24,417**	**24,417**

13. Goodwill (continued)

Accumulated impairment

	Consolidated	
	2011 $'000	2010 $'000
Balance at beginning of financial year	(2,710)	-
Impairment losses recognised during the year	-	(2,710)
Balance at end of financial year	**(2,710)**	**(2,710)**

The Fabrication & Repair Services segment continues as a cash-generating unit for the purposes of impairment testing, and retains allocated goodwill of $24,417,000 (2010: $24,417,000). The calculation of the recoverable amount is based on value-in-use, adopting the approved Board budget for the full year 2012. Cash flows beyond one year have been extrapolated using a consistent 5% growth rate with a sensitivity assessment of both 3% and 7%, none of which result in an impairment to goodwill. The terminal value at the end of the 5 year period has been estimated based on the projected cash flows. The weighted average cost of capital including a risk margin has been set at a pre-tax discount rate of 14.3% (2010: 14.2%). On this basis the Directors assess there is no impairment loss.

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

The impairment loss for the prior year has been reported separately in the statement of comprehensive income.

14. Issued capital

	Consolidated	
	2011 $'000	2010 $'000
Ordinary shares		
278,888,011 fully paid ordinary shares (2010: 251,223,000)	156,456	82,211

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	
	2011 # No. '000	2010 # No. '000	2011 $'000	2010 $'000
Fully paid ordinary shares				
Balance at the beginning of the financial year	251,223	251,223	82,211	80,560
Issue of ordinary shares under Equity Raising	25,547	-	70,000	-
Issue of ordinary shares under Share Purchase Plan	2,118	-	5,802	-
Share issue costs	-	-	(2,225)	-
Income tax relating to transactions with owners	-	-	668	-
Repayment of limited recourse loan as part of the 'ESP'	-	-	-	1,651
Balance at the end of the period	**278,888**	**251,223**	**156,456**	**82,211**

15. Reserves

	Consolidated	
	2011 $'000	2010 $'000
Option Reserve	1,635	1,635
Foreign Currency Reserve	(248)	(33)
Total Reserves	**1,387**	**1,602**

15. Reserves (continued)

	Consolidated	
	2011 $'000	2010 $'000
Option reserve		
Balance at the beginning of the financial year	1,635	1,551
Interest received on employee loan balances due under the 'ESP'	-	120
Related income tax	-	(36)
Balance at the end of the financial year	**1,635**	**1,635**

The option reserve arose on the grant of ordinary shares to key management personnel (issued prior to IPO and in lieu of cash bonuses) financed by way of limited recourse loans with the Company creating an in-substance option over the ordinary shares. This arrangement is distinct from the Company SMDOP which is in place but remains inactive.

	Consolidated	
	2011 $'000	2010 $'000
Foreign currency translation reserve		
Balance at the beginning of the financial year	(33)	(24)
Exchange differences arising on translation of foreign operations	(215)	(9)
Balance at the end of the financial year	**(248)**	**(33)**
Total Reserves	**1,387**	**1,602**

16. Retained Earnings

	Consolidated	
	2011 $'000	2010 $'000
Balance at the beginning of the financial year	85,256	60,167
Net profit attributable to members of the parent entity	41,196	35,138
Dividends paid (note 18)	(17,586)	(10,049)
Balance at the end of the financial year	**108,866**	**85,256**

17. Earnings Per Share

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

	Consolidated	
	2011	2010
Basic earnings per share	16.1 cents	14.0 cents
Diluted earnings per share	16.1 cents	14.0 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:

	Consolidated	
	2011 $'000	2010 $'000
Profit for the year	41,196	35,138
Weighted average number of ordinary shares for the purpose of basic earnings per share	256,402	250,678

17. Earnings Per Share (continued)

(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:

	2011		2010	
	Number of shares #'000	Total $'000	Number of shares #'000	Total $'000
Profit attributable to ordinary shareholders		41,196		35,138
Weighted average number of ordinary shares for the purpose of basic earnings per share	256,402		250,678	
Shares deemed to be issued for no consideration in respect of:				
Shares provided to employees related to in substance options	-		303	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	256,402		250,981	

