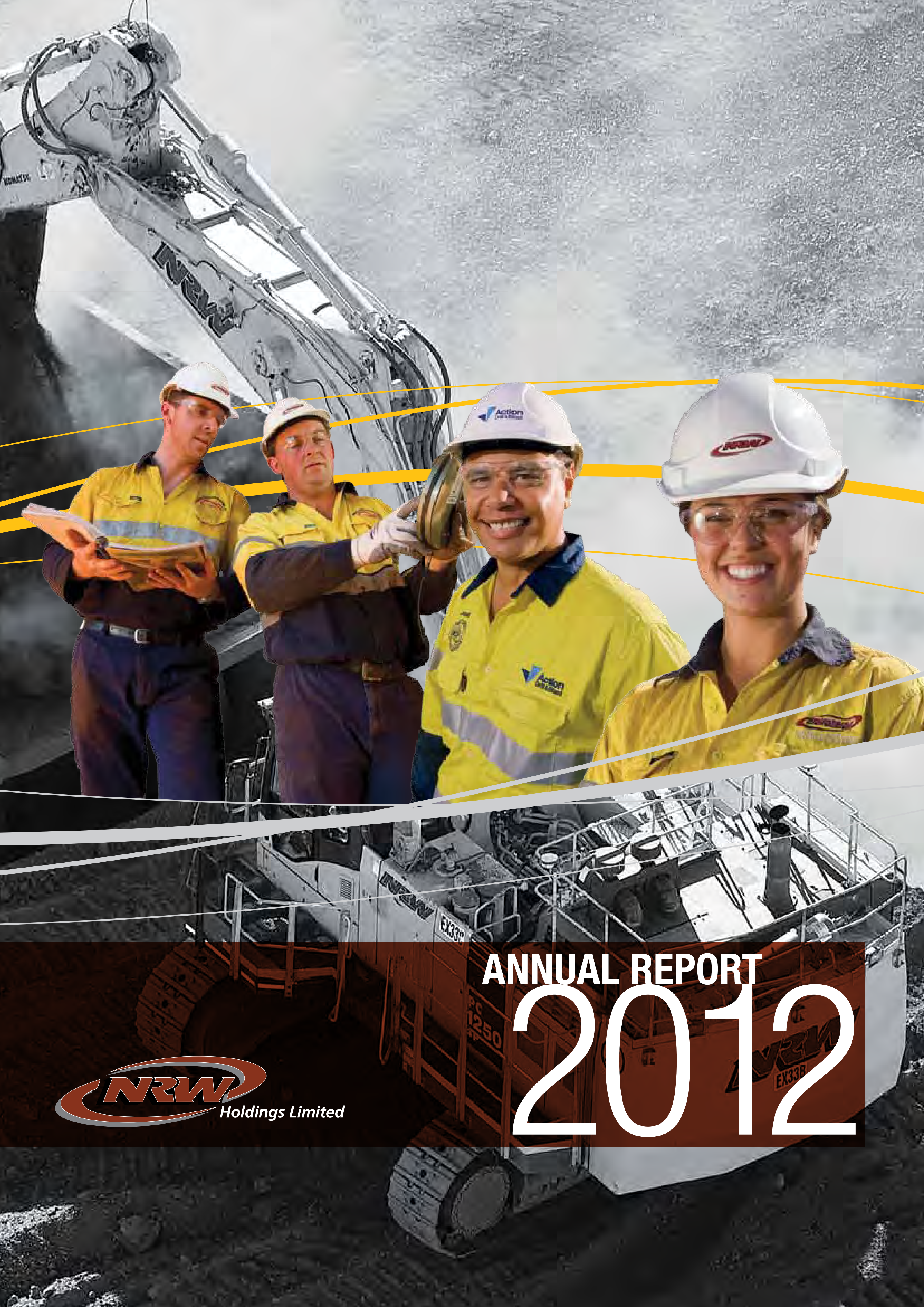

ANNUAL REPORT 2012

NRW Holdings Limited


CAT

CORPORATE REGISTRY

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

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ASX CODE

NWH – NRW HOLDINGS LIMITED
FULLY PAID ORDINARY SHARES

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2011/2012 HIGHLIGHTS

FIRST OIL AND GAS CONTRACT
WHEATSTONE ACCESS ROADS AND BULK EARTHWORKS

CLIENT // BECHTEL
VALUE // $105.0 MILLION
LOCATION // PILBARA, WESTERN AUSTRALIA

The award of a $105.0 million earthworks contract for access roads at the Wheatstone Project represented a key strategic win for the business, heralding NRW's entry into the oil and gas sector.

INDIGENOUS JOINT VENTURES

At NRW we are committed to forming sustainable business partnerships with Indigenous organisations, particularly with regards to projects that lie on lands with an historical connection to our partners.

Our joint ventures with Eastern Guruma Pty Ltd and the Ngarulma and Yindjibarndi Foundation Limited (NYFL) have been extremely successful and together we have now undertaken, or been awarded, over $1.0 billion worth of projects.

A SAFE DAY EVERY DAY

In 2012, NRW Civil & Mining launched and rolled out a refreshed company-wide safety program, *A safe day, every day*.

As a direct result of the increased awareness and ownership of safety across all levels of the organisation, we have seen significant performance improvements with the Total Recordable Injury Frequency Rate (TRIFR) improving from 10.94 at the end of FY11 to 5.22 at the end of FY12.

ACTION DRILL & BLAST

Our newest subsidiary, Action Drill & Blast, reinforced its position as an emerging market leader in the drill and blast sector Australia wide with contracts undertaken in Western Australia, South Australia, the Northern Territory and Queensland.

Created two years ago with the purpose of primarily servicing internal projects, Action Drill & Blast has experienced exceptional growth with a 307% increase in revenue to $113.1 million from $27.8 million in FY11.

CHAIRMAN'S LETTER

CHAIRMAN'S LETTER

It is with great pleasure we present NRW Holdings Limited 2012 Annual Financial Year Report. Building upon a year of consolidation in 2011, NRW was successful in achieving an outstanding result during the year ended 30 June 2012.

The Group's net profit after tax was $97.1 million, an increase of 136% over the result achieved in 2011. The result was generated from revenue growth across all Divisions of the Group; $731.7 million from Civil, $542.2 million from Mining, $113.1 million from Action Drill & Blast and $46.6 million from Action Mining Services.

The Board is cognisant of the need to achieve consistent financial performance year-on-year in order to deliver value to its shareholders. The reported profit this year has delivered on this and the outlook for NRW remains positive.

I would like to thank our employees and leadership team for their contribution during what has been a challenging year for the Company. Their commitment to achieving improved outcomes across the Company has been a significant factor in delivering the outstanding result.

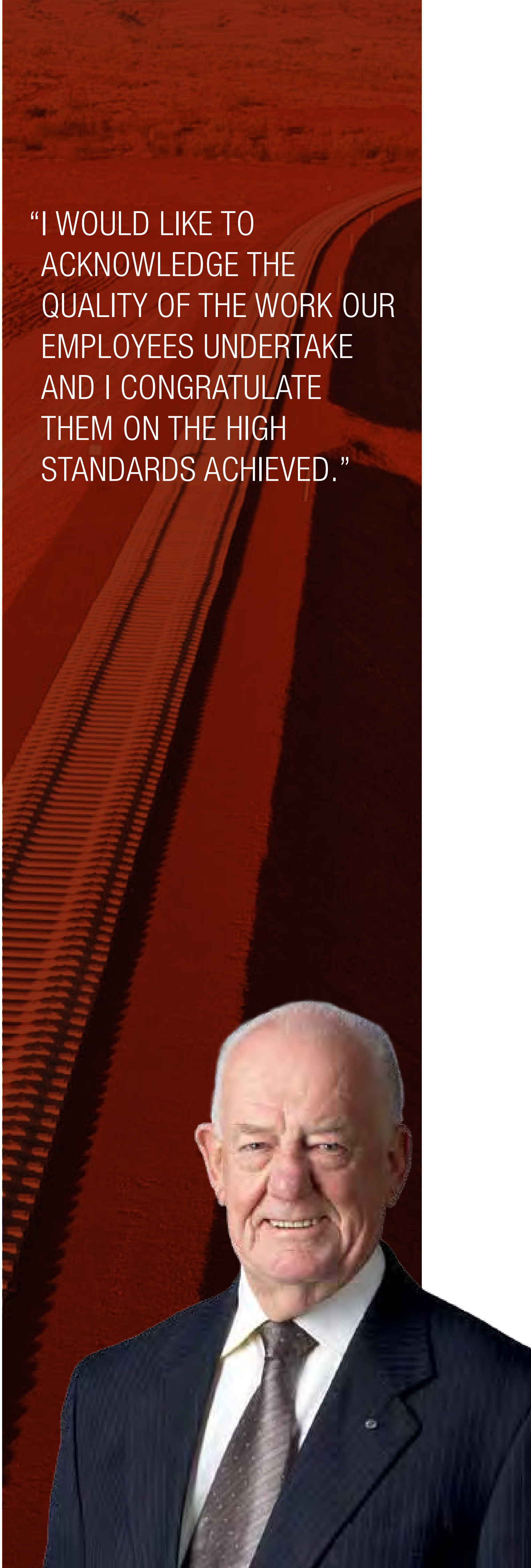
I would like to acknowledge the quality of the work our employees undertake and I congratulate them on the high standards achieved.

The professionalism and dedication of our people has been further evidenced this year by another outstanding safety result and the Board commends our employees on their commitment to continually improving safety across the organisation.

I look forward to reporting improved profitability in the 2013 Financial Year.

DR IAN BURSTON
CHAIRMAN
NRW Holdings Limited

"I WOULD LIKE TO ACKNOWLEDGE THE QUALITY OF THE WORK OUR EMPLOYEES UNDERTAKE AND I CONGRATULATE THEM ON THE HIGH STANDARDS ACHIEVED."



CHIEF EXECUTIVE OFFICER YEAR IN REVIEW

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 2012.

For the fifth consecutive year since listing on the Australian Securities Exchange, NRW has recorded record revenue. This financial year revenue was $1.358 billion, an increase of 82% on the previous corresponding period. This reflects an increase in net profit after tax (NPAT) of $97.1 million, up 136%. Returns on average capital employed reached 41%, and the Company preserved a conservative net debt to equity position of 18%.

This has been a record year for NRW, with all Divisions reporting revenue growth and increased profitability. Conditions for the 2012 financial year were generally very positive with the majority of our order book secured at the commencement of the financial year. Over the last 12 months, our reputation for successfully delivering quality projects meant further awards and extensions were predominantly negotiated with key clients. We have grown our workforce to 4,592 people and have commenced or undertaken over $1.0 billion in projects with our Indigenous joint venture partners.

The NRW Civil Division had a successful year, with revenue of $731.7 million, representing a 91% increase on FY11 ($382.6 million). The award of a $105.0 million earthworks contract for access roads at the Wheatstone Project represented a key strategic win for the business, heralding NRW's entry into the oil and gas sector. We expanded our geographical civil footprint nationally, and this was achieved with the BHP Billiton Mitsubishi Alliance (BMA) Special Services Agreement, and Minmetals Resources' Dugald River Project, both in Queensland.

The expansion of NRW's concrete capability continued with the award of a $69.0 million concrete and earthworks package at Rio Tinto Iron Ore's (RTIO) Western Turner Syncline project, awarded as part of the large Western Turner Brockman Project. A number of other concrete projects were completed, commenced and continued through the financial year and our annualised revenue for in-house concrete delivery currently stands at more than $150.0 million.

FINANCIAL HIGHLIGHTS:

- Record revenue of $1.358 billion: 82% increase on FY11
- EBIT of $154.0 million: 138% increase on FY11
- Net Profit After Tax $97.1 million: 136% increase on FY11
- Conservative Net Debt / Equity position of 18%
- Cash balance $138.0 million: 95% increase on FY11
- Final dividend of 10 cents (fully franked), totalling 18 cents for full financial year

RECORD REVENUE
↑82%
INCREASE ON FY11
$1.358 BILLION

CHIEF EXECUTIVE OFFICER
YEAR IN REVIEW

NRW Mining continued its growth in revenue to $542.2 million, representing a 69% increase on FY11. The key contributing projects for the Division were continuing operations at Fortescue's Christmas Creek Mine and RTIO's Western Turner Syncline in the Pilbara. The expansion of NRW's pre-mining development works contract at Solomon Hub and the continued ramp-up of operations at the Middlemount Project in Queensland further contributed to the Division's record revenue.

Our newest subsidiary, Action Drill & Blast, reinforced its position as an emerging market leader in the drill and blast sector Australia wide with contracts undertaken in Western Australia, South Australia, the Northern Territory and Queensland. Created two years ago with the purpose of primarily servicing internal projects, Action Drill & Blast has experienced exceptional growth with a 307% increase in revenue to $113.1 million from $27.8 million in FY11.

Action Mining Services (AMS) also experienced impressive improvements in operations and revenue growth this financial year with $46.6 million in revenue compared to $28.1 million in FY2011, representing a 66% increase.

Overall, the 2012 financial year has been a very successful one for the Company. NRW has been committed to diversifying into new locations, commodities, capabilities and clients, while remaining focused on existing markets. This has led to our record growth and profitability in line with our business strategy and we remain optimistic on continued growth into FY13 and beyond.

AWARDED OIL AND GAS CONTRACT AT WHEATSTONE PROJECT

CHIEF EXECUTIVE OFFICER
YEAR IN REVIEW

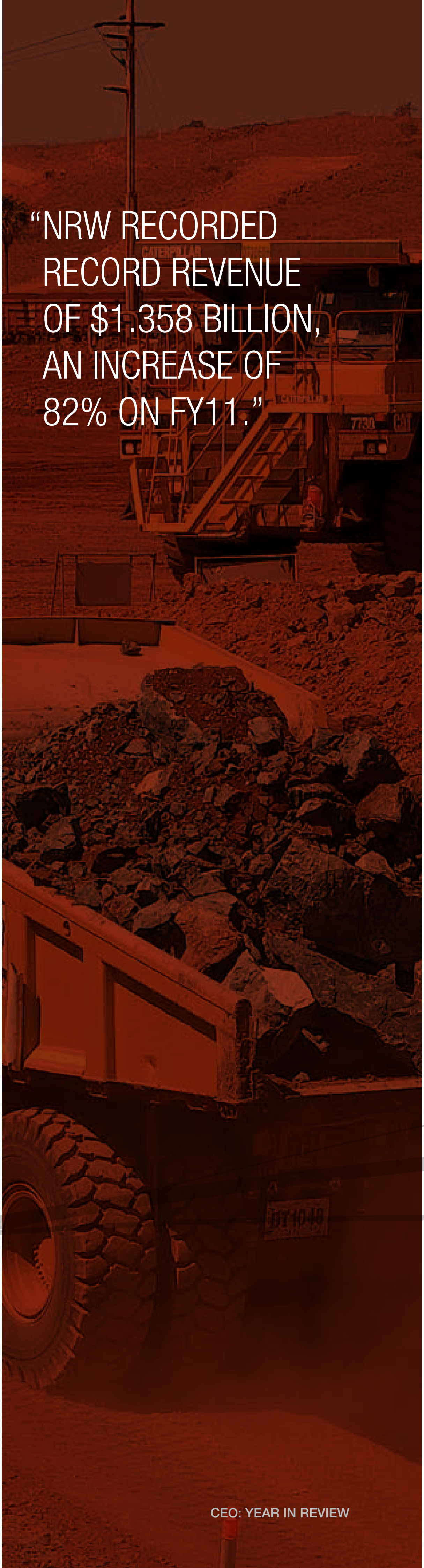
OPERATIONAL HIGHLIGHTS:

- Concrete capability increased and now represents 20% of civil revenue
- Awarded oil and gas contract at Wheatstone Project
- 60% of civil contracts negotiated based on strong reputation with key clients
- 2 year Special Services Agreement signed with BMA in Queensland
- Action Drill & Blast achieves 307% growth in revenue
- Awarded 3 year extension to services contract at Simandou
- Order book of $1.9 billion (excludes Framework and ECI projects)

ORDER BOOK OF $1.9 BILLION

(EXCLUDES FRAMEWORK AND ECI PROJECTS)

ACTION DRILL & BLAST ACHIEVES 307% GROWTH IN REVENUE



"NRW RECORDED RECORD REVENUE OF $1.358 BILLION, AN INCREASE OF 82% ON FY11."

FINANCIAL OVERVIEW

FINANCIAL PERFORMANCE

NRW Holdings Limited has successfully increased revenue by 82% to a record $1.358 billion and increased profits after tax to $97.1 million. The table below summarises the results of the Group.

FINANCIAL PERFORMANCE ($M'S)	1HY12	2HY12	FULL YEAR FY12	FY11	CHANGE
SALES REVENUE					
Civil	323.9	407.8	731.7	382.6	91%
Mining	246.5	295.7	542.2	321.7	69%
Action Drill & Blast	50.9	62.2	113.1	27.8	307%
Action Mining Services	21.0	25.6	46.6	28.1	66%
Other *	(31.8)	(43.0)	(74.8)	(15.0)	-
TOTAL SALES REVENUE	**610.5**	**748.3**	**1,358.80**	**745.2**	**82%**
EBITDA	89.4	106.5	195.9	95.5	105%
EBIT	70.4	83.6	154.0	64.6	138%
NPAT	**45.3**	**51.8**	**97.1**	**41.2**	**136%**
EPS (basic) cents	16.2	18.6	34.8	16.1	116%
DPS cents	8.0	10.0	18.0	9.0	100%

** other includes unallocated income and consolidation eliminations for Action Drill & Blast ($68.4)m, Action Mining Services ($6.4)m.*

FINANCIAL
OVERVIEW

FINANCIAL POSITION

Equity attributable to shareholders increased by 23% compared to 2011, and is valued at $329.2 million at the end of FY12. NRW has maintained a conservative gearing of 18% net debt to equity. Working capital decreased below 2011 levels and is reflective of the efficient conversion of cash of the business. Payment cycles are positive which in turn is illustrated in the cash balance of the Group.

FINANCIAL POSITION ($M'S)	FY12	FY11	FY10	FY09	FY08
Working Capital (less cash and current debt)	**15.0**	36.9	30.1	26.4	56.4
Non-Current Assets	**391.1**	293.0	178.8	156.7	165.5
Non-Current Liabilities (less debt)	**(16.2)**	(10.2)	(0.4)	(0.6)	(12.3)
	389.9	**319.6**	**208.5**	**182.5**	**209.6**
Funded by:					
Cash / (overdraft)	**138.0**	70.6	21.4	20.6	(11.3)
Debt	**(198.8)**	(123.5)	(60.8)	(60.8)	(81.0)
NET FUNDING	(60.8)	(52.9)	(39.4)	(40.2)	(92.3)
SHAREHOLDERS EQUITY	329.2	266.7	169.1	142.2	117.2
Return on Equity	**30%**	15%	21%	27%	32%
Net debt / equity	**18%**	20%	23%	28%	79%

DIVIDEND

On the 24 August 2012, the Board of NRW Holdings Limited declared a final dividend for the financial year ended 30 June 2012. The final dividend payable is 10.0 cents per share and brings the full year dividend to 18.0 cents per share fully franked.