18. Dividends

(a) Dividends Paid

	2011		2010	
	Number of shares #'000	Total $'000	Number of shares #'000	Total $'000
Recognised amounts paid:				
Fully paid ordinary shares				
Final dividend to 30 June 2009:				
Fully franked at 30% tax rate			1.00	2,512
Interim dividend to 31 December 2009:				
Fully franked at 30% tax rate			3.00	7,537
Final dividend to 30 June 2010:				
Fully franked at 30% tax rate	3.00	7,537		
Interim dividend to 31 December 2010:				
Fully franked at 30% tax rate	4.00	10,049		
Unrecognised amounts:				
Final dividend to 30 June 2011	5.00	13,944		
Fully franked at 30% tax rate				

18. Dividends (continued)

(b) Franking Account

	Consolidated	
	2011 $'000	2010 $'000
Franking account balance at 1 July	36,498	29,750
Australian income tax paid (1)	12,115	11,055
Franking credits attached to dividends paid:		
- as final dividend	(3,230)	(1,077)
- as interim dividend	(4,307)	(3,230)
Franking account balance at 30 June	**41,076**	**36,498**
Franking credits that will arise from the payment of income tax payable as at reporting date	83	6,632
Franking credits that will arise from the payment of declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	(5,976)	(3,230)
Net franking credits available	**35,183**	**39,900**

(1) Excludes income tax payments made in overseas tax jurisdictions.

19. Controlled Entities

	Country of incorporation	Ownership interest	
		2011	2010
Parent entity			
NRW Holdings Limited	Australia	-	-
Wholly owned subsidiaries			
NRW Pty Ltd as trustee for NRW Unit Trust	Australia	100%	100%
Actionblast Pty Ltd	Australia	100%	100%
NRW Mining Pty Ltd	Australia	100%	100%
NRW Intermediate Holdings Pty Ltd	Australia	100%	100%
Promac Rental & Sales Pty Ltd	Australia	100%	100%
NRW 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%	100%
NRW Drill & Blast Pty Ltd (incorporated 17/6/10)	Australia	100%	100%

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

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

19. Controlled Entities (continued)

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

	Consolidated	
	2011 $'000	2010 $'000
Statement of Comprehensive Income		
Revenue	745,341	609,519
Other income	5,550	5,690
Financial income	488	169
Financial expenses	(6,152)	(6,510)
Materials and consumables used	(96,704)	(66,654)
Employee benefits expense	(216,606)	(168,064)
Subcontractor costs	(160,243)	(129,845)
Depreciation and amortisation expenses	(30,921)	(29,998)
Impairment expense	-	(2,710)
Plant and equipment costs	(154,320)	(121,447)
Travel and accommodation	(20,161)	(29,998)
Other expenses	(7,086)	(9,530)
Profit before income tax	**59,186**	**50,622**
Income tax expense	(17,817)	(15,852)
Profit for the year	**41,369**	**34,770**

19. Controlled Entities (continued)

The consolidated statement of financial position of the entities party to the deed of cross guarantees are:

	Consolidated	
	2011 $'000	2010 $'000
Balance Sheet		
Assets		
Current assets		
Cash and cash equivalents	70,439	21,001
Trade and other receivables	155,492	168,084
Inventories	23,029	13,364
Other current assets	2,992	2,617
Total current assets	**251,952**	**205,066**
Non-current assets		
Property, plant and equipment	268,495	152,878
Goodwill	24,417	24,417
Financial assets	3	3
Deferred tax assets	-	1,418
Total non-current assets	**292,915**	**178,716**
Total assets	**544,867**	**383,782**
Liabilities		
Current liabilities		
Trade and other payables	134,630	140,322
Borrowings	52,932	29,347
Current tax liabilities	83	6,632
Provisions	9,800	7,036
Total current liabilities	**197,445**	**183,337**
Non-current liabilities		
Borrowings	70,633	31,510
Deferred tax liabilities	30	405
Provisions	10,200	-
Total non-current liabilities	**80,863**	**31,915**
Total liabilities	**278,308**	**215,252**
Net assets	**266,559**	**168,530**
Equity		
Issued capital	156,456	82,211
Reserves	1,635	1,635
Retained earnings	108,468	84,684
Total equity	**266,559**	**168,530**

20. Cash and Cash Equivalents

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, 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 statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2011 $'000	2010 $'000
Cash and cash equivalents	70,628	21,443
	70,628	**21,443**

20. Cash and Cash Equivalents (continued)

(b) Non-cash investing activities

During the year, the Group acquired $48,240,401 (2010: $41,545,414) of equipment under finance lease and asset trade finance. These acquisitions will be reflected in the statement of cash flows over the term of the finance leases via repayments of borrowings and finance leases.

21. Reconciliation of Cash Flows From Operating Activities

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

	Consolidated	
	2011 $'000	2010 $'000
Cash flows from operating activities		
Profit for the period	41,196	35,138
Adjustments for:		
Loss/(Gain) on sale of property, plant and equipment	1,560	200
Net foreign exchange (gain)/loss	(214)	(410)
Depreciation	30,937	30,025
Impairment of goodwill	-	2,710
Interest on 'ESP' loans accounted for directly in equity	-	120
Amortised bank guarantees	1,053	-
Operating profit before changes in working capital and provisions	**74,532**	**67,783**
Change in trade and other receivables (1)	7,933	(44,848)
Change in provision for doubtful debts	(142)	10
Change in inventories	(9,665)	(183)
Change in other assets (2)	2,746	322
Change in trade and other payables	(5,636)	42,182
Change in provisions and employee benefits	2,388	861
Change in provision for income tax	(6,697)	2,693
Change in deferred tax balances (3)	12,287	2,189
Net cash from operating activities	**77,746**	**71,009**

(1) Change in trade and other receivables for 2010 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").
(2) Change in other assets does not include new prepayments for insurance premiums financed under borrowings of $3,081,117.
(3) Includes deferred tax effect from share issue costs.

22. Trade and Other Receivables

(a) Receivables

	Consolidated	
	2011 $'000	2010 $'000
Current Receivables		
Trade Receivables	107,547	69,477
Other Receivable	1,014	10,122
Retentions	145	280
Securities (Property Bonds)	20	28
Amounts due from jointly controlled operations	-	200
Allowance for Doubtful Debts (b)	(56)	(198)
Subtotal	**108,670**	**79,909**
Construction Work in Progress	46,670	88,194
Total Trade & Other Receivables	**155,340**	**168,103**

22. Trade and Other Receivables (continued)

(b) Movement in the allowance for doubtful debts:

	Consolidated	
	2011 $'000	2010 $'000
Balance at the beginning of the year	(198)	(188)
Impairment losses recognised on receivables	-	(56)
Amounts resolved during the year	142	46
Balance at end of year	**(56)**	**(198)**

Ageing of impaired trade receivables

	Consolidated	
	2011 $'000	2010 $'000
60-90 days	-	-
90-120 days	-	-
120+ days	56	198
Balance at end of year	**56**	**198**

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.

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

	Consolidated	
	2011 $'000	2010 $'000
60-90 days	1,960	1,647
90-120 days	2,131	349
120+ days	4,030	2,447
Total	**8,121**	**4,443**

23. Inventories

	Consolidated	
	2011 $'000	2010 $'000
Raw materials and consumables	20,401	8,422
Work in progress	2,384	1,154
Finished goods	244	3,788
Balance at 30 June	**23,029**	**13,364**

The cost of inventories recognised as an expense during the period in respect of continuing operations was $82.5 million (2010: $67.3 million).