FINANCIAL **OVERVIEW**

CONCRETE CAPABILITY
NOW REPRESENTS
20%
OF **CIVIL REVENUE**

FINAL DIVIDEND FOR FY12 OF
10¢ PER **SHARE**
BRINGING FULL YEAR DIVIDEND TO
18¢ PER **SHARE**

CASH

The cash position at the end of the financial year was $138.0 million compared to the prior corresponding period of $70.6 million. Cash from operations continues to be strong, owing to efficient management of working capital, project claims, contract variations and supplier arrangements. This, in conjunction with Group earnings growth, has seen a positive effect on operating cash flow.

FUNDING

Base secured funding is in excess of $765.0 million comprising facilities for working capital, 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.

FUNDING POSITION ($M'S)	FY12	FY11
Cash	138.0	70.6
Debt (Balance Sheet)	(198.8)	(123.5)
Net Debt	(60.8)	(52.9)
Net-Debt / Equity	18%	20%
Capex	144.4	150.2
FUNDING HEADROOM	418.2	323.0

FINANCIAL
OVERVIEW

ORDER BOOK

The order book is valued at $1.9 billion comprising $1.0 billion in the Mining Services Division, $0.7 billion in the Civil Contracting Division and $0.2 billion in Action Drill & Blast.

The order book excludes future expected revenue from projects included in the Rio Tinto Iron Ore Framework Agreement, ECI projects and the Special Services Agreement with BMA in Queensland.

$1.0 BILLION
MINING SERVICES DIVISION

$0.7 BILLION
CIVIL CONTRACTING DIVISION

$0.2 BILLION
ACTION DRILL & BLAST

NRW CIVIL

The growth of the Civil Division has been outstanding, with revenue almost doubling in the 12 months to 30 June 2012, reaching $731.7 million, up from $382.6 million last financial year. The Division further increased its concrete capability with the expansion of the recently formed concrete team.

OVERVIEW

Besides successfully completing the $200.0 million Karara earthworks and concrete package in June 2012, NRW was awarded a number of other significant concrete packages, mostly in conjunction with existing or new earthworks packages.

NRW maintained a steady pipeline of work and built the Civil Division workforce up to a record 2,196 people, complemented by the recruitment of key personnel from overseas including South Africa, the United Kingdom and Ireland.

In order to further improve financial controls and performance across the Division, a number of strategies were employed including additional commercial support on site. Increased engagement and safety awareness by the workforce as a part of the wider corporate initiative *A safe day, every day* resulted in improved safety performance, with NRW's Civil Division reaching and maintaining a Total Recordable Injury Frequency Rate (TRIFR) of 4.0.

NRW
CIVIL

OPERATIONS

Major contracts and contract extensions awarded during the period included:

- Main Line Rail Duplication – Fortescue
- Herb Elliott Port (Anderson Point) – Fortescue
- Special Services Agreement for 2 years – BMA
- Access Roads for the Wheatstone Project – Bechtel
- Cape Lambert Car Dumper Bulk Earthworks – Rio Tinto Iron Ore
- Western Turner Syncline Civil / Concrete Works – Rio Tinto Iron Ore
- Boolgeeda Aerodrome – Rio Tinto Iron Ore
- Port Hedland Inner Harbour Project – BHP Billiton Iron Ore
- Solomon rail – Fortescue

OUTLOOK

The Civil Division currently has record work in hand ($700.0 million) and is targeting solid revenue growth whilst being cognisant of potential delays in major project approvals. It is also a strategic objective to build the concrete component of the overall Civil revenue from 20% to 30% by 30 June 2013.

The Division is focused on the successful delivery of current projects such as the Wheatstone Project, works at Cape Lambert Port, Western Turner Brockman and Western Turner Syncline, BHP Billiton Iron Ore's Inner Harbour Project, and ongoing works for Fortescue including the Herb Elliott Port and Solomon Spur rail works.

Developing profitable partnerships and EPC capability with chosen partners whilst building upon our already successful Indigenous joint ventures will continue to be a strategic driver for the Division as we further investigate opportunities for larger projects within our current areas of operations as well as further afield. We will be targeting an expansion of our Queensland civil footprint and will also look to establish a structure to focus on civil expansion in Simandou.

With mobilisation and ramp up at Wheatstone currently underway, we look forward to delivering an efficient and quality product on our first oil and gas project with expectations that further works in this new market will follow. An increased focus will also be on Early Contractor Involvement, cost reimbursable and smaller Design and Construct projects as we develop and build upon the Division's capability.

CIVIL REVENUE ↑ 91% INCREASE ON FY11

Significant Achievements throughout the year included:

- Revenue increase by 91% on FY2011
- Ongoing geographic diversification, particularly Queensland
- Awarded first major Oil and Gas project on the Wheatstone Project
- 60% of civil contracts negotiated based on strong reputation with key clients
- Successful expansion of concrete capability to 20% of Civil revenue
- Successful Indigenous JV's with the Ngarluma and Yindjibarndi Foundation Limited (NYFL) and Eastern Guruma Pty Ltd
- First metropolitan Government infrastructure project – Great Eastern Highway Upgrade in alliance with Leighton Contractors and GHD
- Continued improvement in safety performance with TRIFR at 4.0.
- Successful recruitment of highly skilled and experienced workforce in difficult labour market conditions,
- Industry leading retention of 90% amongst civil staff
- Indigenous employment of 10% which exceeds industry averages

"WE LOOK FORWARD TO DELIVERING AN EFFICIENT AND QUALITY PRODUCT ON OUR FIRST OIL AND GAS PROJECT."

NRW MINING

The overall Divisional revenue reached $542.2 million in FY12, up 69% from the prior corresponding period (FY11: $321.7m). The Mining Division workforce increased to 1,643 people.

OVERVIEW

The key contributing projects for the Division were continuing operations at Fortescue's Christmas Creek Mine and Rio Tinto Iron Ore's Western Turner Syncline. The expansion of NRW's pre-mining development works contract at Solomon and the continued ramp-up of operations at the Middlemount Project in Queensland further contributed to the Division's record revenue. The Division also undertook works at Simandou (Guinea), Cloudbreak, Hope Downs, Bootu Creek, and Karara.

The Solomon contract entails pre-mining development works including roads, a tailings dam and ROM pad. These works are being carried out in joint venture with Eastern Guruma Pty Ltd and Ngarluma and Yindjibarndi Foundation Limited (NYFL), representing one of the largest revenue generating projects for an Indigenous joint venture in Western Australia.

The Mining Division's Indigenous employment numbers continued to increase over the last financial year, with the NRW-Eastern Guruma Joint Venture at Western Turner Syncline reaching an Indigenous employment rate of 28% for on-site labour, equalling 55 Indigenous employees.

Although there was significant revenue growth during FY12, the mining margins were impacted by lower than expected productivity in the Pilbara and Middlemount due to adverse weather conditions.

NRW
MINING

OPERATIONS

Contracts awarded and extensions during the period include:

- Solomon pre-mining development works – Fortescue
- Solomon Tailings Dam – Fortescue
- Extensions of scope at Christmas Creek – Fortescue
- 3 year extension Simandou contract – Simfer SA

Safety performance across the Division dramatically improved due to a number of strategies, including increased employee engagement and safety awareness as part of the *A safe day, every day* Program. The heightened sense of accountability across all levels of the business has also driven ownership of site of safety issues. Whilst still requiring improvements, the Mining Division's Total Recordable Injury Frequency Rate (TRIFR) dropped from 10.47 at the end of FY2011 to 6.13 this financial year – this will continue to be a focus area progressing into FY13.

OUTLOOK

We will continue to build on our strengths in iron ore and coal with existing clients, and seek to expand our east coast and international operations with the right opportunity. The strategy remains that of diversification into other commodities and we will continue to review prospects as they arise.

The Mining Division remains focused on retaining and developing its workforce whilst providing the best possible service to all projects and anticipate further growth in the 2013 financial year. The Division continues to enhance its reputation for reliable delivery of services across numerous sectors within Australia as well as overseas.

With approximately $1.0 billion worth of work in hand, the Mining Division looks forward to another successful year in FY13, with increased operational efficiencies, longer tenured mining contracts and further geographical expansion.

"WITH APPROXIMATELY $1.0 BILLION WORTH OF WORK IN HAND, THE MINING DIVISION LOOKS FORWARD TO ANOTHER SUCCESSFUL YEAR IN FY13."

SOLOMON
PRE MINING DEVELOPMENT WORKS **FORTESCUE**

AWARDED
SOLOMON
TAILINGS DAM - **FORTESCUE**

AWARDED
EXTENSIONS OF SCOPE AT
CHRISTMAS CREEK

AWARDED
3 YEAR
EXTENSION **SIMANDOU**
CONTRACT - **SIMFER SA**

ACTION DRILL & BLAST

Action Drill & Blast

Since commencing operations two years ago Action Drill & Blast has now firmly established itself as a provider of quality and professional drill and blast services to the Australian mining and civil excavation industries. The 2012 financial year represented an exceptional year of growth and consolidation with revenue of $113.1 million, a 307% increase on the 2011 financial year results of $27.8 million revenue.

OVERVIEW

Action Drill & Blast operates in 3 primary units, namely Mining, Civil and Coal, and currently has a workforce of 350 employees, up from 190 at the end of the last financial year, and a fleet of 36 drills.

The Mining unit focuses on the supply of drill and blast services to open cut operations, predominantly in Western Australia and in particular to the iron ore majors. The drill fleet is specifically chosen to provide a combination of large rotary drills and versatile down-hole-hammer drills to enable clients the best opportunity of optimising the drill and blast efficiencies of their projects.

The Civil unit focuses on the smaller, technical area of the market where blasting in close proximity to existing infrastructure, such as rail and existing port infrastructure including conveyors stackers, is required. The skill levels required for this precise work are exceptionally high and we are extremely pleased with our ability to attract and retain our civil crew which unarguably contains some of the best people in the drill and blast business in Australia today.

The Coal unit focuses primarily on the supply of drilling and blasting activities for coal overburden mining. Our drill fleet of large rotary drills is the newest in the industry and is proving to have significant performance and safety benefits for our clients.

ACTION
DRILL & BLAST

OPERATIONS

Action Drill & Blast currently has 11 contracts in Western Australia and 4 in Queensland. The largest current operation is at Fortescue's Solomon Hub Project where there is currently over 100 employees and 8 drills on site.

Action Drill & Blast has an excellent safety record with a Total Recordable Injury Frequency Rate of 1.59 for the year to June 2012, compared to 5.68 for the previous financial year. In 2013, an increased focus on continual improvement in safety will include actively seeking ways to improve the techniques and methods used, as well as utilising the latest technology.

A continued emphasis on training and up-skilling our workforce will ensure we operate at the highest levels of safety and efficiency. With the help of specific training partners a tailored management training package has been developed that leads to a Diploma in Management or Diploma in Surface Extraction. This is offered to all supervisory and management staff and it is expected that over time all will participate. Action Drill & Blast has developed a suite of 17 equipment specific, nationally accredited RII09 operator training packages.

OUTLOOK

In the upcoming financial year we look forward to a focused expansion of our contract base with existing and new clients in the WA and Queensland market. The current order book for the business is $200.0 million of which $108.0 million represents internal projects including Middlemount Coal, Cape Lambert and Western Turner Syncline. Externally the business has work in hand of $92.0 million for clients including Talison Lithium, Peabody, Brierty, Leighton, Cimeco, Macmahon and Downer.

We have committed over $20.0 million in capital for the 2013 financial year to further expand our drill fleet and support equipment, with 6 drills on order. In addition we expect to grow our workforce from its current level of 350 people up to 485.

We are seeking to expand our blasting services business in Queensland by focusing on providing a quality and timely service with the technical support required to ensure that the mine owners' needs are met. We look forward to the 2013 year as one of continued growth and successes. It is the business' mandate to derive revenue in excess of 50% from external clients in the medium term as new opportunities arise, whilst increasing our market share.

OUTSTANDING
INCREASE IN REVENUE TO
$113.1 MILLION
↑307%
GROWTH ON FY11

External projects undertaken and awarded during the period included:

- Greenbushes Lithium Operations – Talison
- Christmas Creek Drill Only – Downer
- South Middleback Ranges – HWE
- Karara DSO – Karara Mining
- FMG Rail – Summit North & South & Cloudbreak – Brierty
- CLASCO – Macmahon
- West Angelas Power Station – Cimeco
- Gregory Crinum – BMA
- Millennium Shot Crew – Peabody Energy

Significant achievements throughout the year included:

- Successfully completed contracts at Karara, South Middleback Ranges and Christmas Creek.
- Expansion in the Queensland coal market with a new blasting contract at Millennium for Peabody and a second drill being utilised at Gregory Crinum.
- Maintained an exceptional safety performance with TRIFR of 1.59

ACTION MINING SERVICES

Action Mining Services

Action Mining Services provides repairs and refurbishment to all brands of earthmoving and mining equipment. A comprehensive mechanical repair and rebuild facility, sand blasting, painting, boiler making repair and fabrication services are also offered to our clients. Revenue growth in the 2012 financial year was exceptional with revenue of $46.6 million, up 66% from the previous financial year (FY2011:$28.1m).

OVERVIEW

Increased demand in the sector allowed the production of Support Vehicles to be increased to match demand levels and alongside improvements to efficiency, enabled us to improve delivery lead times.

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

Major clients include Brooks Hire, Jones Mining and Innovation, Equiprent, Westrac, Leighton Contractors, Komatsu, Alliance and Titan Plant Hire.

Significant achievements throughout the year included:

- Support vehicle sales outperformed, with units sold exceeding the forecast budget by 64%.
- The 200th Water Tank was invoiced in May with the 100th Service Module due to come off the production line in August 2013.
- Overall staff grew by 17% to 145 employees with apprentice numbers remaining steady.
- A program has been developed between NRW and AMS for the upcoming financial year (FY13) which will see the arrival of at least thirty 457 visa tradesman from overseas.

ACTION
MINING SERVICES

OUTLOOK

The outlook for continuing growth within the services unit remains influenced by investment in the resources and oil and gas sector. However with several large projects commencing in Western Australia the outlook remains positive with AMS well placed to take advantage of growth.

Fabricated products comprising service modules, water tankers, drill support trucks and our range of modified high cube sea-containers including purpose built site workshops for maintenance personnel, 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 the AMS skill base and the group customer relationships are currently being developed to widen the client base and sales locations within Australia. We expect to increase revenues this year with the introduction of a new Service Module, AMS 12000; and completion of the prototype service module AMS 15000 in first half of the 2013 financial year.

Further growth is also expected within the service division as a result of changes to management structures and systems.

Development of apprentices continues to be a focus with apprentices completing the first two years at Action Mining Services and then rotating through various NRW Civil and Mining sites to gain practical site experience. Our strategy for recruiting a number of overseas tradespeople is to build a strong, consistent heavy duty trade workforce within the business.

REVENUE GROWTH FY2012

↑ 66%

$46.6 MILLION

FROM FY11 ($28.1 MILLION)

"SUPPORT VEHICLE SALES OUTPERFORMED, WITH UNITS SOLD EXCEEDING THE FORECAST BUDGET BY 64%."

NRW expanded its work force to 4,592 people at 30 June 2012, an increase of almost 70% on the prior corresponding period (FY11: 2,500 people), and continued its concerted efforts to attract and retain the best employees. The workforce includes direct employees, sub-contractors and apprentices.

A number of initiatives were introduced to ensure that NRW remained an attractive option to candidates in a competitive market for experienced and skilled personnel including:

- Overseas recruitment options continued to be employed to source highly skilled professionals.
- Upskilling of existing employees to continue to grow internal capacity.
- The expansion of the Indigenous Employment Program and addition of a general entry training program to introduce new employees into the industry.
- The monitoring of pay and conditions to ensure the Company is competitively placed in the employment market.

NRW also continues to develop training and development opportunities to improve its supervisory skills and continue its exemplary relationship with its workforce. There were no disputes or time lost due to industrial action in 2012. Approximately 15.7% of the workforce is female, an increase from last year, and approximately 8.2% of the workforce is Indigenous.

"NRW EXPANDED ITS WORKFORCE TO 4,592 PEOPLE AND CONTINUED ITS CONCERTED EFFORTS TO ATTRACT AND RETAIN THE BEST EMPLOYEES."

HUMAN RESOURCES

POWERUP

Powerup is NRW's intensive three week pre-employment work ready program, run in conjunction with the Department of Education, Employment and Workplace Relations, and continues to attract strong support from the Indigenous community.

Powerup provides opportunities for Indigenous candidates lacking entry level skills to break into the civil and mining industry. Involving RII20209 Certificate II: Surface Extraction Operations, Powerup exposes participants to a simulator and hands-on activities in a controlled 'real life mining pit' in haul truck and roller operations. During the innovative three week program, trainees are mentored by experienced professional trainers and human resources staff - consisting of 40 hours of classroom activities in Canningvale, 80 hours at Neerabup quarry north of Perth.

Since its inception in 2008, Powerup has been progressing steadily and in the 2012 financial year NRW held 12 programs. The Program enjoys a very high retention rate with over 80% of graduates remaining with the Company.

POWERUP TRAINING

12 POWERUP PROGRAMS WERE HELD IN FY12, WITH **80%** GRADUATE RETENTION

CURRENT WORKFORCE OF **4,592**

70% INCREASE ON FY11

15.7% OF THE WORKFORCE IS **FEMALE**

APPROXIMATELY **8.2%** OF THE WORKFORCE IS **INDIGENOUS**

INDIGENOUS ENGAGEMENT

NRW recognises that its long-term success depends on the well-being and development of the communities in which it operates, including local communities as well as the traditional owners of the land.

We respect the importance of Indigenous Australian culture and value its diversity. We have successfully employed and supported Indigenous people within our Civil and Mining operations since the forming of the Company in 1994. Increasing Indigenous representation in employment on our projects is an integral part of NRW's philosophy.

Besides NRW's Indigenous employment targets and Powerup Program, we also joint venture with a number of Indigenous organisations to provide sustainable business opportunities to these groups and the communities they represent.

The NRW-Eastern Guruma joint venture has undertaken or been awarded the following contracts in the 2012 financial year:

- Western Turner Syncline Mining – Rio Tinto Iron Ore
- Western Turner Syncline Civil / Concrete Works – Rio Tinto Iron Ore
- Western Turner Brockman – Rio Tinto Iron Ore
- Boolgeeda Aerodrome – Rio Tinto Iron Ore

The NRW-NYFL joint venture has undertaken or been awarded the following contracts in the 2012 financial year:

- Cape Lambert Car Dumper Bulk Earthworks – Rio Tinto Iron Ore
- Western Turner Syncline Civil / Concrete Works – Rio Tinto Iron Ore

The NRW-Eastern Guruma-NYFL joint venture was also awarded works at Fortescue Metals Group's Solomon Hub operations in the Pilbara.

Together the value of Indigenous joint ventures NRW has engaged in reaches over $1.0 billion – a fantastic achievement and one NRW is very proud of.

INDIGENOUS ENGAGEMENT

VALUE OF **INDIGENOUS** **JOINT** VENTURES REACHES OVER **$1.0 BILLION**

WE RESPECT THE **IMPORTANCE** OF **INDIGENOUS** AUSTRALIAN **CULTURE**

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 - NRW was re-certified in January 2012.

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.

In early 2012, NRW rolled out and launched a revitalised company wide safety culture program, *A safe day, every day*. The Program contains elements of reward and recognition to reinforce the efforts of employees, as well as to raise awareness of safety issues across all sites. It also increases the key performance indicators used to measure and record progress of projects, making the individual projects more accountable.

FY2012 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 0.64, which represents a 62.7% decrease from the previous year (FY2011: 1.8). A corresponding decrease in Total Recordable Injury Frequency Rate was also achieved - this is currently at 5.22, down from 10.94 in FY2011.

HEALTH SAFETY
& ENVIRONMENT

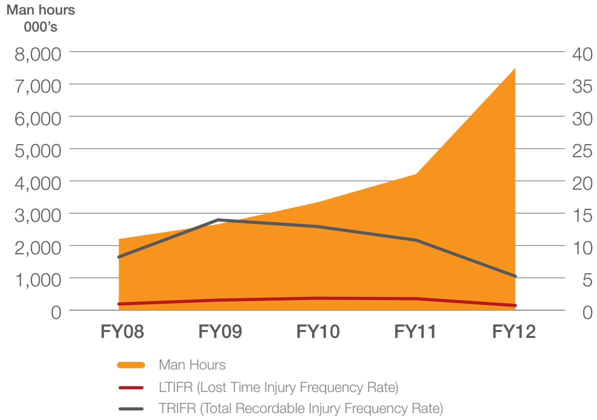
ENVIRONMENT

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 subject to continuing audit by external agencies and NRW was re-certified in January 2012.

QUALITY ASSURANCE

NRW maintained certification to ISO standard 9001: 2008 and AS/NZS 4801 (achieved in May 2009) for its Quality Management System. NRW was re-certified in January 2012.

SAFETY PERFORMANCE



"LTIFR IMPROVED 62.7% FROM FY11 AND IS CURRENTLY AT 0.64. A CORRESPONDING DECREASE IS TRIFR WAS ALSO ACHIEVED - CURRENTLY AT 5.2, DOWN FROM 10.94 IN FY11."

COMPANY OUTLOOK

NRW is confident of continued growth with an order book of $1.9 billion, including secured revenue for FY13 of $1.2 billion.

NRW is targeting revenue growth of at least 15% in FY13. We expect to secure further work in Queensland and currently have a number of tenders pending decision in the region, including with new clients across the LNG sector. This is in line with our ongoing strategic plan to diversify by geography, commodity and client.

With current tender activity still high and submitted tenders of $2.6 billion, we are confident of not only securing additional works to achieve our targeted growth this year but also further building our order book for FY14 and beyond.

Strategically, the Company is expecting the Civil Division's concrete business to increase its scale and capability to represent up to 30% of the Civil Division's revenue in FY13. Selected joint ventures on large infrastructure projects will also be a priority for future growth, both domestically and internationally.

We anticipate future growth in our Mining Division from existing clients in iron ore and coal, and we will continue to assess opportunities in other commodities both domestically and in emerging markets.

We are confident Action Drill & Blast will continue its strong growth profile through its existing client base in Western Australia and Queensland, as well as capitalising on new contract opportunities throughout Australia.

Action Mining Services' performance will be influenced by investment in the resource sector for sales of products and outlook remains positive with increased sales to the East Coast through agency agreements as well as its traditional Western Australia market expected to drive revenue.

The Group's balance sheet, funding facilities and cash position provide a strong foundation for future organic growth or suitable acquisitions.

Despite continued uncertainly in global markets and delays in formal approval of some resource projects, NRW remains confident there is ample opportunity in the medium term for the business to continue to grow, as reflected by the strength of the current order book, tender pipeline and diversification strategy.

"NRW IS TARGETING REVENUE GROWTH OF AT LEAST 15% IN FY13..."

CHIEF FINANCIAL OFFICER
FINANCIAL YEAR IN REVIEW

CHIEF FINANCIAL OFFICER

FY12 REVIEW

The Financial Year ended 30 June 2012 was a highly successful one for NRW Holdings Limited having achieved important milestones in terms of its growth and planned strategy.

The Group continued to increase revenue, net earnings and returns on capital employed while maintaining conservative net gearing levels. The Group is continuing to diversify across all operating divisions by client, commodity and by geography.

- The Civil Contracting Division commenced work at the Wheatstone Project for Bechtel, signalling NRW's entry into the competitive oil and gas market. Works were also undertaken in Queensland and extensively throughout Western Australia. Civil revenue grew 91% and margins increased from 10% to 11%.
- Mining revenue grew 69% and margins increased from 10% to 12% despite adverse weather conditions mainly impacting the Middlemount operation during the second half.
- Action Drill and Blast experienced exceptional growth with revenue increasing 307% on FY11. Margins improved due to increased contribution of external contracts.
- Action Mining Services revenue and margins grew as a result of increased demand for both mechanical services and product sales of water trucks and service truck modules.

$M'S	NRW CIVIL CONTRACTING	NRW MINING SERVICES	ACTION DRILL & BLAST	ACTION MINING SERVICES
FY2012				
Revenue	731.7	542.2	113.1	46.6
Segment Profit	81.6	64.0	18.7	4.6
RETURN ON REVENUE	**11%**	**12%**	**17%**	**10%**
FY2011				
Revenue	382.6	321.7	27.8	28.1
Segment Profit	39.7	32.0	2.9	2.2
RETURN ON REVENUE	**10%**	**10%**	**10%**	**8%**
Revenue Growth	91%	69%	307%	66%
Segment Profit Growth	106%	100%	545%	109%

CHIEF FINANCIAL **OFFICER**

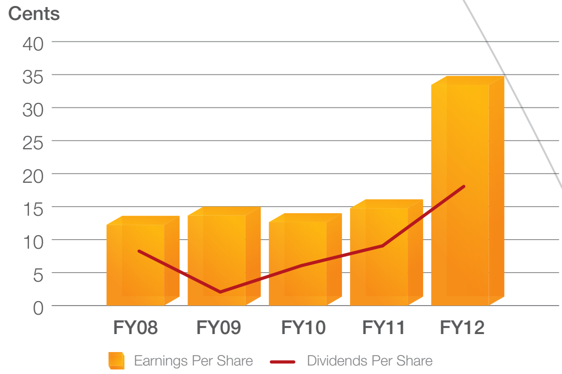
INVESTMENT RETURNS

Earnings per share continued to increase in line with the profitability of the business; the compound average growth rate of EPS since FY07 is 41.2%. With activity in the resources sector expected to improve, it is expected NRW's earnings per share will continue the strong growth trend with investment in people, systems and equipment.

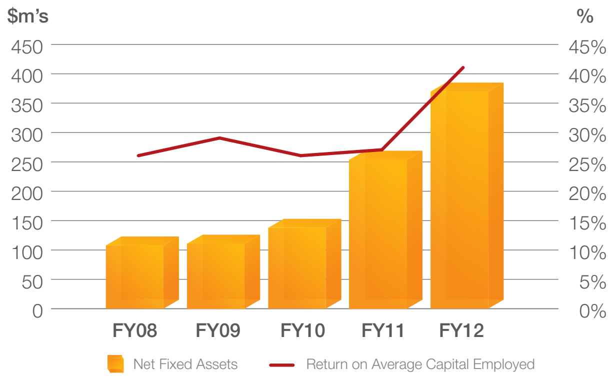
Consistent with growth in EPS the Board of Directors seek to maximise dividend payments to NRW shareholders. The dividend payout for FY12 as a percentage of earnings per share is 52% compared to 56% in the prior corresponding period.

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

EARNINGS & DIVIDENDS PER SHARE



RETURN ON CAPITAL EMPLOYED



CAPITAL EXPENDITURE

Capital expenditure was concentrated in the Mining Services division with the majority of equipment being allocated to the Middlemount Coal project in Queensland.

CAPITAL EXPENDITURE	FY12	FY11
NRW Civil Division	16.6	6.9
NRW Mining Division*	105.5	120.4
Drill & Blast	15.1	7.5
Action Mining Services	0.6	0.6
Miscellaneous	6.7	14.8
TOTAL	$144.4	$150.2

**FY11 includes assets purchased from Comiskey Earthmoving Pty Ltd*

In line with the demand for the services that Action Drill & Blast provides, the $15.1 million of capital expense relates to the purchase of 11 rigs. A further $20.0 million has been allocated to the purchase of additional rigs to expand the fleet and cater for ongoing demand.

The Miscellaneous category of expenditure relates to investment in information systems and leasehold improvements to allow for the centralisation of staff in the new Perth headquarters.

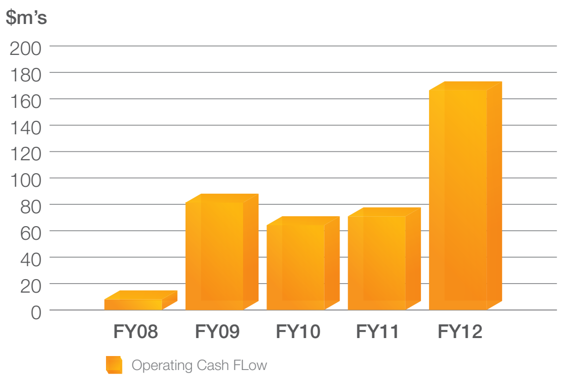
CHIEF FINANCIAL **OFFICER**

CASH FLOW

NRW's operating cash flow in FY12 was $173.2 million and increased in line with growth in EBITDA. The growth in operating cash was a result of the efficient management of resources, minimal investment in working capital and efficient cash conversion of trade debtors and creditors.

The increase in EBITDA, combined with increase in operating cash, high utilisation of net fixed assets and high returns of average capital employed has resulted in Group cash reserves of $138.0 million at 30 June 2012.

OPERATING CASH FLOW



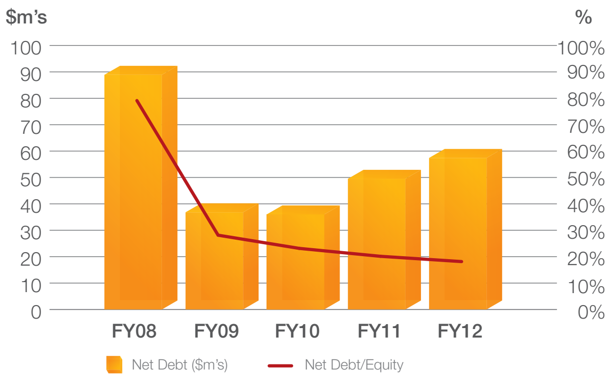
BALANCE SHEET AND FUNDING

The Group Balance Sheet has continued to strengthen following a de-gearing process commenced in the financial year ending 30 June 2009. As a direct consequence, the balance sheet is in excellent shape to underpin growth expected in FY13 and beyond.

A Structured Debt Facility (ANZ lead arranger), negotiated in June 2011, has provided 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 (inclusive of financed and operating facilities) totalling $418.2 million; adequate for immediate requirements.

NET DEBT POSITION



FACILITY ($M'S)	LIMIT	DRAWN	AVAILABLE
Bonding	208	132	76
Asset Funding	507	215	292
Working Capital	50	0	50
TOTAL	$765	$347	$418

SYSTEMS

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

With the continued growth of the Company, it is imperative 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 FY13 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.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

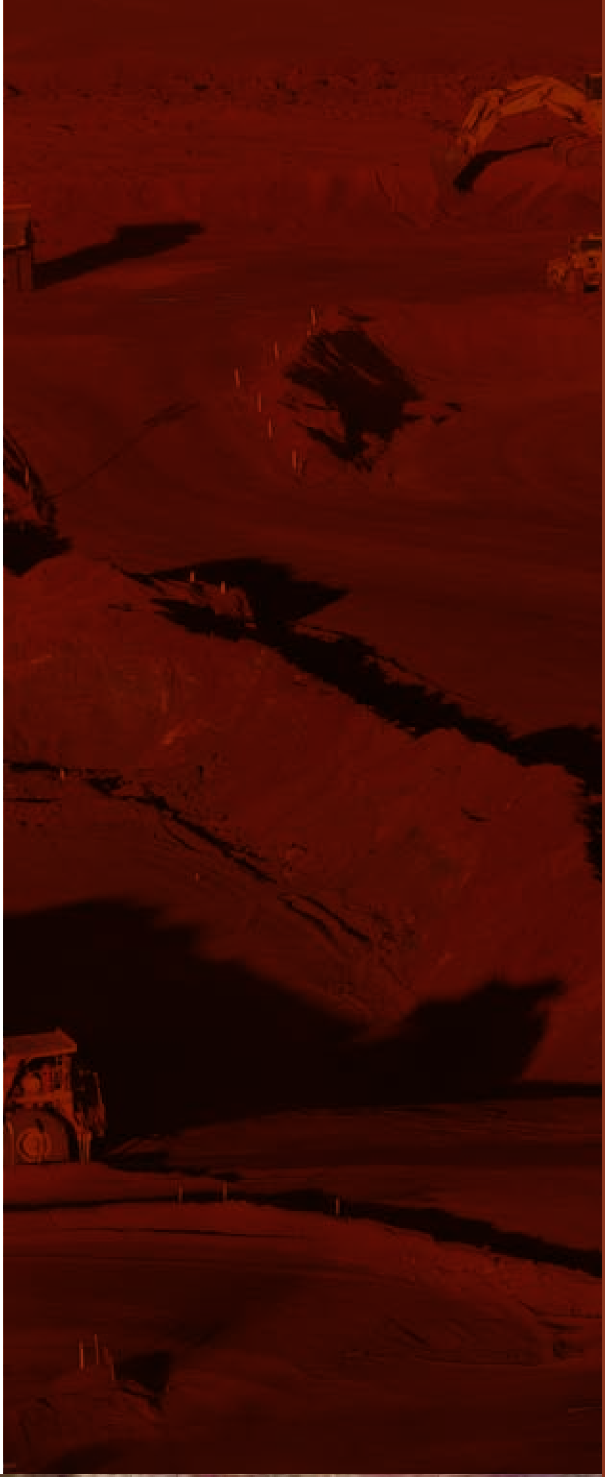
ASX Governance Principles and ASX Recommendations

The Australian Securities 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 2012.

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 2012, and the main corporate governance practices in place are set out below.



CORPORATE
GOVERNANCE STATEMENT

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, 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.

"THE COMPANY HAS A CORPORATE GOVERNANCE SECTION ON ITS WEBSITE: WWW.NRW.COM.AU"

CORPORATE
GOVERNANCE STATEMENT

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 that the Director:

- 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

The period of office held by each Director in office is as follows on the table below.

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.

DIRECTOR	DATE APPOINTED	PERIOD IN OFFICE	DUE FOR RE-ELECTION
Dr. Ian Burston	27 July 2007	5 years	Not Applicable
Mr. Michael Arnett	17 July 2007	5 years	2012 AGM
Mr Julian Pemberton	1 July 2006	6 years	Not Applicable
Mr. John Cooper	29 March 2011	1 year	Not Applicable

CORPORATE
GOVERNANCE STATEMENT

NOMINATION AND REMUNERATION COMMITTEE

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

Nomination responsibilities:

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

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

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

Composition of the Committee

The Committee Charter states that the composition should include:

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

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

During the 2012 financial year two meetings of the Nomination and 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.

DIVERSITY POLICY

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 which is available on the Company website.

NRW currently has no women Directors although the Company is actively seeking suitable candidates. The percentage of females in the workforce is approximately 15.7% and 12.2% of senior management are women.

SECURITIES DEALING POLICY

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

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

PRINCIPLE 4:
SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

AUDIT AND RISK MANAGEMENT COMMITTEE

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

The role of the Audit and Risk Management Committee includes:

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

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

COMPOSITION OF THE COMMITTEE

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

- at least three members
- a majority of independent Non-executive Directors
- an independent chair who is not the Chair of the Board.

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

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

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

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

CORPORATE
GOVERNANCE STATEMENT

PRINCIPLE 5:
MAKE TIMELY AND BALANCED DISCLOSURE

The Company is committed to ensuring that:

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

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

PRINCIPLE 6:
RESPECT THE RIGHTS OF SHAREHOLDERS

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

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

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

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

ELECTRONIC COMMUNICATIONS

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

EXTERNAL AUDITOR'S AGM ATTENDANCE

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

PRINCIPLE 7:
RECOGNISE AND MANAGE RISK

RISK MANAGEMENT POLICY

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

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

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

This Committee assists the Board in its oversight role by:

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

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

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

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

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

PRINCIPLE 8:
REMUNERATE FAIRLY AND RESPONSIBLY

NOMINATION AND REMUNERATION COMMITTEE

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

Remuneration responsibilities:

The role of the Nomination and Remuneration Committee when carrying out its Remuneration responsibilities includes responsibility for providing the Board with advice and recommendations regarding the ongoing development of an executive remuneration policy that:

- is designed to attract, maintain and motivate directors and senior management with the aim of enhancing the performance and long-term growth of the Company
- clearly sets out the relationship between the individual's performance and remuneration; and
- complies with the reporting requirements relating to the remuneration of directors and key executives as required by ASX Listing Rules, Accounting Standards and the Corporations Act.

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

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

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

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

EXECUTIVE REMUNERATION

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

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

NON-EXECUTIVE DIRECTOR REMUNERATION

ASX guidelines for appropriate practice in Non-executive Director remuneration are that Non-executive Directors should:

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

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

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

REMUNERATION POLICY DISCLOSURES

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

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

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

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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 2012.

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 Independent Non-executive Director	Dr Ian 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 15 October 2009) ▪ Non-executive Director, Mincor Resources NL (Current) ▪ Non-executive Director, Energio Limited (Current) ▪ Non-executive Director, Kansai Mining Corporation (Current) ▪ Non-executive Director, Fortescue Metals Group (Resigned 2011) ▪ Non-executive Director, Carrick Gold Limited (Resigned 2010) ▪ Non-executive Director, Condor Nickel Limited (Resigned 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 and 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.