24. Other Assets

	Consolidated	
	2011 $'000	2010 $'000
Current		
Prepayments	3,059	2,723
Total	**3,059**	**2,723**

25. Trade and Other Payables

	Consolidated	
	2011 $'000	2010 $'000
Current Payables		
Trade Payables	82,685	88,240
Goods and Service Tax	2,808	2,891
Other Payables	959	347
Non Trade Payables and accruals	48,202	48,812
	134,654	**140,290**

26. Current Tax Liability

	Consolidated	
	2011 $'000	2010 $'000
Current tax liability		
Income tax payable	51	6,748
	51	**6,748**

27. Deferred Tax Assets and Liabilities

	Consolidated	
	2011 $'000	2010 $'000
Costs of the initial public offer	775	1,717
Costs of equity raising FY2011	534	-
Provisions	2,892	2,354
Work in progress	(8,421)	(789)
Inventories	(5,699)	(3,026)
PP&E	(2,359)	(1,513)
Other creditors and accruals	1,674	1,906
Other assets	(577)	368
Doubtful debts	17	59
Losses	964	343
Tax assets / (liabilities)	**(10,200)**	**1,419**
Recognised in profit or loss	(12,287)	1,506
Recognised directly in equity	668	0

28. Borrowings

(a) The Group borrowings is comprised of:

	Consolidated	
	2011 $'000	2010 $'000
Secured at Amortised Cost		
Current		
Finance lease liability	49,639	28,538
Insurance Funding	557	809
Trade Finance Liability	2,736	-
Total Current	**52,932**	**29,347**
Non Current		
Finance lease liability	70,634	31,510
Total Non Current	**70,634**	**31,510**
Group Total	**123,566**	**60,857**

(b) Finance facilities:

Consolidated finance facilities as at 30 June 2011

FINANCE DESCRIPTION	FACE VALUE (limit)	CARRYING AMOUNT (utilised)	UNUTILISED AMOUNT (utilised)
	$'000	$'000	$'000
Asset Financing (1)	287,072	120,273	166,799
Working Capital	51,500	-	51,500
Trade Finance (2)	2,736	2,736	-
Other	3,970	557	3,413

(1) Terms range from 3 to 5 years.
(2) Terms range from 0 to 6 months.

Consolidated finance facilities as at 30 June 2010

FINANCE DESCRIPTION	FACE VALUE (limit)	CARRYING AMOUNT (utilised)	UNUTILISED AMOUNT (utilised)
	$'000	$'000	$'000
Asset Financing	185,921	60,048	125,873
Working Capital	40,000	-	40,000
Trade Finance	4,580	-	4,580
Other	2,429	809	1,620

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 2011 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	
		2011	2010
NRW VDM Joint Venture	Mine Asset Development (earthworks) and Breakwater Construction. Works completed some finalisation to occur.	50%	50%
LJN Consortium	Asset Development Projects (camps rail etc). Works close to completion.	33%	33%
NRW NYFL Joint Venture	Car Dumper and Bulk Earthworks at Cape Lambert Port B Project. Ongoing.	50%	50%
NRW Eastern Guruma Joint Venture	Mining and haulage of Section 10 iron ore deposit and Western Turner Brockman Bulk Earthworks. Ongoing.	50%	50%
NRW Ocean to Outback Joint Venture	Hope Downs Village construction. Works almost complete – short term JV.	50%	-
Midwest Rail Joint Venture	Bulk earthworks and rail upgrade of existing 92km rail, from Mullewa to Tilley Siding, for ore haulage. JV to commence in July 2011.	50%	-
City East Alliance	Upgrade of Great Eastern Highway. Underway.	15%	-

Financial Information	Consolidated	
	2011 $'000	2010 $'000
Statement of Financial Performance		
Revenue	86,339	166,172
Expenses	88,691	164,234
Statement of Financial Position		
Current assets	30,019	36,028
Non-current Assets	924	-
Current Liabilities	33,495	34,939
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 given the relatively small sums involved.

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	
	2011 $'000	2010 $'000
Debt (note 28)	123,566	60,857
Cash (note 20)	(70,628)	(21,443)
Net Debt	**52,938**	**39,414**
Equity	266,709	169,069
Net Debt to Equity Ratio	**20%**	**23%**

Fair Value of Financial Instruments

The carrying value of financial assets and financial liabilities recorded in the financial statements continue to approximate their fair value.

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 with the exception of expanding applicable limits and introducing club debt arrangements for the group. 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. Ongoing reviews of available cash or credit in anticipation of contract awards and maintaining a view on the cost of credit in the market place continues. In addition the annual review performed by the main finance provider is managed monthly including ensuring all covenants are adhered to. 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.

Consolidated Interest and Liquidity Analysis 2011:

	Effective interest rate	Total	0 to 30 days	31 days to < 1 year	1 to 5 yrs	> 5yrs
	%	$'000s	$'000s	$'000s	$'000s	$'000s
Financial Assets						
Cash and Cash Equivalents	4.0	70,628	70,628	-	-	-
Trade and Other Receivables	-	155,340	130,743	23,665	932	-
		225,968	**201,371**	**23,665**	**932**	-
Financial Liabilities						
Asset Financing	8.40	120,273	1,251	48,388	70,634	-
Trade Finance	8.28	2,736	642	2,094	-	-
Trade and Other Payables	-	134,654	98,177	36,477	-	-
Other Borrowings	4.28	557	102	455	-	-
		258,220	**100,172**	**87,414**	**70,634**	-

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 yrs	> 5yrs
	%	$'000s	$'000s	$'000s	$'000s	$'000s
Financial Assets						
Cash and Cash Equivalents	3.4	21,443	21,443			-
Trade and Other Receivables	-	168,103	164,295	2,255	1,553	-
		189,546	**185,738**	**2,255**	**1,553**	**-**
Financial Liabilities						
Asset Financing	8.79	60,048	3,084	25,454	31,510	-
Trade Finance	7.78	-	-	-	-	-
Trade and Other Payables	-	140,290	104,181	36,109	-	-
Other Borrowings	6.77	809	165	644	-	-
		201,147	**107,430**	**62,207**	**31,510**	**-**

Foreign Exchange and currency exposure

The Group has a reportable and functional currency in Australian dollars. However there are 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 and billed in Australian dollars. Any new developments which the Group considers or bids for are considered as part of the risk management by the Board. Other than specific transactions or purchases negotiated with the supplier, 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 held in Guinea at 30 June 2011 (at spot) was $188,799 AUD (2010: $242,845 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.

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 small in nature given the tendency to utilise bonds and bank guarantees. The retention or guarantee/bond period varies from contract to contract.

Where terms are exceeded by its customers no interest is charged on late payments, however management follow a strict credit policy as part of day to day cash flow management and pursue delays and late payments vigorously.

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 at 30 June 2011 stands at $86,716,841 (2010: $39,276,000) and cash retentions held as receivables stand at $145,454 (2010: $281,000).

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	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
No Later than 1 year	57,242	32,460	49,639	28,538
Later than 1 year and not later than 5 years	80,706	34,280	70,634	31,510
Later than five years	-	-	-	-
Minimum future lease payments (1)	**137,948**	**66,740**	**120,273**	**60,048**
Less future finance charges	(17,675)	(6,692)	-	-
Present value of minimum lease payments	**120,273**	**60,048**	**120,273**	**60,048**

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

31. Finance Leases (continued)

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

	2011	2010
	$'000	$'000
Current borrowings	49,639	28,538
Non-Current borrowings	70,634	31,510
	120,273	**60,048**

32. Operating Leases

Operating leases as lessee

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

	Consolidated	
	2011	2010
	$'000	$'000
Less than one year	2,179	2,451
Between one and five years	3,523	5,588
More than five years	-	-
Total	**5,702**	**8,039**

Property lease rentals are payable as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Less than one year	2,473	1,455
Between one and five years	10,023	3,044
More than five years	5,227	1,280
Total	**17,223**	**5,779**

The majority of property leases relate to commercial property. The majority of these 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	
	2011	2010
	$'000	$'000
Capital expenditure commitments – Plant and equipment and Other		
Within one year	15,786	2,984
Between one and five years	94,303	8,950
Later than five years	8,101	-
	118,190	**11,934**

34. Contingencies

	Consolidated	
	2011	2010
	$'000	$'000
Utilised Contingent Liabilities		
Bank guarantees	28,075	33,110
Insurance Bonds	58,642	6,166
	86,717	**39,276**
Unutilised Bonds and Guarantees		
Bonds and Guarantees	**103,283**	**56,926**

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 2011. (2010: Nil.)