DIRECTORS' **REPORT**

NAME	STATUS	QUALIFICATIONS, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
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 (formally 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 NL and a Non-executive Director of 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: ■ Chairman, New Guinea Energy NL (Current) ■ Non-executive Director, Nexus Energy Limited (Current) ■ Non-executive Director, Global Resources Corporation Limited (Resigned 2011) ■ Non-executive Director, Archipelago Resources PLC (Resigned 2010)
John Cooper	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) ■ Non-executive Director, QR National (Current) ■ Non-executive Director, Neptune Marine Limited (Current)

DIRECTORS' **REPORT**

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	6	6
Julian Pemberton	6	6
Michael Arnett	6	6
John Cooper	6	6

The Remuneration Committee met once during this period. This meeting comprised of Michael Arnett (Chairman), John Cooper 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), Ian Burston and John Cooper.

PRINCIPAL ACTIVITIES

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

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

REVIEW OF OPERATIONS AND RESULTS

The net profit after tax of the consolidate entity for the year was $97.1 million (2011: $41.2 million).

A review of the operations and results for the Group for the financial year to 30 June 2012, as well as information on the financial position of the Group, is set out in the Year in Review on pages 10 to 33 in this Annual Financial Report.

STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company or the Group during the financial year.

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 10 to 33 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.

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.

DIVIDENDS

A fully franked interim dividend of $0.08 per ordinary share was paid during the financial year ended 30 June 2012 (2011: $0.04 per ordinary share).

The Directors have declared a fully franked final dividend of $0.10 per ordinary share, in relation to 30 June 2012, payable on 31 October 2012 (2011: $0.05 per ordinary share)

DIRECTORS' INTERESTS

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

DIRECTOR	ORDINARY SHARES (NWH)	PERFORMANCE RIGHTS
Julian Pemberton	2,540,414	841,377
Ian Burston	329,492	-
John Cooper	10,000	-
Michael Arnett	280,474	-

Transactions between entities within the Group and Director-related entities are set out in Note 35 to the financial statements.

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.

PERFORMANCE RIGHTS OVER UNISSUED SHARES OR INTERESTS

As at the date of this report, there are 1,129,062 Performance Rights on issue by the Company. During the year to 30 June 2012, 1,710,703 Performance Rights were issued to Key Management Personnel (2011: Nil). Since the end of the financial period, 586,641 Performance Rights vested on 15 September 2012 and converted into ordinary shares in the Company. As of the date of this report, no Performance Rights that have been granted have been cancelled or forfeited.

Performance Rights have no exercise price on vesting and upon exercise result in the issuance of ordinary shares. No Performance Rights holder has any right under the terms of the Performance Rights to participate in any other share issue of the Company.

Details of Performance Rights granted to executives as part of their remuneration are set out in the Remuneration Report on pages 53 to 71.

Details of Performance Rights issued by NRW Holdings Limited as at the date of this report are set out below:

CLASS OF SECURITIES	NUMBER	VESTING DATES
Performance Rights - unlisted	1,129,062	▪ 564,531 are eligible to vest on 15 September 2013. ▪ 564,531 are eligible to vest on 15 September 2014. ▪ All Performance Rights that are eligible to vest will be subject to measurement of performance against the Vesting Conditions.

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 72 of this report.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 37 (page 127) 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 37 (page 127) 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 and 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 2001. 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 2001. 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 $259,208 (2011: $237,915.).

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.

LETTER FROM THE NOMINATION & REMUNERATION COMMITTEE CHAIR – UNAUDITED

NRW Holdings Limited

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28 September 2012

Dear Shareholders,

The NRW Nomination and Remuneration Committee (***N&RC***) and NRW Board are pleased to present the 2012 Remuneration Report. This report explains the refreshed remuneration programme that NRW has put in place over the last 12 months. Most of this refresh relates to the introduction of structured short-term incentive (STI) and long-term incentive (LTI) programmes. These programmes bring NRW's remuneration practices in line with the market and, more importantly, ensure NRW can maintain and extend its competitive position through retaining our key executives and attracting best-in-market executives to the Company. We have developed these programmes to ensure a strong link between executive key management personnel (***Executive KMP***) incentives and three core components of shareholder value – NRW maintaining its competitive position and strength, growth in earnings and ensuring that capital utilised to grow earnings achieves an attractive Return on Capital Employed.

As detailed in the Chairman's report, in FY12 NRW delivered significant growth in revenue and NPAT and your Company also reached a market capitalisation in excess of $1.2 billion prior to the recent downturn in global equity markets. These achievements are not overnight phenomena; they are the result of a significant and sustained effort over a number of years by our senior executives. The dedication and commitment of these Executives has remained very strong during difficult and trying times as well as through periods of intense growth in demand for our Company's services. Moreover, they have done this without an incentive programme in place, albeit that the Company had given them an undertaking to put one in place. As shareholders, you played a vital role in the Company delivering on the incentive program through your approval of the NRW Performance Rights Plan at the 2011 AGM. That Plan provides for annual LTI awards to be made by the N&RC.

The first of those LTI awards has been made in respect of NRW's performance in FY12. In recognition of the Company's undertaking to its senior executives and the exemplary growth achieved for our Company over the past 4 years, the FY12 LTI award under the Performance Rights Plan will be eligible to vest in three tranches (34%, 33% and 33%) over three years on 15 September 2012, 15 September 2013 and 15 September 2014. This vesting schedule reflects the 'one-off' nature of the FY12 LTI award, which allows for a transitional implementation of the NRW LTI programme. Any LTI award that will be made in respect of FY13 and ongoing will be eligible to vest as to 100% on the third anniversary of an LTI award being made, subject of course to the achievement of vesting conditions.

We have also listened to and taken into account comments from our shareholders in formulating our remuneration programme. As you will read in the Remuneration Report, NRW has modified some of the Performance Rights Plan rules (e.g. in respect of vesting on a takeover / control transaction). In doing this, and in formulating the LTI programme for FY13 and beyond, NRW has addressed most of the comments and feedback we received from shareholders leading up to and following the Company's AGM in November 2011. Also in response to this feedback, we feel that it is important

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to highlight that NRW's LTI awards are subject to two stringent tests – (i) challenging intra-year performance criteria that determine the quantum of an LTI award and thereby the number of Performance Rights granted and (ii) ongoing market-competitive performance thresholds, or vesting conditions, that determine the vesting of the Performance Rights.

You may be aware that NRW received its 'first strike' in respect of NRW's 2011 Remuneration Report. In formulating its refreshed remuneration programme NRW has taken an active approach to addressing comments made by our shareholders in respect of the 2011 Remuneration Report, namely:

- Reviewing each Executive KMP's level of fixed remuneration against the remuneration of executives holding comparable positions with both direct competitors and ASX-listed companies operating in a similar environment to NRW. Salaries for the CEO, Managing Director NRW Civil & Mining and the General Manager NRW Civil, being the Executive KMP with the three highest fixed remuneration amounts, have been frozen for FY13;
- Confirming that the FY12 LTI award is a one-off award that is transitionary in nature, and that moving forward NRW will have vesting regime for Performance Rights whereby they are only eligible to vest three years after an award is made, subject to the achievement of vesting conditions;
- Reviewing our vesting condition hurdles against those of direct competitors and companies listed on the Australian Securities Exchange that have a similar market capitalisation to NRW. Our conclusion from this review is that NRW's vesting conditions in respect of EPS Growth and Return on Capital Employed are in line with or more challenging than the companies that we reviewed. In respect of our Relative Total Shareholder Return vesting condition, whilst our "peer group" of direct competitors is typically smaller than the peer group adopted by the other companies, our vesting profile is similar to the companies that we reviewed;
- Ensuring we are adequately communicating the threshold tests and performance conditions that apply to determination of awards in both our short-term incentive ("STI") and LTI plans.

Despite the changes that we have made to our remuneration structure and the introduction of STI and LTI programmes, the outstanding result of growth in NPAT and EPS of 116% has been achieved where the total KMP remuneration expense has increased by only 33%; all of this increase is attributable to the at-risk incentive payments of the STI and LTI expense, and in fact, the total fixed remuneration expense for NRW's KMP decreased by 9% in FY12. Further detail on the STI and LTI components of NRW's remuneration programme are set out in the Remuneration Report.

NRW is committed to ensuring the remuneration programme we have in place supports our growth profile and business strategy, takes into account the characteristics and conditions of the markets we work in and takes into account the views of our shareholders.

Yours sincerely,

Michael Arnett
Chairman
Nomination & Remuneration Committee

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REMUNERATION REPORT (AUDITED)

INTRODUCTION

The information provided in this report has been prepared based on the requirements of the Corporations Act 2001 and the applicable accounting standards. The report has been audited. The report outlines the remuneration arrangements for the Company for the period to 30 June 2012 for the following individuals, who are the Key Management Personnel (KMP) of the Company:

NAME	POSITION HELD	RESIGNED/APPOINTED
NON-EXECUTIVE 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
EXECUTIVE DIRECTOR		
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 W ROONEY	Managing Director – NRW Civil & Mining	Appointed 1 October 2008
MR M STEWART	General Manager – NRW Civil	Appointed 1 July 2008
MR T COOK	General Manager – NRW Mining – WA, NT and overseas	Appointed 30 May 2011
MR W FAIR	General Manager – Action Drill & Blast Pty Limited	Appointed 1 March 2012
MR K BOUNSELL	General Manager Assets	Appointed 22 November 1994
MR M WALLACE	Chief Financial Officer	Appointed 8 December 2008
MR S LUCAS	General Manager East Coast Mining	Appointed 1 January 2008 Resigned 18 May 2012
MR K HYMAN	Company Secretary, Risk Management & Legal	Appointed 10 July 2007

The report refers to both Non-executive Directors and Executives. Unless noted Executive Directors are included in discussion of Executives.

The Remuneration Report is divided into the following sections:

GLOSSARY

The following terms used throughout our Remuneration Report are defined here:

ASX	Australian Securities Exchange
EPS	Earnings Per Share
Executive KMP	Executive full time employees of NRW that are Key Management Personnel, i.e. KMP excluding Non-executive Directors
FY12	The financial year ending 30 June 2012
FY13	The financial year ending 30 June 2013
Group	NRW and all its subsidiary and associate companies
KMP	Key Management Personnel according to the definition of that term in the Corporations Act 2001 (Cth), including Non-executive Directors
LTI	Long Term Incentive
N&RC	Nomination and Remuneration Committee
NRW	NRW Holdings Limited
NRW Performance Rights Plan	The Performance Rights plan of NRW approved by shareholders in general meeting on 23 November 2011
Performance Right	A right that converts into one ordinary share in NRW on the meeting of the specified vesting conditions on the specified vesting dates
Relative TSR	Relative Total Shareholder Return
ROCE	Return on Capital Employed
STI	Short Term Incentive
Vesting Conditions	The vesting conditions that apply to the vesting of Performance Rights granted by NRW to its Executive KMP under the NRW Performance Rights Plan
VWAP	Volume Weighted Average Price of NRW ordinary shares quoted on the ASX

1. REMUNERATION GOVERNANCE

NRW has established a Nomination and Remuneration Committee (N&RC) consisting of Michael Arnett, Ian Burston and John Cooper, being all of NRW's independent Non-executive Directors. The N&RC is responsible for making recommendations to the Board on the remuneration arrangements for non executive directors and Executives as set out in the N&RC Charter. The N&RC provides advice, recommendation and assistance to the Board with respect to:

- The remuneration of Non-executive Directors, including the Chair of the Board;
- The remuneration policies which are designed to attract and retain Executives with the expertise to enhance the competitive advantage, performance and growth of NRW;
- Ensuring that the level and composition of Executive remuneration packages are fair, reasonable and adequate, and display a clear relationship between the performance of the individual and performance of NRW;
- Termination and redundancy policies and the payments made to outgoing Executives and senior managers;
- Disclosures to be included in the corporate governance section of NRW's annual report which relate to NRW's remuneration policies and procedures.

The N&RC is mandated to engage external and independent remuneration advisors who do not have a relationship with or advise NRW management. During the reporting period the N&RC did not engage any such advisors. However during this period the N&RC took an active role in meeting and liaising with some of NRW's shareholders as well as shareholder proxy groups to discuss directly their views in respect of market remuneration practices, NRW's remuneration programme and how the market practices can be best applied to NRW's remuneration programme.

The N&RC met four times during the reporting period.

The N&RC assesses performance of NRW's Executive KMP largely through budget setting and consequently through the measuring metrics that underpin the achievement of those budgets. As detailed below, the N&RC also takes into account personal targets for the Executive KMP.

Budgets are set at the business unit and Group levels with regard to the market conditions and opportunities that are open to existing business and strategies that NRW is pursuing in terms of its longer-term strategic growth and evolution. Through this process the Board sets a 'target' level of performance, and, given the opportunities and market conditions facing the Company, a 'demanding' level of performance is also established.

The latter typically reflects a set of outcomes that the Board considers achievable where risks are minimised to the fullest extent possible and growth opportunities are realised without undue risk being assumed; those outcomes would represent exemplary growth in our existing business, achievement of a material step up in the market position and strength of the Company or the successful execution of the corporate growth strategy either on or ahead of time or at a reduced cost.

In setting targets for STI and LTI awards, the N&RC will take the budgets set by the Board and will focus on the metrics that are critical to the production of the 'target' or 'demanding' outcomes. The N&RC pays close attention to ensuring that the metrics selected balance against each other so that outcomes are not pursued at the expense of overall performance of the Group.

The main focus is to ensure that growth in earnings is pursued with a sharp focus on the amount of capital required to generate that growth, and within that the business units and the Group as a whole continue to focus on the Return on Capital Employed that it achieves. NRW is conscious that it is seen as a capital intensive business; and the Board and Executive KMP work hard to assure our shareholders that whatever capital is utilised, it generates attractive, and where possible, market-leading returns.

Metrics selected for determining STI and LTI awards normally include revenue, contribution margin, contribution margin improvement, achievement of cost control initiatives, net profit after tax (Group), return on capital employed (Group and business unit), asset utilisation, cost ratios, staff turnover, order book quantum and tenure and capital expenditure management. The N&RC regard these metrics as key determinants of earnings growth and the quality and sustainability of earnings growth, in turn metrics that underpin growth in shareholder value.

2. FIVE YEAR SNAPSHOT

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

MEASURE	2012	2011	2010	2009	2008
Market Capitalisation (30 June)	$842.2 million	$778.1 million	$246.2 million	$238.7 million	$489.9 million
Share Price at end of year	$3.02	$2.79	$0.98	$0.95	$1.95
Share Price at beginning of year	$2.79	$0.98	$0.95	$1.95	$2.00
Total Revenue	$1,360.8 million	$751.2 million	$615.6 million	$519.0 million	$478.3 million
EBITDA(1)	$195.9 million	$95.5 million	$87.5 million	$81.2 million	$71.8 million
EPS	34.8 cents	16.1 cents	14 cents	15 cents	13.6 cents
EPS Growth	116%	15%	-7%	10%	n/a
Net Profit After Tax	$97.1 million	$41.2 million	$35.1 million	$37.1 million	$32.8 million
Interim Dividend paid per share	$0.08	$0.04	$0.03	$0.01	$0.04
Final Dividend per share declared in respect of the year	$0.10	$0.05	$0.03	$0.01	$0.0423

(1) *EBITDA is calculated from net profit after tax, adding tax back, as well as finance costs and depreciation.*

3. RESPONSE TO SHAREHOLDER CONCERNS

NRW received a 'first strike' on the 2011 Remuneration Report at the 2011 Annual General Meeting.

The shareholder views expressed at and following the 2011 Annual General Meeting and the action taken by NRW to address these views are outlined below:

SHAREHOLDER VIEW	COMPANY RESPONSE AND ACTION
The change of control provisions for the proposed LTI is too generous.	NRW revised the Plan Rule provisions that apply to vesting of Performance Rights upon a change of control event occurring. The number of Performance Rights that can vest following a change of control is reduced to reflect the period served. The eligible Performance Rights that can vest are then tested against relevant performance conditions. The quantum of Performance Rights vesting on a change of control event is therefore pro-rated for both time elapsed and performance levels achieved.
The CEO fixed remuneration quantum is high compared to other companies	Our research in this area suggests that for companies with similar market capitalisation, this may to some extent be true. The Board compared the fixed remuneration of NRW's CEO to that of direct competitors, and undertook soundings as to the fixed remuneration that NRW would have to pay were it in need of recruiting a new CEO. This confirmed our view that the level of fixed remuneration paid to NRW's CEO is not only reasonable, but also that there is a relatively smaller pool of talent that could take up this position compared to the pool of talent for CEO's of companies with a similar market capitalisation to NRW. We also note that in the FY11 Remuneration Report, the CEO's reported remuneration included ~$300,000 of accruals in respect of annual and long-service leave. These amounts were non-cash benefits that resulted from Mr. Pemberton's appointment to the CEO role from his previous role as Chief Operating Officer. These amounts relate to the rebasing of his annual and long service leave entitlements that had accrued over his 14 years of service with the Company to the remuneration at the CEO level, reflecting that when taking leave the entitlement, and thereby the amount paid whilst on leave, is recorded at the CEO remuneration level.
The vesting conditions are not sufficiently stretching	Our research shows that the vesting conditions set by NRW as to EPS growth, ROCE and Relative TSR are in line with or more demanding than other LTI vesting conditions in the market, particularly in respect of the proportion of rights that vest on achieving various levels of performance. Specifically, a number of LTI programmes of other ASX-listed companies that we reviewed commence vesting at a cut-in level of 50% of the total rights or options that can vest against a given measure (e.g. EPS Growth, ROCE or Relative TSR performance). In contrast, NRW's cut-in levels for EPS Growth and ROCE are 0% and graduate up to the maximum allocation against each of the three Vesting Conditions noted above (this is reflected graphically, below at section 4.5). Notwithstanding this, we have extended upward the Vesting Condition thresholds for LTI awards in FY13 and beyond, and note that our cut-in levels remain at 0%. This means that in order to achieve vesting of Performance Rights, NRW executives must achieve higher relative levels of performance than direct competitors and companies with a similar level of market capitalisation to NRW. Moreover, as noted in the letter from the Chairman of the N&RC preceding this Remuneration Report, NRW's LTI award mechanics require an individual to attain a significant and demanding level of performance on an intra-year basis in order that the quantum of an LTI award can be determined.
The performance period for the LTI is too short to reflect 'long-term performance'	As explained above, the FY12 LTI award will vest over three years reflecting the one-off and transitionary nature of the FY12 LTI award. For the LTI awards in FY13 and beyond, vesting will be eligible as to 100% of an award on the third anniversary of that award.
The specific performance conditions for the STI are difficult to assess as limited information is available.	In 2012 NRW implemented a formal STI programme. Details in respect of the STI component of NRW's remuneration programme are set out further in section 4.2 below.

4. EXECUTIVE REMUNERATION

4.1. Executive remuneration strategy and mix

NRW's remuneration programme has the following over-arching principles:

- **Set remuneration policy and positioning to maintain and extend NRW's competitive advantage and positioning:** NRW believes that its fixed and at-risk remuneration must be in the top quartile of competitive benchmarking in order to attract and retain best-in-market individuals as its Executive KMP. The Board believes that this approach is also required given the relatively small pool of experienced executive talent that exists in the industry and markets in which NRW competes. NRW's view is that this positioning is fundamental to maintaining NRW's competitiveness, financial performance leadership relative to peers and leadership in customer satisfaction with projects that NRW delivers.

- **Adapt market practice, benchmark to direct competitors, relate to the risk and competitive environment:** The industry and markets that NRW competes in have significantly different operating risks and a significantly smaller pool of experienced talent compared to companies with a market capitalisation similar to NRW's market capitalisation (+/- 50%). Accordingly whilst NRW's remuneration programme takes account of relevant market practices, benchmarking of individual positions are weighted heavily to directly comparable companies and competitors, as opposed to the data of similar sized companies. Remuneration policies in general are overlaid with and take account of the risks in and competitive nature of NRW's operating environment.

- **Ensure at-risk remuneration is set against demanding levels that themselves are balanced to the long term stability of the Company:** NRW's approach to at-risk remuneration for both STI and LTI awards is that achievement of budgeted levels of performance result in only modest incentive awards and that demanding levels of performance are required to deliver what would be a top-quartile remuneration outcome for a given KMP member. Whilst the demanding levels of performance are predominantly quantitative / financial in nature, the targets take into account the quality of financial outcomes. That is, they are structured to ensure that executives pursue growth in a way that does not compromise the value of NRW in the medium to long term. For example, NRW pays attention to ROCE metrics to ensure that EPS Growth is pursued with a keen eye to minimising the amount of capital that must be utilised to generate EPS Growth.

- **Proportions of fixed and variable remuneration should weight toward variable as performance levels increase:** Maximum award levels are structured to ensure that at the maximum level of remuneration there is a significant weighting to variable (STI and LTI) components of remuneration. This weighting is increased the more senior the role and the higher the level of responsibility that the individual has for earnings, personnel and strategy. The relative mix of STI to LTI is also considered in the context of the nature and level of responsibility of the individual's role, the desire of the Company to have its Executive KMP owning NRW shares as well as succession planning requirements.

4.2. Structure of Executive Remuneration

The NRW remuneration programme and consequently the remuneration components for each Executive KMP member comprise:

- **Fixed remuneration:** comprising salary, benefits that the individual elects, superannuation and applicable taxes. Fixed remuneration is set with reference to role, market and relevant experience, which is reviewed annually and upon promotion. In determining the appropriate remuneration quantum, the N&RC reviews information from databases to which NRW subscribes (e.g. McDonald & Company Australia, CRA Plan Advisors), available market data for direct competitors, companies of a similar size to NRW (based on market capitalisation) and similar industry (i.e. Capital Goods, Energy and Materials, Metals and Mining, Oil, Gas and Consumable Fuels industry group companies). This comparator group is deemed to be appropriate as it represents the companies for whom talent is likely to be recruited from, and to which talent may be lost, and therefore competitive remuneration against these groups is assessed in setting fixed remuneration levels for NRW's Key Management Personnel.
- **Short term incentive (STI):** determination of an STI award is made against annual performance criteria established at the beginning of each financial year. STI awards are typically payable in cash. At the election of the N&RC, the after tax amount of a portion of an STI award might in some circumstances be paid in ordinary NRW shares. This may occur for example where an individual has achieved a high nominal STI award, or where the balance of an overall award (inclusive of fixed remuneration, STI and LTI) is overweight in STI. Any portion of an STI can be deferred by the N&RC in its discretion with or without conditions extending beyond continued employment. Performance thresholds relating to STI awards are discussed further in section 4.4.
- **Long term incentive (LTI):** An award of LTI is granted via Performance Rights under the NRW Performance Rights Plan approved by NRW shareholders at the Company's AGM on 23 November 2011. Any Performance Rights granted are subject to Vesting Conditions and vesting periods – these are discussed further below in section 4.5.

Determination of an LTI award quantum is made against the same annual performance criteria that apply to STI awards – these are discussed further in section 4.4. An LTI award quantum is then converted into a number of Performance Rights determined by dividing the quantum of the LTI award by the 60-day VWAP of the NRW share price as of the day that NRW announced its prior financial year full-year result. For example, for the FY13 LTI award, an LTI quantum once determined for an individual following the end of FY13 will be divided by $2.9605, which was the 60-day VWAP of the NRW share price at 24 August 2012, the day on which NRW announced its FY12 result to the ASX. The result will be the number of Performance Rights awarded to that individual. Performance Rights granted are then subjected to vesting conditions that are tested on the applicable vesting date.

As noted above STI and LTI awards determined with reference to achievement against annual performance criteria and are based on a percentage of fixed remuneration.

4.3. Award Levels Relative to Fixed Remuneration

The following table sets out the range of award that Executive KMP can be eligible for in FY13 and beyond under the STI and LTI components of NRW's remuneration programme:

	STI Award FY13 and Beyond as % Fixed Remuneration		LTI Award FY13 & Beyond as % Fixed Remuneration	
	MAXIMUM AWARD AT TARGET LEVEL OF PERFORMANCE	MAXIMUM AWARD AT DEMANDING LEVEL OF PERFORMANCE	MAXIMUM AWARD AT TARGET LEVEL OF PERFORMANCE	MAXIMUM AWARD AT DEMANDING LEVEL OF PERFORMANCE
Chief Executive Officer	20%	55%	50%	150%
Managing Director – NRW Civil & Mining	20%	70%	30%	80%
Divisional General Managers, CFO	20%	70%	10%	60%

Any determination of an award following the completion of a financial year is based on:

1. The performance of an individual according to annual performance criteria set by the N&RC before the end of the first quarter of a financial year and measured against NRW's audited results for that financial year (where available);
2. Recommendations made to the N&RC by the CEO in respect of Executive KMP reporting to the CEO;
3. The N&RC's consideration and recommendation to the Board of NRW;
4. The Board of NRW exercising its discretion in respect of STI and LTI awards within the boundaries of the maximum payment levels and the terms and conditions of the NRW Performance Rights Plan.

4.4. Annual performance criteria

Annual STI and LTI awards are determined against the same performance criteria. The specifics and detail of the criteria are set by the N&RC before the end of the first quarter in each financial year and are shaped for each Executive KMP member according to their specific role and responsibilities. The criteria comprise the following types of measures and weightings:

- **Financial measures – *80% weighting:*** Within this limb of the criteria targets are set at Group and business unit levels. Typically, for a divisional General Manager, the Group target will be weighted as to 20% – 30%, and the business unit targets will be weighted as to 50% - 60%. The annual criteria will be set according to the overall Group targets and strategy, business unit targets and strategy and specific areas within each division that the Group executive determine require focus in that year. Criteria can include revenue, contribution margin, contribution margin improvement, achievement of cost control initiatives, net profit after tax (Group), return on capital employed (Group and business unit), asset utilisation, cost ratios, staff turnover, order book quantum and tenure and capital expenditure management.
- **Safety measures – *10% weighting:*** Safety targets, and in particular NRW's Lost Time Injury Frequency Rate (LTIFR) are set according to NRW's Group safety targets, which in turn play a key part in NRW's ability to maintain and secure demand for NRW's services.
- **Personal measures – *10% weighting:*** Personal criteria relate to targets that are specific to an individual's non-financial performance, career development and leadership qualities. Whilst these targets are personal to the individual, they may include such measures focusing on areas required for leadership development, succession planning requirements, strategic planning goals and outcomes.

4.5. LTI Vesting Period and Criteria

The FY12 LTI award will vest over three years reflecting the one-off and transitional nature of the FY12 LTI award. This vesting will be as to 34% of Performance Rights granted under the FY12 award on 15 September 2012, 33% on 15 September 2013 and 33% on 15 September 2014.

For the LTI awards in FY13 and beyond, vesting will be eligible as to 100% of an award on the third anniversary of the award.

The vesting criteria applicable to LTI awards and the subsequent granting of Performance Rights under the NRW Performance Rights Plan are as follows:

- **EPS Growth – *40% weighting:*** EPS is a primary determinant of shareholder value in a listed company context. As such NRW views EPS Growth as an important metric for NRW KMP to focus on. EPS Growth is measured over the period that the vesting applies to. For example, an LTI award made in respect of FY13 will be measured as to growth in NRW's EPS at the beginning of FY13 (end of FY12) to NRW's EPS at the end of FY15.
- **ROCE – *30% weighting:*** As NRW's business necessarily involves capital expenditures, in order to balance EPS Growth, NRW has adopted a ROCE measure to ensure that EPS and EPS Growth are being pursued with a keen eye on the amount of capital employed in generating net profit after tax and thereby EPS.
- **Relative TSR – *30% weighting:*** NRW benchmarks its total shareholder return to ten direct competitors. Where insufficient competitors are listed on the ASX, NRW will assess companies that have similar degrees of complexity, personnel management, risk, revenue and turnover to NRW. The companies that NRW measures its Relative TSR against in respect of the FY12 LTI Award are; Ausenco Limited, Clough Limited, Macmahon Holdings Limited, Ausdrill Limited, Downer EDI Limited, Sedgman Limited, Decmil Group Limited, Brierty Limited, Maca Limited and Watpac Limited (FY12 Comparator Group). For FY13 NRW proposes using a comparator group that is the same as the FY12 Comparator Group except that Brierty Limited and Watpac Limited will be removed. The size and comparative strength of these companies warranted their removal and substitution by Bradken Limited and Transpacific Industries Limited, which the Board feels better represents a comparator company, given their size, service delivery, capital goods utilisation and employee numbers.

The following table sets out the vesting period cut-in and scaling of each of the vesting hurdles for the FY12 award, and also for future LTI awards in FY13 and beyond:

LTI VESTING CONDITION, WEIGHTING	FY12 LTI AWARD		FY13 & BEYOND LTI AWARDS	
	CUT-IN LEVEL	MAXIMUM VESTING ACHIEVED AT	CUT-IN LEVEL	MAXIMUM VESTING ACHIEVED AT
EPS Growth, Weighting 40%	0% vesting at 4% EPS growth between last vesting date and current vesting date	100% of the EPS Growth limb vesting at 10% EPS growth between last vesting date and current vesting date	0% vesting at 4% EPS growth between last vesting date and current vesting date	100% of the EPS Growth limb vesting at 12% EPS growth between last vesting date and current vesting date
ROCE, Weighting 30%	0% vesting at 17% ROCE for most recently completed financial year date	100% of the ROCE limb vesting at 25% ROCE for most recently completed financial year date	0% vesting at 20% ROCE for most recently completed financial year date	100% of the ROCE limb vesting at 30% ROCE for most recently completed financial year date
Relative TSR, Weighting 30%	5th out of 11 comparators in the peer group = 66% of the Relative TSR vests	3rd or better out of 11 comparators in the peer group = 100% of the Relative TSR limb vests	As per FY12 LTI award	As per FY12 LTI award

We note again that NRW's EPS Growth and ROCE Vesting Conditions cut–in at 0% and graduate linearly to the maximum allocation for each limb of the vesting conditions.

NRW has selected the three vesting conditions discussed above on the following bases:

- EPS Growth is a fundamental measure of growth in shareholder value;
- However, to ensure that EPS growth is pursued with a focus on the amount of capital required to generate EPS or NPAT, Return on Capital Employed (ROCE) is measured to ensure that the growth in EPS is achieved at or above NRW's targeted levels of ROCE;
- Relative Total Shareholder Return, whilst in NRW's view is something that is influenced by the investing methodologies of investors that invest in shares of companies listed on the Australian Securities Exchange as opposed to the performance of NRW and its executives per se, NRW believes that it is important for the performance of its management to be measured against the total shareholder return that is achieved by direct competitor and peer companies that face a similar operating environment, opportunities and risks as NRW.

Vesting Periods

As noted above, and in recognition of the transitionary nature of the FY12 LTI Award, Performance Rights granted under the FY12 LTI award will be eligible to vest in three tranches as to:

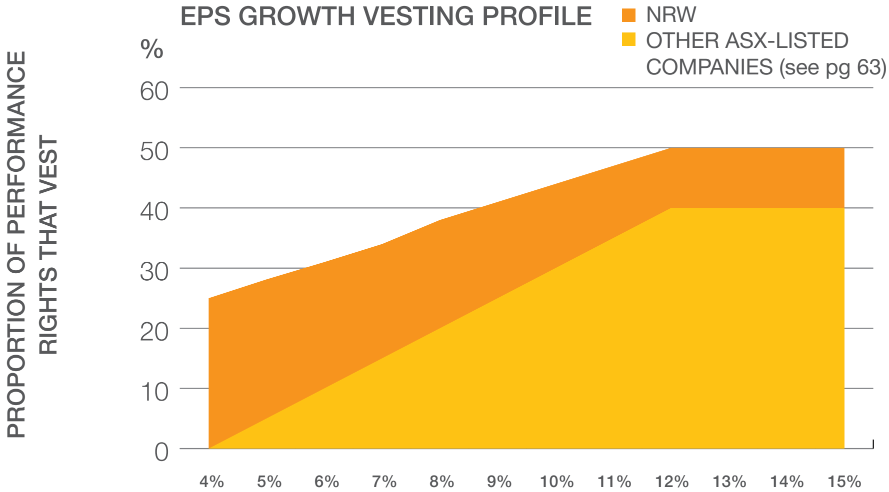
- 34% on 15 September 2012;
- 33% on 15 September 2013; and
- 33% on 15 September 2014:
  subject always to the performance of and testing against the Vesting Conditions.

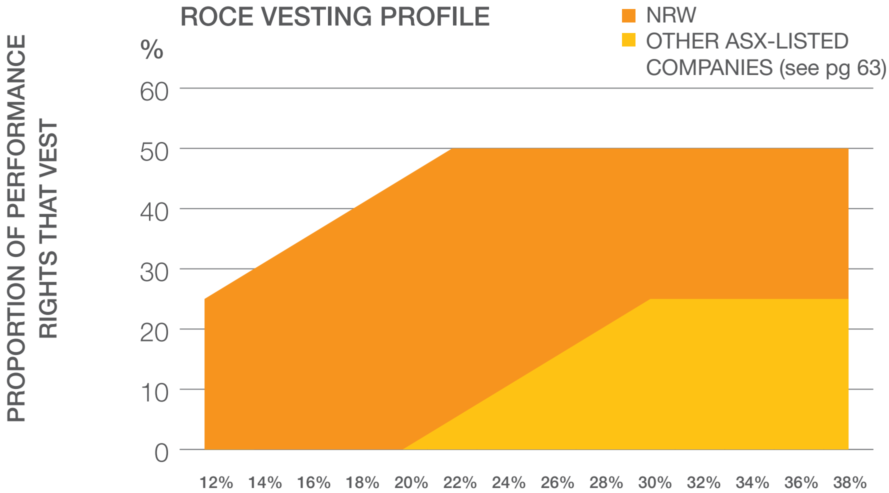
For future LTI Awards (LTI Awards made in respect of FY13 and beyond), any Performance Rights granted will be eligible to vest 3 years after they are granted subject to the application of Vesting Conditions.

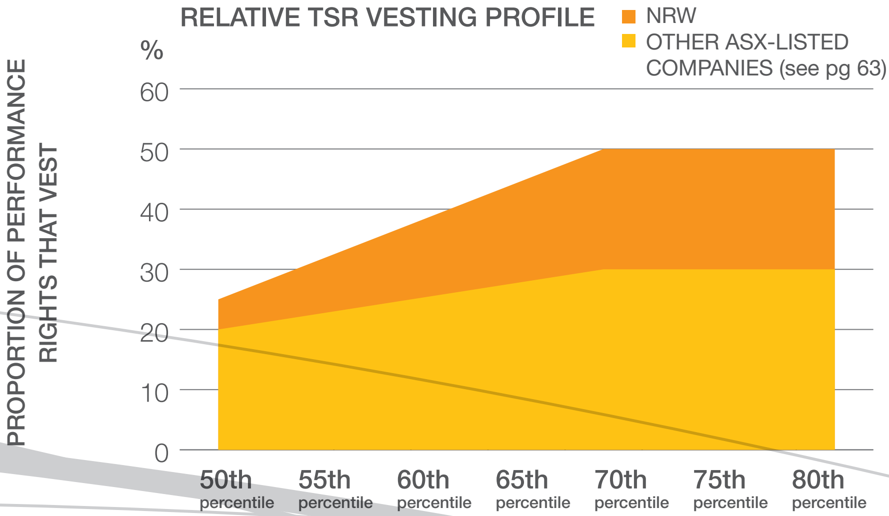
Any Performance Rights that are eligible to vest on a vesting date that do not meet the Vesting Conditions, lapse on that date and thereby are not eligible to vest at any subsequent date.

The charts below depict the comparison between how NRW's vesting conditions apply relative to the vesting conditions of ASX-listed companies having a similar market capitalisation to NRW (+/- 50%) that were reviewed. Proportions that vest on meeting vesting conditions, shown on the vertical axis, are higher in most cases than under NRW's vesting condition regime.

VESTING CONDITIONS - FY13, FY14, FY15







Other Considerations applicable to LTI Awards and Performance Rights

If a KMP's employment with NRW ceases for reasons other than death or permanent disability, any unvested Performance Rights will lapse and expire. Where a KMP has died or becomes permanently disabled, or where the Board of NRW considers it appropriate in the circumstances to consider the vesting of any unvested Performance Rights, the Board may determine that the Performance Rights will not lapse and will be tested against the Vesting Conditions on the applicable vesting dates.

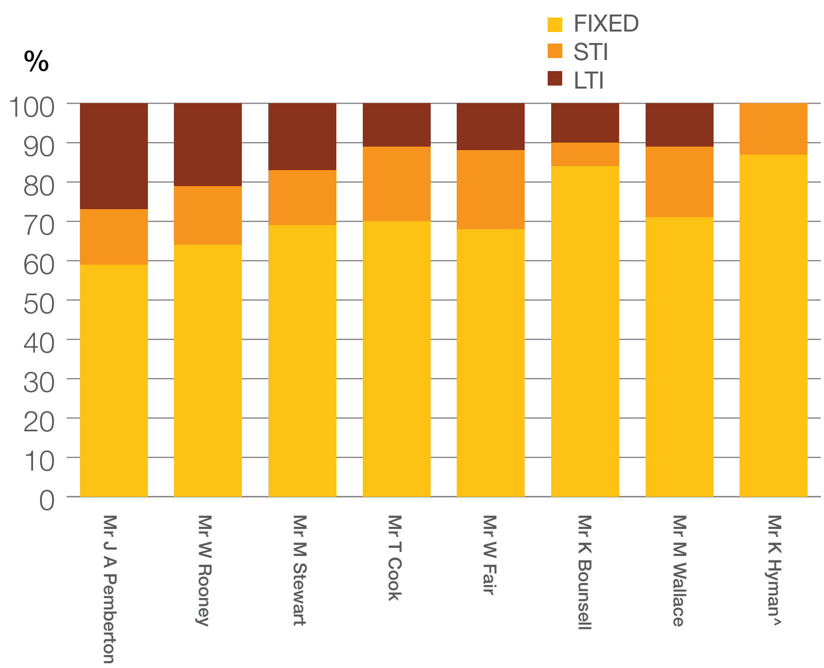
Upon change of control occurring in respect of NRW, the number of Performance Rights that can vest will be reduced to reflect the period of time elapsed. For example if a takeover of NRW becomes unconditional two years after a grant of Performance Rights was made and that award was eligible for vesting at the third anniversary of it being granted, then two-thirds of the Performance Rights that were eligible to vest under that grant would be assessed against the Vesting Conditions up to the date of the takeover becoming effective. The Performance Rights which do not meet the Vesting Conditions at that point will lapse and expire.