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 2011. No movement during the year ended 30 June 2011.

36. Provisions

	Consolidated	
	2011 $'000	2010 $'000
Current		
Employee benefits	9,771	6,777
Warranty	29	259
Total current provisions	**9,800**	**7,036**
Non current		
Employee benefits	30	405
Total non current provisions	**30**	**405**
Total current and non current provisions	**9,830**	**7,441**

	Consolidated		
	Warranty provision $'000	Employee benefits $'000	Total $'000
Balance at 1 July 2010	259	7,183	7,442
Provisions made during the year	-	11,335	11,335
Provisions used during the year	-	(8,676)	(8,676)
Provisions reversed during the year	(229)	(42)	(271)
Balance at 30 June 2011	**30**	**9,800**	**9,830**
Short-term provisions	30	9,770	9,800
Long-term provisions	-	30	30
Total balance at 30 June 2011	**30**	**9,800**	**9,830**

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 long service leave.

37. Subsequent Events

Other than the events noted below 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 22nd August 2011, the Board of NRW Holdings Limited declared a final dividend for the Financial Year ending June 30, 2011. The final dividend payable is 5.0 cents per share and brings the full year dividend to 9.0 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 Remuneration report included in the Directors' report.

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 arm's length and at normal market rates.

		Transaction Value	
Key management person and/or related party.	**Transaction Booked in Group**	**2011**	**2010**
		$	$
(i) Other related party – Revenue			
Mr J W McGlinn - Mystica Trust - Fallbrook Pty Ltd	Revenue on back charges and sale of assets/motor vehicles.	328,381	52,775
Mr J Silverthorne & Mr W Fair - JSW Australia	Revenue on services income for civil contracting works.	3,112,883	-
(ii) Other related party – Expense			
Mr J W McGlinn - McGlinn Property Trust	Expense on rent paid.	427,515	512,991
Mr J N Silverthorne - Silverthorne Trust	Expense on rent paid.	104,679	123,712
Mr J W McGlinn – Ascention Assets	Expense on rent paid.	898,020	-
Mr J W McGlinn - Promac Sales Pty Ltd	Expense on purchasing of small plant and equipment parts	360,943	-
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.	247,592	199,804
Mr J W McGlinn - Maxen Aviation as agent for Fallbrook	Expense on charter flights	97,497	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 arm's length and at fair market rates. The amounts comprise of:

		Transaction Value	
Key management person and/or related party.	Transaction Booked in Group	2011 $	2010 $
(iii) Inter Group Transactions			
NRW Pty Ltd – Purchases from ACN 107 724 274	Purchases of tyres, electrical equipment and back charge of repairs and maintenance.	444,464	1,759,636
NRW Pty Ltd – Purchases from Action Mining Services	Repairs and maintenance, plant and module purchases and labour hire.	9,116,204	6,829,335
NRW Pty Ltd – Sales to Action Mining Services	Back charges for labour and miscellaneous.	421,662	59,900
NRW Pty Ltd – Sales to ACN 107 724 274	Back charges for repairs and maintenance, management fee and miscellaneous	699,345	732,400
NRW Pty Ltd – Revenue from NRW Holdings	Transfer of grants and government incentives or payments received	805,855	310,227
NRW Pty Ltd - Sales to NRW VDM Joint Venture	Subcontractor Services	14,338,630	131,032,743
NRW Pty Ltd - Sales to NRW NYFL Joint Venture	Subcontractor Services	3,282,201	15,139,746
NRW Pty Ltd - Sales to L J N Joint Venture	Subcontractor Services	81,813,250	107,308,081
NRW Pty Ltd - Sales to NRW Eastern Guruma Joint Venture	Subcontractor Services	72,278,378	4,000,000
NRW Pty Ltd – Sales to OTOC Joint Venture	Subcontractor Services	833,745	-
NRW Pty Ltd – Sales to The Mid West Rail Joint Venture	Subcontractor Services	259,367	-
NRW Pty Ltd – Sales to City East Alliance	Subcontractor Services	371,896	-
NRW Pty Ltd – Sales to Action Drill & Blast	Back charges for plant, labour and other re project works	24,342,107	
NRW Pty Ltd - Purchases from NRW VDM Joint Venture	Employee travel and accommodation charges and other	811,172	3,051,800
NRW Pty Ltd - Purchases from L J N Joint Venture	Mostly diesel back charges consumed by NRW plant	5,142,998	11,675,472
NRW Pty Ltd - Purchases from NRW Sarl	Management Fee and cost back charges	2,717,488	3,411,135
NRW Pty Ltd – Purchases from Action Drill & Blast	Drill & Blast Services and back charges	9,060,647	-
Action Drill & Blast – Sales to NRW Eastern Guruma Joint Venture	Drill & Blast Services and back charges	7,500,000	-
Action Drill & Blast – Purchases from Action Mining Services	Repairs and maintenance, plant and module purchases and labour hire.	174,219	-
Action Mining Services – Sales to ACN 107 724 274	Water trucks, service trucks, repairs and maintenance.	686,913	8,036,517