4.6. FY12 Awards – Performance Against Annual Performance Criteria

As noted in the Chairman's and CEO's Reports, in FY12 NRW achieved increases over FY11 in revenues of 82%, in NPAT of 136% and in EPS of 116%. These results were significantly above the budgeted levels of performance and reflect what the Board considers to be the achievement of an extraordinary result. The results that the Executive KMP achieved as a percentage of the maximum score that they could have achieved ranged from 77% to 95%, with a weighted score of 86%. The fact that none of our Executive KMP scored 100% against the target set for them reinforces that NRW's performance criteria applied to determining STI and LTI award quantum are indeed testing, even under scenarios where results are as impressive as they were in FY12.

4.7. FY12 Awards – Remuneration Mix

The following table shows the remuneration mix for NRW's Executive KMP for the year ending 30 June 2012. The data provided here is based on the remuneration in respect of each Executive KMP as set out in the remuneration outcome table shown below.



^ Mr Hyman, whilst being a KMP, is not eligible for LTI awards due to his role carrying no responsibility for revenue, earnings and earnings quality results.

4.8. FY12 LTI Awards – Performance Rights Granted

In respect of the LTI component of the FY12 Awards, the following table shows the total number of Performance Rights granted to NRW's KMP. The Vesting Conditions noted above at section 4.5 have been applied against the first tranche of those Performance Rights (34% of Performance Rights granted). The number of Performance Rights that vested and converted into ordinary shares in NRW on 15 September 2012 are also shown alongside each Executive KMP member. The table also sets out the number of Performance Rights that will be eligible to vest, subject to application of the vesting conditions on each subsequent vesting date.

	TOTAL NUMBER OF PERFORMANCE RIGHTS GRANTED UNDER THE FY12 AWARD	TRANCHE 1 PERFORMANCE RIGHTS THAT VESTED ON 15 SEPTEMBER 2012^	TRANCHE 2 PERFORMANCE RIGHTS THAT ARE ELIGIBLE TO VEST ON 15 SEPTEMBER 2013	TRANCHE 3 PERFORMANCE RIGHTS THAT ARE ELIGIBLE TO VEST ON 15 SEPTEMBER 2014
Mr J A Pemberton	841,377	286,069	277,654	277,654
Mr W Rooney	348,448	118,472	114,988	114,988
Mr M Stewart	211,570	71,934	69,818	69,818
Mr T Cook	76,015	25,845	25,085	25,085
Mr W Fair	73,479	24,983	24,248	24,248
Mr K Bounsell	85,165	28,957	28,104	28,104
Mr M Wallace	74,649	25,381	24,634	24,634
Total	1,710,703	586,641	564,531	564,531

^ See explanation in paragraph and table on page 68 regarding actual vesting that occurred on 15 September 2012.

The following table sets out the independently assessed fair value of the Performance Rights granted to each Executive KMP member as at the date on which the grant of Performance Rights was made to the individual concerned (Grant Date). Within each tranche the Performance Rights are ascribed a fair value according to the Vesting Condition limb against which they are tested, namely EPS Growth (40% weighting), ROCE (30% weighting) and Relative TSR (30% weighting).

	GRANT DATE	TRANCHE 1 PERFORMANCE RIGHTS THAT VESTED ON 15 SEPTEMBER 2012			TRANCHE 2 PERFORMANCE RIGHTS THAT ARE ELIGIBLE TO VEST ON 15 SEPTEMBER 2013			TRANCHE 3 PERFORMANCE RIGHTS THAT ARE ELIGIBLE TO VEST ON 15 SEPTEMBER 2014		
		EPS Growth	ROCE	RTSR	EPS Growth	ROCE	RTSR	EPS Growth	ROCE	RTSR
Mr J A Pemberton	23 November 2011	$2.65	$2.65	$1.70	$2.49	$2.49	$1.65	$2.35	$2.35	$1.61
Mr W Rooney	12 March 2012	$3.73	$3.73	$2.93	$3.52	$3.52	$2.64	$3.31	$3.31	$2.50
Mr M Stewart	12 March 2012	$3.73	$3.73	$2.93	$3.52	$3.52	$2.64	$3.31	$3.31	$2.50
Mr T Cook	12 March 2012	$3.73	$3.73	$2.93	$3.52	$3.52	$2.64	$3.31	$3.31	$2.50
Mr W Fair	12 March 2012	$3.73	$3.73	$2.93	$3.52	$3.52	$2.64	$3.31	$3.31	$2.50
Mr K Bounsell	12 March 2012	$3.73	$3.73	$2.93	$3.52	$3.52	$2.64	$3.31	$3.31	$2.50
Mr M Wallace	12 March 2012	$3.73	$3.73	$2.93	$3.52	$3.52	$2.64	$3.31	$3.31	$2.50

In respect of the Performance Rights that were eligible to vest on 15 September 2012, through the application of the Vesting Conditions, all (100%) of the Performance Rights that were eligible to vest to each Executive KMP under the First Tranche of the FY12 Award (34% of all Performance Rights granted under the FY12 Award) vested. The applicable outcomes of the Vesting Conditions tested in respect of the First Tranche of the FY12 LTI Award are as follows:

FY12 LTI AWARD – PERFORMANCE RIGHTS APPLICATION OF VESTING CONDITIONS TO RIGHTS THAT VESTED ON 15 SEPTEMBER 2012				
LTI Vesting Condition, *Weighting*	**Maximum vesting achieved at**	**Basis of Measurement**	**Result Achieved**	**Vesting**
EPS Growth, *Weighting 40%*	EPS Growth of 8%	Audited result	EPS Growth of 116%	100% x 40% weighting = 40% vesting
ROCE, *Weighting 30%*	ROCE of 27%	Audited result	ROCE of 41%	100% x 30% weighting = 30% vesting
Relative TSR, *Weighting 30%*	NRW's Relative TSR being 3rd or better	Link Market Services / Miraqle Metrics providing independent calculation of NRW Relative TSR	NRW's Relative TSR Performance of 1st out of 11	100% x 30% weighting = 30% vesting
TOTAL VESTING				**100%**

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

The table below sets out the remuneration outcomes for each of NRW's KMP for the financial year ending 30 June 2012

	SALARY & FEES	STI CASH BONUS FY12	STI CASH BONUS FY11[1]	NON-CASH BENEFIT[2]	ANNUAL LEAVE[3]	SUPER-ANNUATION	OTHER LONG TERM BENEFITS[4]	SHARE BASED PAYMENTS[5]	TOTAL[6]
Non-executive Directors									
Dr I Burston	125,000	-	-	6,497	-	11,250	-	-	142,747
Mr M Arnett	100,000	-	-	3,036	-	9,000	-	-	112,036
Mr J Cooper	101,999	-	-	-	-	9,180	-	-	111,179
Total Non-executive Directors	326,999	-	-	9,533	-	29,430	-	-	365,962
Executive Directors									
Mr J A Pemberton	1,298,289	384,750	100,000	6,012	153,451	15,489	54,586	749,579	2,762,156
Executives									
Mr W Rooney	833,886	232,372	75,000	6,603	70,325	32,948	-	331,186	1,582,320
Mr M Stewart	635,088	169,309	50,000	39,202	53,328	60,582	-	201,089	1,208,598
Mr T Cook	369,488	121,662	-	10,796	34,116	42,251	-	72,249	650,562
Mr W Fair	329,172	117,604	-	-	30,113	30,912	-	69,839	577,640
Mr K Bounsell	541,105	40,000	-	21,373	53,432	12,952	21,962	80,946	771,770
Mr M Wallace	370,801	119,476	-	44,999	36,055	15,471	-	70,951	657,753
Mr K Hyman	310,021	60,000	25,000	1,927	29,206	26,046	7,015	-	459,215
Mr S Lucas[7]	418,250	-	-	81,603	-	37,101	-	-	536,954
Total Executive Directors and Executives	5,106,100	1,245,173	250,000	212,515	460,026	273,752	83,563	1,575,839	9,206,968
Total all Directors and Executives	**5,433,099**	**1,245,173**	**250,000**	**222,048**	**460,026**	**303,182**	**83,563**	**1,575,839**	**9,572,930**

1. *A short term incentive payment was approved by the R&NC after determination of NRW's FY11 audited result. Whilst applicable to performance in the financial year ended 30 June 2011, it is reported here as a payment made during the financial year ended 30 June 2012.*
2. *The non-cash benefits comprised mostly motor vehicle benefits offered to the Key Management Personnel, including the applicable grossed up fringe benefits tax.*
3. *Represents the accrued leave during the period.*
4. *Represents the accrued long service leave during the period.*
5. *Represents the expensing of the FY12 LTI award and consequent grant of Performance Rights in accordance with AASB 2 – Share based payments*
6. *No termination payments were made during FY12*
7. *S Lucas resigned his employment with the Company on 18 May 2012.*

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

The table below sets out the remuneration outcomes for each of NRW's KMP for the financial year ending 30 June 2011

	SALARY & FEES	STI CASH BONUS	NON-CASH BENEFIT[1]	ANNUAL LEAVE[2]	SUPERANNUATION	OTHER LONG TERM BENEFITS[3]	SHARE BASED PAYMENTS	TOTAL
Non-executive Directors								
Dr I Burston	91,743	-	4,892	-	8,257	-	-	104,892
Mr M Arnett	80,000	-	-	-	1,800	-	-	81,800
Mr J Cooper[4]	16,923	-	-	-	1,523	-	-	18,446
Total Non-executive Directors	188,666	-	4,892	-	11,580	-	-	205,138
Executive Directors								
Mr JW McGlinn[5]	704,763	-	11,948	-	68,305	-	-	785,014
Mr J A Pemberton	1,162,770	-	63,206	189,704	15,199	121,271	-	1,552,150
Executives								
Mr W Rooney	818,197	-	7,083	6,967	73,638	-	-	905,885
Mr M Stewart	629,076	-	22,712	10,755	56,617	-	-	719,160
Mr T Cook[6]	32,692	-	-	1,701	2,942	-	-	37,335
Mr W Fair	355,061	-	-	5,824	31,956	-	-	392,841
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 K Hyman	269,795	-	825	23,238	24,282	8,438	-	326,578
Mr S Lucas	376,069	-	96,386	-	33,853	-	-	506,308
Mr NJR Silverthorne	462,561	-	41,358	-	90,000	-	-	593,919
Total Executive Directors and Executives	5,768,231	-	324,840	251,836	462,047	167,366	-	6,974,320
Total all Directors and Executives	**5,956,897**	**-**	**329,732**	**251,836**	**473,627**	**167,366**	**-**	**7,179,458**

1. *The non-cash benefits comprised mostly of the motor vehicle benefits offered to Executive KMP, including the applicable grossed up fringe benefits.*
2. *Represents the annual leave movement provisions, which in the case of Mr. Pemberton relate to the rebasing of his salary following his appointment to CEO in July 2010 whereupon his accrued annual leave that had accumulated over 14 years of service was rebased to his CEO level of remuneration.*
3. *Represents the long service leave movement provisions, which in the case of Mr. Pemberton relate to the rebasing of his salary following his appointment to CEO in July 2010 whereupon his accrued long service leave accumulated over 14 years of service was rebased to his CEO level of remuneration.*
4. *Appointed 29 March 2011.*
5. *J McGlinn resigned 7 July 2010 and amount paid represents payment of accrued entitlements.*
6. *Appointed 30 May 2011.*

4.9. Executive Service Agreements

For the year ended 30 June 2012 NRW has an executive service agreement with Julian Pemberton as Chief Executive Officer. The main terms of that agreement are:

- It is not a fixed term agreement and continues on an ongoing basis until terminated;
- contains 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;
- provides for an annual salary of $1,350,000;
- provides for remuneration to be reviewed by NRW annually at the conclusion of each financial year (note that there is no change to the annual salary for Mr Pemberton for the financial year ended 30 June 2013); and
- may be terminated by either the executive or the Company giving three months' notice.

All other Executive KMP are retained on standard letters of employment that provide for annual reviews of base salary and between 4 and 12 week's termination notice by either party. The appointments are not for any fixed term and carry no termination payments other than statutory entitlements.

5. NON-EXECUTIVE DIRECTOR REMUNERATION

Non-executive Director remuneration is benchmarked against market remuneration data for ASX-listed companies that have a market capitalisation similar to NRW.

Non-executive Directors received a fixed fee for Board and Committee duties and are not entitled to any performance related remuneration. The NRW constitution provides that Non-executive Directors' remuneration must not exceed the maximum aggregate sum determined by the Company in a general meeting. At present, the maximum sum is fixed at $500,000, in aggregate, per annum. This maximum sum cannot be increased without member's approval by ordinary resolution at a general meeting.

For FY13, reflecting the current market capitalisation of NRW and the desire for NRW to appoint further Non-executive Directors to its Board, the Board of NRW is seeking an increase in the maximum aggregate sum of payments to Non-executive Directors to $750,000.

Non-executive Director fees (excluding superannuation and non-cash benefits) to be paid by the Company are as follows:

NON-EXECUTIVE DIRECTOR	FEE PER ANNUM AUD
Dr I Burston	125,000
Mr J Cooper	100,000
Mr M Arnett	100,000

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

(END OF REMUNERATION REPORT)

ROUNDING OF AMOUNTS

The amounts contained in this report and the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

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

JULIAN PEMBERTON
CHIEF EXECUTIVE OFFICER
Perth, 28 September 2012

DR IAN BURSTON
CHAIRMAN

AUDITOR'S INDEPENDENCE DECLARATION

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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28 September 2012

The Board of Directors
NRW Holdings Limited
181 Great Eastern Highway
BELMONT WA 6104

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 2012, 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
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 17 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

JULIAN PEMBERTON
CHIEF EXECUTIVE OFFICER

DR IAN BURSTON
CHAIRMAN

Perth, 28 September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

		CONSOLIDATED	
	Notes	2012	2011
		$'000	$'000
REVENUE	6	1,358,776	745,341
Other income	7	2,063	5,847
Finance costs	8	(12,860)	(5,664)
Materials and consumables used		(176,779)	(96,678)
Employee benefits expense	9(A)	(395,823)	(217,479)
Subcontractor costs		(283,767)	(160,243)
Depreciation and amortisation expenses	9(A)	(41,894)	(30,937)
Plant and equipment costs		(268,604)	(154,492)
Travel and accommodation		(31,855)	(20,161)
Other expenses		(8,123)	(6,614)
PROFIT BEFORE INCOME TAX		**141,134**	**58,920**
Income tax expense	10(A)	(43,992)	(17,724)
PROFIT FOR THE YEAR		**97,142**	**41,196**
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		6	(215)
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR, NET OF TAX		**6**	**(215)**
TOTAL COMPREHENSIVE INCOME		**97,148**	**40,981**
PROFIT ATTRIBUTABLE TO:			
Equity holders of the Company		**97,142**	**41,196**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Company		**97,148**	**40,981**
		CENTS	CENTS
EARNINGS PER SHARE	11		
Basic earnings per share		34.8	16.1
Diluted earnings per share		34.7	16.1

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

		CONSOLIDATED	
	NOTES	2012 $'000	2011 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	12	137,955	70,628
Receivables	13	280,438	155,340
Inventories	14	33,374	23,029
Other current assets	15	4,149	3,059
TOTAL CURRENT ASSETS		**455,916**	**252,056**
NON-CURRENT ASSETS			
Property, plant and equipment	16	366,705	268,537
Goodwill	19	24,417	24,417
TOTAL NON-CURRENT ASSETS		**391,122**	**292,954**
TOTAL ASSETS		**847,038**	**545,010**
LIABILITIES			
CURRENT LIABILITIES			
Payables	21	250,418	134,654
Borrowings	22	49,592	52,932
Current tax liabilities	10(D)	22,913	51
Provisions	23	29,576	9,800
TOTAL CURRENT LIABILITIES		**352,499**	**197,437**
NON-CURRENT LIABILITIES			
Borrowings	22	149,178	70,634
Provisions	23	26	30
Deferred tax liabilities	10(E)	16,157	10,200
TOTAL NON-CURRENT LIABILITIES		**165,361**	**80,864**
TOTAL LIABILITIES		**517,860**	**278,301**
NET ASSETS		**329,178**	**266,709**
EQUITY			
Contributed equity	24	156,456	156,456
Reserves	25	2,969	1,387
Retained earnings	26	169,753	108,866
TOTAL EQUITY		**329,178**	**266,709**

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	NOTES	CONTRIBUTED EQUITY	FOREIGN CURRENCY TRANSLATION RESERVE	SHARE BASED PAYMENT RESERVE	TOTAL RESERVES	RETAINED EARNINGS	TOTAL EQUITY
		$'000	$'000	$'000	$'000	$'000	$'000
BALANCE AT 1 JULY 2010		**82,211**	**(33)**	**1,635**	**1,602**	**85,256**	**169,069**
Profit for the year	26	-	-	-	-	41,196	41,196
Exchange differences arising on translation of foreign operations	25	-	(215)	-	(215)	-	(215)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**(215)**	**-**	**(215)**	**41,196**	**40,981**
Payment of dividends	26	-	-	-	-	(17,586)	(17,586)
Issue of ordinary shares under institutional share placement	24(A)	70,000	-	-	-	-	70,000
Issue of ordinary shares under Share Purchase Plan	24(A)	5,802	-	-	-	-	5,802
Share issue costs	24(A)	(2,225)	-	-	-	-	(2,225)
Income tax relating to share issue costs	24(A)	668	-	-	-	-	668
BALANCE AT 30 JUNE 2011		**156,456**	**(248)**	**1,635**	**1,387**	**108,866**	**266,709**
Balance at 1 July 2011		156,456	(248)	1,635	1,387	108,866	266,709
Profit for the year	26	-	-	-	-	97,142	97,142
Exchange differences arising on translation of foreign operations	25	-	6	-	6	-	6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**6**	**-**	**6**	**97,142**	**97,148**
Payment of dividends	26	-	-	-	-	(36,255)	(36,255)
Issue of ordinary shares under institutional share placement	24(A)	-	-	-	-	-	-
Issue of ordinary shares under Share Purchase Plan	24(A)	-	-	-	-	-	-
Share issue costs	24(A)	-	-	-	-	-	-
Income tax relating to share issue costs	24(A)	-	-	-	-	-	-
Share based payments	25	-	-	1,576	1,576	-	1,576
BALANCE AT 30 JUNE 2012		**156,456**	**(242)**	**3,211**	**2,969**	**169,753**	**329,178**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,236,684	760,539
Payments to suppliers and employees		(1,035,468)	(664,995)
Interest paid		(14,358)	(6,152)
Interest received		1,498	488
Income tax paid		(15,173)	(12,134)
NET CASH FLOW FROM OPERATING ACTIVITIES	28(A)	**173,183**	**77,746**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		3,478	2,022
Acquisition of property, plant and equipment		(38,143)	(101,880)
Proceeds from related parties		-	4,972
NET CASH FLOW FROM IN INVESTING ACTIVITIES		**(34,665)**	**(94,886)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of share capital (net of share issue costs)		-	75,802
Proceeds from borrowings		15,664	47,758
Repayment of borrowings and finance/hire purchase liabilities		(50,600)	(37,424)
Payment of dividends to shareholders		(36,255)	(17,586)
Payment of share issue costs		-	(2,225)
NET CASH FLOW FROM FINANCING ACTIVITIES		**(71,191)**	**66,325**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**67,327**	**49,185**
Cash and cash equivalents at beginning of the year		70,628	21,443
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	**137,955**	**70,628**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

1. GENERAL INFORMATION

NRW Holdings Limited (the 'Company') is a public company listed on the Australian Securities Exchange and incorporated and domiciled in Australia. The address of the Company's registered office is 181 Great Eastern Highway, Belmont, Western Australia. The consolidated financial statements of the Company for the year ended 30 June 2012 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, the fabrication and, repairs to plant and drilling and blasting activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and Interpretations.

The consolidated financial statements of the Group also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

These financial statements were authorised for issue by the Directors on 28 September 2012.

For the purpose of preparing the financial statements, the consolidated entity is a for-profit entity.

2.2 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair value, 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.

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. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, it is accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards).

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 acquiree 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 acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree 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.

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 acquiree 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.

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
- 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.

2.7.3 Interest income

Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset of that asset's net carrying amount.

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

2.8 CONSTRUCTION CONTRACTS

When 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.

When 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.

When 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 or construction work in progress. 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 LEASES

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.

Where the Group is the 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 CURRENCY TRANSLATION

2.10.1 Functional and presentation currency

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.

2.10.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.10.3 Foreign operations

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 the foreign currency translation reserve in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

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.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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.

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

All property, plant and equipment, other than freehold land, is depreciated or amortised at rates appropriate to the estimated useful life of the assets or in the case of certain leased plant and equipment, the shorter lease term or hours (usage) reflecting the effective lives. The expected useful lives bands are as follows:

Buildings	20 to 40 years
Leasehold improvements	2 to 5 years
Plant and equipment	2 to 20 years
Office Equipment	2 to 8 years
Furniture and Fittings	5 to 20 years
Motor Vehicles	5 to 10 years

The above bands provide a range of effective lives regardless of methodology used in the depreciation process (either hours, diminishing or straight line). The hours method is a consumption based method and reflects utilisation within the business and is supported in the effective lives of each plant and equipment group, where applicable.

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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 recognised 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.

2.16.1 Provision for warranties

Provisions are made for the expected cost of warranty obligations in relation to specific construction contracts at reporting date. The provision is measure as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows has been estimated at the Directors' best estimate of the expenditure required to settle the Group's obligation and history of warranty claims.

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 for which the investments were acquired. Management determines the classification of its investments at 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 Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.18.3 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.

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.

2.18.4 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.

2.18.5 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). 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.

2.18.6 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.

2.18.7 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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 TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 to 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

2.21 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 statement of cash flows 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.

2.22 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 DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

2.24 EARNINGS PER SHARE

2.24.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

2.24.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2.25 SHARE-BASED PAYMENTS

Share based compensation payments are provided to employees in accordance to the Company's Employee Share Plan ('ESP') and Long Term Incentive Plan ('LTIP') detailed in Note 30. 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.

Share based compensation payments are measured at the fair value of the equity instruments at the grant date. The fair value at grant date is independently determined using the valuation methods detailed in Note 30. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions.

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 Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company 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 such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Upon the exercise of options / Performance Rights, the balance of the share-based payments reserve relating to those options / Performance Rights is transferred to issued capital and the proceeds received, net of any directly attributable transaction costs, are credited to issued capital.

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.

3.1.2 Share based payments

The Group measures the cost of equity settled transactions with Key Management Personnel at the fair value of the equity instruments at the date at which they are granted. The fair value is determined using valuation methods detailed in Note 30.

One of the inputs into the valuation model is volatility of the underlying share price which is estimated on the 2 year history of the share price and has been estimated at 50%. The share price used in the valuation model is based on the Company's share price at grant date of each performance right.

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 Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, 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 such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share based payment reserve.

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 contracts

The Group accounts for construction contracts in accordance with AASB 111 Construction Contracts.

Accounting for construction contracts involves the continuous use of assessed estimates based on a number of detailed assumptions consistent with the project scope and schedule, contract and risk management processes. These contracts may span several accounting periods requiring estimates and assumptions to be updated on a regular basis.

Details of the estimation procedures followed in accounting for the Group's construction contracts are detailed below.

(i) Forecast costs to completion: Regularly management update forecast costs at completion in accordance with upon agreed work scope and variations. Forecast costs are based on rates expected to be applied to the related activity to be undertaken.

(ii) Revenues: Revenues reflect the contract price agreed in the contract and variations where it is probable that the client will approve those variations or where negotiations are at final stages with the client.

3.2.2 Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the inputs 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 2012 was $24.4 million (30 June 2011: $24.4 million). The Directors determined no impairment of goodwill during the current year (2011: Nil). Details of the goodwill carrying amount can be found at Note 19.

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 above, 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.

3.2.5 Provision for warranties

As described in 2.16.1, the Group recognises provisions for warranties for obligations in relation to specific construction contracts. The future outflow of cash has been estimated at the Directors' best estimate of the expenditure required to settle the Group's obligation and history of warranty claims.

4. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

4.1 STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period beginning 1 July 2011.

The following new and revised Standards and Interpretations have been adopted in the current period:

- AASB 124 'Related Party Disclosures' (revised December 2009) and AASB 2009-12 'Amendments to Australian Accounting Standards'
- AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'
- AASB 2010-5 'Amendments to Australian Accounting Standards'
- AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'
- AASB 1054 'Australian Additional Disclosures'

The impact of the adoption of these Standards and Interpretation did not have a material impact on the Group.

4.2 STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 30 June 2012:

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 9 'Financial Instruments' (December 2009), AASB 2009- 11 'Amendments to Australian Accounting Standards arising from AASB 9' AASB 9 'Financial Instruments' (December 2010) and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
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
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'	1 January 2014	30 June 2015
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	1 January 2013	30 June 2014
AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB9 and Transition Disclosures	1 January 2015	30 June 2016

At the date of authorisation of the financial statements the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and interpretations have not yet been issued and have not been adopted by the Company for the year ended 30 June 2012.

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	1 January 2013	30 June 2014

The impact of these recently issued or amended standards and interpretations have not been determined as yet by the Company.

5. SEGMENT REPORTING

The Group's operating segments are based on the information that is available to the chief operating decision maker and the Board of Directors.

Segment results are reviewed regularly by the chief operating decision maker and the Board of Directors.

The segment results and segment assets include all items directly attributable to each of the segments and any transaction, asset or liability that can be allocated on a reasonable basis. Unallocated items comprise predominantly of expenses that are not specific to the performance of an individual operating segment.

All intercompany and related transactions are made at arm's length at what is considered by management to be commercial rates as outlined in the related party - Note 35.

The operating segments remain unchanged from prior years and represent core activity of the group. The following are the reportable segments:

(A) REPORTABLE SEGMENTS

- **Civil Contracting.** The provision of civil infrastructure and other construction services including rail formation, concrete installation, 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.
- **Drilling and Blasting.** To provide services to internal and external requirements regarding drilling and blasting activities, commencing in Australia.
- **Equipment Sales.** An historical activity that has since wound up. The activity comprised predominantly of plant and equipment sales and earth moving tyres.
- **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.

(B) GEOGRAPHICAL INFORMATION

The Group's activities of the above segments continue throughout the international market arena as relevant. However as with prior years the predominantly core geographic regions comprise of Australia and West Africa – Guinea.

Revenue volumes and total assets achieved in the two geographical segments comprise of:

	REVENUE FROM EXTERNAL CUSTOMERS		TOTAL CURRENT AND NON-CURRENT ASSETS	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Australia	1,322,004	717,001	832,811	531,544
West Africa - Guinea	36,772	28,340	14,227	13,466
TOTAL	**1,358,776**	**745,341**	**847,038**	**545,010**

(C) REPORTABLE SEGMENT REVENUES AND RESULTS

	SEGMENT REVENUE		SEGMENT PROFIT (LOSS)	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Civil Contracting	731,691	382,642	81,639	39,659
Mining Services	542,161	321,742	63,957	31,954
Drilling and Blasting Services	113,135	27,812	18,744	2,908
Equipment Sales	547	3,736	(1,045)	(1,015)
Fabrication and Repair Services	46,591	28,152	4,610	2,155
Eliminations	(75,349)	(18,743)	-	-
Total for continuing operations	**1,358,776**	**745,341**	**167,905**	**75,661**
Other unallocated expenses			(13,911)	(11,077)
Net finance costs			(12,860)	(5,664)
Income tax expense			(43,992)	(17,724)
PROFIT FOR THE PERIOD			**97,142**	**41,196**

(D) SEGMENT ASSETS AND LIABILITIES

	SEGMENT ASSETS	
	2012	2011
	$'000	$'000
Civil Contracting	274,221	159,062
Mining Services	477,661	324,613
Drilling and Blasting Services	39,082	25,140
Equipment Sales	26	1,182
Fabrication and Repair Services	39,817	34,497
Other unallocated assets	16,231	516
CONSOLIDATED ASSETS	**847,038**	**545,010**

	SEGMENT LIABILITIES	
	2012	2011
	$'000	$'000
Civil Contracting	(171,567)	(91,458)
Mining Services	(288,694)	(165,995)
Drilling and Blasting Services	(35,159)	(6,836)
Equipment Sales	(68)	(158)
Fabrication and Repair Services	(6,305)	(3,654)
Other unallocated liabilities	(16,067)	(10,200)
CONSOLIDATED LIABILITIES	**(517,860)**	**(278,301)**

(E) INFORMATION ABOUT MAJOR CUSTOMERS

Revenue derived from each of the segment's major customers are calculated as $256.802 million (2011:$138.33 million) in the civil division relating to one customer, $261.404 million (2011: $110.47 million) in the mining division relating to one customer, $67.88 million (2011:$8.93 million) in the drilling and blasting division relating to one customer, $0.31 million (2011:$2.77 million) in the equipment sales division relating to one customer and $9.36 million (2011:$7.46 million) in the fabrication and repair division relating to one customer.

(F) OTHER SEGMENT INFORMATION

	DEPRECIATION AND AMORTISATION		ADDITIONS TO NON-CURRENT ASSETS	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Civil Contracting	11,516	3,920	16,571	6,906
Mining Services	27,002	26,037	105,526	120,427
Drilling and Blasting Services	1,880	611	15,110	7,466
Equipment Sales	26	53	-	19
Fabrication and Repair Services	346	316	559	574
Other	1,124	-	6,657	14,765
TOTAL FOR CONTINUING OPERATIONS	**41,894**	**30,937**	**144,423**	**150,157**

6. REVENUE

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Revenue from the sale of goods	26,108	14,189
Revenue from the rendering of services	1,332,668	731,152
TOTAL REVENUE	**1,358,776**	**745,341**

7. OTHER INCOME

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Net (loss) on sale of property plant and equipment	(887)	(1,560)
Other income	2,950	7,407
TOTAL	**2,063**	**5,847**

8. FINANCE COSTS

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Interest Income	1,498	488
TOTAL FINANCE INCOME	**1,498**	**488**
Interest on obligations under finance leases	(14,209)	(5,572)
Interest on bank overdrafts and loans	(149)	(580)
TOTAL FINANCE EXPENSES	**(14,358)**	**(6,152)**
NET FINANCE EXPENSE	**(12,860)**	**(5,664)**

9. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

(A) OTHER EXPENSES

Profit for the year from continuing operations has been arrived at after charging:

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Depreciation of non-current assets	(41,894)	(30,937)
	(41,894)	**(30,937)**
Operating lease payments	(5,141)	(2,538)
Rental hire payments	(198,086)	(114,889)
	(203,227)	**(117,427)**
Employee benefits expense:		
Wages and salaries	(366,794)	(203,072)
Superannuation contributions	(27,453)	(14,407)
Share based payments	(1,576)	-
	(395,823)	**(217,479)**

10. INCOME TAXES RELATING TO CONTINUING OPERATIONS

(A) RECOGNISED IN PROFIT OR LOSS

	CONSOLIDATED	
	2012 $'000	2011 $'000
CURRENT TAX EXPENSE		
Current year income tax	37,897	11,576
Adjustments for prior years income tax	1,385	(6,138)
	39,282	**5,438**
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	4,710	12,286
TOTAL TAX EXPENSE	**43,992**	**17,724**

(B) RECONCILIATION OF EFFECTIVE TAX RATE

	CONSOLIDATED	
	2012 $'000	2011 $'000
Profit for the period	141,134	58,920
Total income tax expense	(43,992)	(17,724)
PROFIT AFTER INCOME TAX	**97,142**	**41,196**
INCOME TAX USING THE COMPANY'S DOMESTIC TAX RATE OF 30%	**42,340**	**17,676**
Changes in income tax expense due to:		
Non-allowable expenses	551	57
Tax losses forgone	1,165	-
Under provision for prior years	(67)	4
Effect of different income tax rates for subsidiaries operating in a different tax jurisdiction	3	(13)
TOTAL INCOME TAX EXPENSE	**43,992**	**17,724**
Effective tax rate	31.17%	30.08%

(C) RECOGNISED DIRECTLY IN EQUITY

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Share issue costs (30%)	-	668
Total	**-**	**668**

(D) CURRENT TAX LIABILITIES

	CONSOLIDATED	
	2012	2011
	$'000	$'000
CURRENT TAX LIABILITY		
Income tax payable	22,913	51
	22,913	**51**

The Group is not part of a tax consolidated group.

(E) DEFERRED TAX BALANCES

	ASSETS		LIABILITIES		NET	
	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
Costs of the initial public offer	-	775	-	-	-	775
Costs of equity raising FY2011	401	534	-	-	401	534
Provisions	8,577	2,892	-	-	8,577	2,892
Work in progress (construction)	-	-	(14,376)	(8,421)	(14,376)	(8,421)
Inventories	15	-	(6,590)	(5,699)	(6,575)	(5,699)
PP&E	93	-	(6,960)	(2,359)	(6,867)	(2,359)
Other creditors and accruals	4,383	1,674	-	-	4,383	1,674
Other assets	72	-	(1,772)	(577)	(1,700)	(577)
Doubtful debts	-	17	-	-	-	17
Losses	-	964	-	-	-	964
DEFERRED TAX ASSETS / (LIABILITIES)	**13,541**	**6,856**	**(29,698)**	**(17,056)**	**(16,157)**	**(10,200)**

11. EARNINGS PER SHARE

	CONSOLIDATED	
	2012 CENTS PER SHARE	2011 CENTS PER SHARE
Basic earnings per share	34.8	16.1
Diluted earnings per share	34.7	16.1

(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	
	2012 $'000	2011 $'000
Profit for the year	97,142	41,196
Weighted average number of shares for the purposes of basic earnings per share	278,888	256,402

(B) DILUTED EARNINGS PER SHARE

The earnings used in the calculation of diluted earnings per share is as follows:

	CONSOLIDATED	
	2012 $'000	2011 $'000
Profit for the year	97,142	41,196

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is as follows:

	CONSOLIDATED	
	2012 $'000	2011 $'000
Weighted average number of shares for the purposes of basic earnings per share	278,888	256,402
Shares deemed to be issued for no consideration in respect of:		
- Options	-	-
- Performance Rights	765	-
Weighted average number of shares used for the purposes of diluted earnings per share	**279,653**	**256,402**

12. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Cash and cash equivalents	137,955	70,628
	137,955	**70,628**

13. RECEIVABLES

(A) TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2012	2011
	$'000	$'000
CURRENT RECEIVABLES		
Trade Receivables	134,038	107,547
Other Receivables	311	1,014
Retentions	164	145
Securities (property bonds)	83	20
Allowance for Doubtful Debts (b)	-	(56)
SUBTOTAL	**134,596**	**108,670**
Construction Work in Progress (Note 20)	145,842	46,670
TOTAL TRADE AND OTHER RECEIVABLES	**280,438**	**155,340**

The average credit period on sales of goods is 45 days. Allowances for doubtful debts are recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

(B) MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS:

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Balance at the beginning of the year	(56)	(198)
Impairment losses recognised on receivables	-	-
Amounts written off during the year as uncollectible	-	-
Amounts recovered during the year	56	142
BALANCE AT END OF YEAR	**-**	**(56)**

Ageing of impaired trade receivables.

	CONSOLIDATED	
	2012	2011
	$'000	$'000
60-90 days	-	-
90-120 days	-	-
120+ days	-	56
BALANCE AT END OF YEAR	**-**	**56**

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

(C) AGE OF RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	CONSOLIDATED	
	2012	2011
	$'000	$'000
60-90 days	4,073	1,960
90-120 days	294	2,131
120+ days	2,505	4,030
TOTAL	**6,872**	**8,121**

These relate to a number of trade receivable balances where for various reasons the payment terms have not been met. These receivables have been assessed to be fully recoverable.