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	
	2011 $	2010 $
Account Receivable Balances		
Inter Group (Subsidiaries)	-	-
Other Related Party	2,201,518	5,009,359
Current receivables/total assets	**2,201,518**	**5,009,359**
Accounts Payable Balances		
Other related party	705,988	227,848
Inter Group (Subsidiaries)	-	-
Total related party payables	**705,988**	**227,848**

38. Related Parties (continued)

Options and rights over equity instruments

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

Key management personnel compensation

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

	Consolidated	
	2011 $	2010 $
Short term employee benefits	6,538,465	7,740,786
Other long term benefits	167,365	29,744
Post employment benefits	473,627	622,912
Total	7,179,457	8,393,442

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 2011

Key Person	Held at 1 July 2010	Purchases (1)	Received as compensation	Received on options exercised	Sales / transfers	Held at 30 June 2011
Mr J W McGlinn	26,250,041	-	-	-	(26,250,041)	-
Mr J A Pemberton	2,534,540	5,474	-	-	-	2,540,014
Dr I F Burston	324,992	4,500	-	-	-	329,492
Mr J Cooper	-	-	-	-	-	-
Mr M Arnett	275,000	5,474	-	-	-	280,474
Mr K Hyman	17,000	5,474	-	-	-	22,474
Mr N J Silverthorne	26,506,027	-	-	-	(18,395,137)	8,110,890
Mr M Wallace	-	23,500	-	-	-	23,500
Mr M Stewart	-	-	-	-	-	-
Mr W Rooney	-	-	-	-	-	-
Mr T Cook	-	-	-	-	-	-
Mr W Fair	-	-	-	-	-	-
Mr S Lucas	57500	-	-	-	-	57,500
Mr K Bounsell	3,381,843	-	-	-	-	3,381,843
TOTAL	**59,346,943**	**44,422**	-	-	**(44,645,178)**	**14,746,187**

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

For the year ended 30 June 2010

Key Person	Held at 1 July 2009	Purchases (1)	Received as compensation	Received on options exercised	Sales / transfers (2)	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 J N Silverthorne	26,506,027	-	-	-	-	26,506,027
Mr M Wallace	-	-	-	-	-	-
Mr M Stewart	-	-	-	-	-	-
Mr W Rooney	-	-	-	-	-	-
Mr S Lucas	57,500	-	-	-	-	57,500
Mr K Bounsell	3,381,843	-	-	-	-	3,381,843
TOTAL	**59,292,543**	**54,400**	-	-	-	**59,346,943**

(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 Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

Refer to note 2 for a summary of the significant accounting policies relating to the Group.

(a) Financial Position

	Parent	
	2011 $'000	2010 $'000
Assets		
Current assets	228,345	142,187
Non-current assets	35,398	36,143
Total assets	**263,743**	**178,330**
Liabilities		
Current liabilities	1,122	8,336
Non-current liabilities	9,740	3,607
Total liabilities	**10,862**	**11,943**
Equity		
Issued capital	156,456	82,211
Retained earnings	94,790	82,541
Reserves		
Option reserve	1,635	1,635
Total Equity	**252,881**	**166,387**

(b) Financial Performance

	Parent	
	2011 $'000	2010 $'000
Profit for the year	42,621	40,801
Other comprehensive income	-	-
Total comprehensive income	**42,621**	**40,801**

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

	Parent	
	2011 $'000	2010 $'000
Debt borrowings	123,566	60,857
Total	**123,566**	**60,857**

NRW Holdings Ltd has entered into a Deed of Cross Guarantee with:

- NRW Pty Ltd ATF NRW Unit Trust
- NRW Drill & Blast Pty Ltd
- Actionblast Pty Ltd
- A.C.N. 107724274 Pty Ltd (formerly Promac Sales Pty Ltd)
- NRW Intermediate Holdings Pty Ltd

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 19 August 2011.

NRW's issued capital comprises 278,888,011 fully paid ordinary shares.

Distribution of shareholdings

Range	Securities	%	No of Holders	%
100,001 and Over	251,077,492	90.03	71	1.93
10,001 to 100,000	18,698,431	6.70	713	19.43
5,001 to 10,000	4,617,187	1.66	576	15.69
1,001 to 5,000	3,972,605	1.42	1,333	36.32
1 to 1,000	522,296	0.19	977	26.63
Total	**278,888,011**	**100.00**	**3,670**	**100.00**
Unmarketable Parcels	6,829	0.00	126	3.43

NRW's 20 Largest Shareholders

Rank	Name	Shares	% Interest
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	52,855,637	18.95%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	51,994,088	18.64%
3	NATIONAL NOMINEES LIMITED	46,119,417	16.54%
4	CITICORP NOMINEES PTY LIMITED	15,204,565	5.45%
5	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	13,551,473	4.86%
6	COGENT NOMINEES PTY LIMITED	9,091,991	3.26%
7	JP MORGAN NOMINEES AUSTRALIA LIMITED	8,800,879	3.16%
8	COGENT NOMINEES PTY LIMITED	8,560,549	3.07%
9	AMP LIFE LIMITED	7,169,199	2.57%
10	CITICORP NOMINEES PTY LIMITED	3,778,790	1.35%
11	KEITH BOUNSELL	3,081,843	1.11%
12	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	2,676,894	0.96%
13	JULIAN ALEXANDER PEMBERTON	2,540,014	0.91%
14	WALSEC PTY LTD	2,217,974	0.80%
15	BOND STREET CUSTODIANS LTD	1,866,445	0.67%
16	QUEENSLAND INVESTMENT CORPORATION	1,512,701	0.54%
17	ROBERT STEVEN DEMOL & DIANE MARIE DEMOL	1,250,000	0.45%
18	UBS NOMINEES PTY LTD	1,152,418	0.41%
19	MR STEVEN SCHALIT & MS CANDICE SCHALIT	995,014	0.36%
20	BOND STREET CUSTODIANS LIMITED	887,914	0.32%

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
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	52,855,637	18.95%
J P MORGAN NOMINEES AUSTRALIA LIMITED	51,994,088	18.64%
NATIONAL NOMINEES LIMITED	46,119,417	16.54%
CITICORP NOMINEES PTY LIMITED	15,204,565	5.45%

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.

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Level 14
240 St. Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

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

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 2011, 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 42 to 80.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2.1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of NRW Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2011and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 40 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of NRW Holdings Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants
Perth, 23 September 2011

Page left blank intentionally.

NRW HOLDINGS LTD

73-75 Dowd Street, WELSHPOOL WA 6106
Telephone: +61 8 9232 4200   Facsimile: +61 8 9232 4232
Email: info@nrw.com.au   **www.nrw.com.au**