14. INVENTORIES

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Raw materials and consumables	28,356	20,401
Work in progress	5,018	2,384
Finished goods	-	244
BALANCE AT 30 JUNE	**33,374**	**23,029**

15. OTHER CURRENT ASSETS

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Prepayments	4,149	3,059
TOTAL	4,149	3,059

16. 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 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 AS AT 30 JUNE 2011	1,959	1,083	386,485	389,527
Effect of foreign currency exchange differences	-	-	2	2
Acquisitions	4,290	122	140,011	144,423
Disposals	(2)	-	(7,466)	(7,468)
BALANCE AS AT 30 JUNE 2012	6,247	1,205	519,032	526,484
DEPRECIATION				
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)
Disposals	(109)	-	(1,769)	(1,878)
BALANCE AS AT 30 JUNE 2011	385	339	120,266	120,990
Depreciation and amortisation expense	545	121	41,228	41,894
Effect of foreign currency exchange differences	-	-	1	1
Disposals	(2)	-	(3,104)	(3,106)
BALANCE AS AT 30 JUNE 2012	928	460	158,391	159,779
CARRYING AMOUNTS				
At 30 June 2011	1,574	744	266,219	268,537
At 30 June 2012	5,319	745	360,641	366,705

17. CONSOLIDATED ENTITIES

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2012	2011
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%
ACN 107724274 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	Australia	100%	100%
NRW Drill & Blast Pty Ltd	Australia	100%	100%

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

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

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

	CONSOLIDATED	
	2012 $'000	2011 $'000
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	1,358,690	745,341
Other income	1,927	5,550
Financial income	1,498	488
Financial expenses	(14,358)	(6,152)
Materials and consumables used	(176,754)	(96,704)
Employee benefits expense	(394,608)	(216,606)
Subcontractor costs	(283,767)	(160,243)
Depreciation and amortisation expenses	(41,887)	(30,921)
Impairment expense	-	-
Plant and equipment costs	(268,365)	(154,320)
Travel and accommodation	(31,855)	(20,161)
Other expenses	(9,447)	(7,086)
PROFIT BEFORE INCOME TAX	**141,074**	**59,186**
Income tax expense	(43,971)	(17,817)
PROFIT FOR THE YEAR	**97,103**	**41,369**

	CONSOLIDATED	
	2012	2011
	$'000	$'000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	137,676	70,439
Trade and other receivables	280,436	155,492
Inventories	33,374	23,029
Other current assets	4,089	2,992
TOTAL CURRENT ASSETS	**455,575**	**251,952**
NON-CURRENT ASSETS		
Property, plant and equipment	366,667	268,495
Goodwill	24,417	24,417
Financial assets	3	3
Deferred tax assets	-	-
TOTAL NON-CURRENT ASSETS	**391,087**	**292,915**
TOTAL ASSETS	**846,662**	**544,867**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	250,194	134,630
Borrowings	49,592	52,932
Current tax liabilities	22,956	83
Provisions	29,576	9,800
TOTAL CURRENT LIABILITIES	**352,318**	**197,445**
NON-CURRENT LIABILITIES		
Borrowings	149,178	70,633
Provisions	26	30
Deferred tax liabilities	16,157	10,200
TOTAL NON-CURRENT LIABILITIES	**165,361**	**80,863**
TOTAL LIABILITIES	**517,679**	**278,308**
NET ASSETS	**328,983**	**266,559**
EQUITY		
Issued capital	156,456	156,456
Reserves	3,211	1,635
Retained earnings	169,316	108,468
TOTAL EQUITY	**328,983**	**266,559**

18. UNINCORPORATED JOINT VENTURES

The Group has the following significant interests in the following jointly controlled operations:

NAME OF VENTURE	PRINCIPAL ACTIVITY	GROUP INTEREST	
		2012	2011
NRW VDM Joint Venture	Mine Asset Development (earthworks) and Breakwater Construction.	50%	50%
LJN Consortium	Asset Development Projects (camps rail etc).	33%	33%
NRW NYFL Joint Venture	Car Dumper and Bulk Earthworks at Cape Lambert Port B Project.	50%	50%
NRW Eastern Guruma Joint Venture	Mining and haulage of Section 10 iron ore deposit and Western Turner Brockman Bulk Earthworks.	50%	50%
NRW Ocean to Outback Joint Venture	Hope Downs Village construction.	50%	50%
Midwest Rail Joint Venture	Bulk earthworks and rail upgrade of existing 92km rail, from Mullewa to Tilley Siding, for ore haulage.	50%	50%
City East Alliance	Upgrade of Great Eastern Highway.	15%	15%
NRW, Eastern Guruma and NYFL Joint Venture	Provision of Early Mining Services – Solomon Phase 1 for Fortescue Metals Group Limited.	50%	-

There has been no change in the Group's ownership or voting interests in these joint ventures for the reported years.

The following amounts are included in the Group's consolidated financial statements as a result of the proportionate consolidation of the above interests in Joint Ventures.

FINANCIAL INFORMATION	CONSOLIDATED	
	2012	2011
	$'000	$'000
STATEMENT OF FINANCIAL PERFORMANCE		
Income	339,652	86,339
Expenses	334,955	88,691
STATEMENT OF FINANCIAL POSITION		
Current assets	74,708	30,019
Non-current assets	656	924
Current liabilities	76,543	33,495
Non-current liabilities	-	-

19. GOODWILL

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Cost	27,127	27,127
Accumulated impairment losses	(2,710)	(2,710)
	24,417	**24,417**

COST

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Balance at beginning of financial year	27,127	27,127
BALANCE AT END OF FINANCIAL YEAR	**27,127**	**27,127**

ACCUMULATED IMPAIRMENT

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Balance at beginning of financial year	(2,710)	(2,710)
Impairment losses recognised during the year	-	-
BALANCE AT END OF FINANCIAL YEAR	**(2,710)**	**(2,710)**

The carrying amount of goodwill is tested for impairment annually at 30 June or whenever there is an indicator that the asset may be impaired. The Group assesses the recoverable amount of the cash-generating unit based on the value-in-use calculation. Key assumptions made in determining "value-in-use" are as follows:

Projected cash flows

The assets recoverable amount or "value in use" is calculated using the Board approved budget for the year ending 30 June 2013 plus cash flow projections up to and including the year ended 30 June 2017.

Estimated rate of growth

The estimated growth rate of 5% has been chosen based on historical performance and consideration of future projects and management insight.

Weighted average cost of capital

The weighted average cost of capital including a risk margin has been set at a pre-tax discount rate of 16.43% (2011: 14.3%). The Directors assess there is no impairment of the goodwill as at 30 June 2012 (30 June 2011: nil).

Sensitivities

The Board has also performed a sensitivity assessment on the value-in-use calculation on the 5% growth rate used. The sensitivity assessment was performed at both 3% and 7%, with all other key assumptions remaining the same, neither of which resulted in an impairment to goodwill.

20. AMOUNTS DUE FROM (TO) CUSTOMERS UNDER CONSTRUCTION CONTRACTS

	CONSOLIDATED	
	2012	2011
	$'000	$'000
CONTRACTS IN PROGRESS		
Construction costs incurred plus recognised profits less recognised losses to date	1,025,514	893,397
Less: progress billings	(1,059,672)	(846,727)
	145,842	46,670
Recognised and included in the consolidated financial statements as amounts due:		
From customers under construction contracts	153,845	74,405
To customers under construction contracts	(8,003)	(27,735)
	145,842	**46,670**

21. PAYABLES

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. All payables are expected to be settled within the next 12 months.

	CONSOLIDATED	
	2012	2011
	$'000	$'000
CURRENT PAYABLES		
Trade Payables	167,777	82,685
Goods and service tax	1,823	2,808
Other Payables	-	959
Non trade payables and accruals	80,818	48,202
	250,418	**134,654**

22. BORROWINGS

(A) THE GROUP BORROWINGS IS COMPRISED OF:

	CONSOLIDATED	
	2012	2011
	$'000	$'000
SECURED AT AMORTISED COST		
Current		
Finance lease liability	49,492	49,639
Insurance funding	100	557
Trade finance liability	-	2,736
TOTAL CURRENT	**49,592**	**52,932**
Non-Current		
Finance lease liability	149,178	70,634
TOTAL NON-CURRENT	**149,178**	**70,634**
GROUP TOTAL	**198,770**	**123,566**

(B) FINANCE FACILITIES:

Consolidated finance facilities as at 30 June 2012

FINANCE DESCRIPTION	FACE VALUE (LIMIT) $'000	CARRYING AMOUNT (UTILISED) $'000	UNUTILISED AMOUNT (UTILISED) $'000
Asset Financing(1)	465,217	198,670	266,647
Working Capital	50,000	-	50,000
Trade Finance(2)	-	-	-
Other	100	100	-

Consolidated finance facilities as at 30 June 2011

FINANCE DESCRIPTION	FACE VALUE (LIMIT) $'000	CARRYING AMOUNT (UTILISED) $'000	UNUTILISED AMOUNT (UTILISED) $'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*

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 Group's present and future assets, undertaking (including goodwill) and unpaid/uncalled capital of the Company excluding security attaching to other asset financiers.

23. PROVISIONS

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Current		
Employee benefits	22,653	9,771
Warranty	6,923	29
TOTAL CURRENT PROVISIONS	**29,576**	**9,800**
Non-current		
Employee benefits	26	30
TOTAL NON-CURRENT PROVISIONS	**26**	**30**
TOTAL CURRENT AND NON-CURRENT PROVISIONS	**29,602**	**9,830**

	CONSOLIDATED		
	WARRANTY PROVISION	EMPLOYEE BENEFITS	TOTAL
	$'000	$'000	$'000
Balance at 1 July 2011	29	9,801	9,830
Provisions made during the year	6,923	19,522	26,445
Reductions arising from payments	-	(6,644)	(6,644)
Reductions resulting from re-measurement	(29)	-	(29)
Unwinding of discount	-	-	-
Balance at 30 June 2012	**6,923**	**22,679**	**29,602**
Short-term provisions	**6,923**	**22,653**	**29,576**
Long-term provisions	**-**	**26**	**26**
TOTAL BALANCE AT 30 JUNE 2012	**6,923**	**22,679**	**29,602**

i) The warranty provisions relates to the present value of the Directors' best estimate of the future outflow of economic benefits that will be required under the Groups obligations for warranties arising from specific construction contracts at reporting date. The future cash flows has been estimated at the Directors' best estimate of the expenditure required to settle the Group's obligation and history of warranty claims.

ii) The provision for employee benefits represents annual leave and vested long service leave entitlements accrued and compensation claims made by employees.

24. CONTRIBUTED EQUITY

(A) FULLY PAID ORDINARY SHARES

	CONSOLIDATED	
	2012	2011
	$'000	$'000
ORDINARY SHARES		
278,888,011 fully paid ordinary shares (2011: 278,888,011)	156,456	156,456

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally.

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

	CONSOLIDATED		CONSOLIDATED	
	2012	2011	2012	2011
	# NO. '000	# NO. '000	$'000	$'000
FULLY PAID ORDINARY SHARES				
BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR	278,888	251,223	156,456	82,211
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'	-	-	-	-
BALANCE AT THE END OF THE PERIOD	**278,888**	**278,888**	**156,456**	**156,456**

(B) SHARE OPTIONS AND PERFORMANCE RIGHTS GRANTED

Information relating to the Group's options and Performance Rights, including details of issued, exercised and lapsed during the financial year and outstanding at the end of the financial year, is set out in Note 30.

25. RESERVES

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Share based payment reserve	3,211	1,635
Foreign currency reserve	(242)	(248)
TOTAL RESERVES	**2,969**	**1,387**

	CONSOLIDATED	
	2012	2011
	$'000	$'000
SHARE BASED PAYMENT RESERVE		
Balance at the beginning of the financial year	1,635	1,635
Equity compensation	1,576	-
BALANCE AT THE END OF THE FINANCIAL YEAR	**3,211**	**1,635**

The share based payment reserve arose on the grant of ordinary shares to Key Management Personnel (issued prior to IPO and in lieu of cash bonuses) and also includes the share based payment arrangements relating to Performance Rights issued to KMP's. Refer to the Remuneration Report (pages 55 to 71) for the grant of Performance Rights to Key Management Personnel.

	CONSOLIDATED	
	2012	2011
	$'000	$'000
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the financial year	(248)	(33)
Exchange differences arising on translation of foreign operations	6	(215)
BALANCE AT THE END OF THE FINANCIAL YEAR	**(242)**	**(248)**
TOTAL RESERVES	**2,969**	**1,387**

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in the income statement when the foreign operation is disposed of.

26. RETAINED EARNINGS

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Balance at the beginning of the financial year	108,866	85,256
Net profit attributable to members of the parent entity	97,142	41,196
Dividends paid (Note 27)	(36,255)	(17,586)
BALANCE AT THE END OF THE FINANCIAL YEAR	**169,753**	**108,866**

27. DIVIDENDS

(A) DIVIDENDS PAID

	2012		2011	
	CENTS PER SHARE	TOTAL $'000	CENTS PER SHARE	TOTAL $'000
RECOGNISED AMOUNTS PAID:				
Fully paid ordinary shares, fully franked				
Final dividend to 30 June 2010:			3.00	7,537
Interim dividend to 31 December 2010:			4.00	10,049
Final dividend to 30 June 2011	5.00	13,944		
Interim dividend to 31 December 2011	8.00	22,311		
		36,255		**17,586**
UNRECOGNISED AMOUNTS:				
Fully paid ordinary shares, fully franked				
Final dividend to 30 June 2011			5.00	13,944
Final dividend to 30 June 2012	10.00	27,889		

On 23 August 2012, the Directors declared a fully franked final dividend of 10 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2012, to be paid to shareholders on 30 October 2012.

(B) FRANKING ACCOUNT

	CONSOLIDATED	
	2012 $'000	2011 $'000
FRANKING ACCOUNT BALANCE AT 1 JULY	41,076	36,498
Australian income tax paid[1]	15,154	12,115
Franking credits attached to dividends paid:		
- as final dividend	(5,976)	(3,230)
- as interim dividend	(9,562)	(4,307)
FRANKING ACCOUNT BALANCE AT 30 JUNE	**40,692**	**41,076**
Franking credits that will arise from the payment of income tax payable as at reporting date	23,034	83
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.	(11,952)	(5,976)
NET FRANKING CREDITS AVAILABLE	**51,774**	**35,183**

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

28. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

(A) RECONCILIATION OF PROFIT FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2012	2011
	$'000	$'000
PROFIT FOR THE PERIOD	**97,142**	**41,196**
Adjustments for:		
Loss/(gain) on sale of property, plant and equipment	887	1,560
Net foreign exchange (gain)/loss	3	(214)
Depreciation	41,894	30,937
Share based payment expense	1,576	-
Amortised bank guarantees	-	1,053
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**141,502**	**74,532**
Change in trade and other receivables	(125,041)	7,933
Change in provision for doubtful debts	(56)	(142)
Change in inventories	(10,345)	(9,665)
Change in other assets	2,767	2,746
Change in trade and other payables	115,764	(5,636)
Change in provisions and employee benefits	19,773	2,388
Change in provision for income tax	22,953	(6,697)
Change in deferred tax balances	5,866	12,287
NET CASH FROM OPERATING ACTIVITIES	**173,183**	**77,746**

(B) NON-CASH INVESTING ACTIVITIES

During the year, the Group acquired $117,664,059 (2011: $48,240,401) 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.

29. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

The Board has ultimate responsibility to manage the Group's risk management policy. In addition suitable prevention controls and action plans are put in place and the risk policies and procedures are reviewed periodically.

The Group's overall financial risk strategy seeks to ensure appropriate funding levels, approved treasury directives to meet ongoing project needs and new growth. In addition it is seen as critical that the going concern basis is maintained and adequate working capital is available.

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

CAPITAL RISK MANAGEMENT

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

The majority of capital funding is required for the long term purchase of operating assets. These are primarily placed under hire purchase borrowing arrangements under a clubbing arrangement through the ANZ Banking Group Ltd.

The cash position is reviewed regularly and ensures the Group will be able to pay its debts as and when they fall due.

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. The gearing ratio was calculated at 30 June as:

	CONSOLIDATED	
	2012 $'000	2011 $'000
Borrowings		
Debt (Note 22)	198,770	123,566
Cash (Note 12)	(137,955)	(70,628)
NET DEBT	60,815	52,938
Equity	329,178	266,709
NET DEBT TO EQUITY RATIO	18%	20%

Fair value of financial instruments

The carrying values of financial assets and financial liabilities recorded in the financial statement continue to approximate their fair values and require no further adjustment.

INTEREST RATE RISK MANAGEMENT

During the year the Group has successfully introduced a debt clubbing arrangement with its main banker the ANZ Banking Group Ltd. Under this arrangement a progressive drawdown is used to aid the supply of new assets and subsequently these repayments are grouped into a tranche where a hire purchase repayment schedule is set up. Repayments are generally made quarterly and the progressive draw incurs interest only. Furthermore a residual is in most cases set at 25% and terms tend to be for 5 years.

The Board continues to review its risk associated with any covenants and borrowing conditions. The Bank imposes various covenants and ratio calculations that must be met. These are calculated quarterly.

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 continues and is formally reported monthly or ad hoc subject to any market activity.

Given the Group has most of the financing under fixed rate hire purchase or other similar asset financing agreements, the exposure to market rate volatility lies mainly in the overdraft and progressive drawdown facilities. It is not considered material that such a swing will impact on the Business during any one operating cycle. A simple sensitivity analysis of an increase in costs of 100 basis points confirms a potential immaterial cost increase of less than $100,000 on historical overdraft and redraw balances.

LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining banking facilities, ensuring a tight credit control program, continuously monitoring forecast and actual cash flows, and considering the level of capital commitment commensurate with market demand for commodities.

The contractual maturity for its financial liabilities and financial assets are set out in the following tables.

The table shows the effective interest rates and average interest rates as relevant to each class.

CONSOLIDATED INTEREST AND LIQUIDITY ANALYSIS 2012:

	EFFECTIVE INTEREST RATE	TOTAL	0 TO 30 DAYS	31 DAYS TO < 1 YEAR	1 TO 5 YRS	> 5YRS
	%	$'000	$'000	$'000	$'000	$'000
FINANCIAL ASSETS						
Cash and cash equivalents	2.50%	137,955	137,955	-	-	-
Trade and other receivables	-	280,438	143,255	137,183	-	-
		418,393	**281,210**	**137,183**	**-**	**-**
FINANCIAL LIABILITIES						
Asset financing	8.46%	234,585	1,636	61,907	171,042	-
Trade finance	-	-	-	-	-	-
Trade and other payables	-	250,418	190,550	59,868	-	-
Other borrowings	9.24%	100	20	80	-	-
		485,103	**192,206**	**121,855**	**171,042**	**-**

CONSOLIDATED INTEREST AND LIQUIDITY ANALYSIS 2011:

	EFFECTIVE INTEREST RATE	TOTAL	0 TO 30 DAYS	31 DAYS TO < 1 YEAR	1 TO 5 YRS	> 5YRS
	%	$'000	$'000	$'000	$'000	$'000
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	137,948	1,251	55,991	80,706	-
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	-	-
		275,895	**100,172**	**95,017**	**80,706**	**-**

FOREIGN EXCHANGE AND CURRENCY EXPOSURE

The Group reports its functional currency in Australian dollars.

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 dealing in foreign currency are dealt with at spot.

The Group's operations in West Africa – Guinea have a continued minor exposure to foreign currency movements given the traded currency is Guinea Francs. No material changes have occurred from prior years and as such predominantly, the exposure to foreign currency fluctuations is based on the transfer of funds for services rendered in the country of West Africa – Guinea and for reimbursing on payments made by NRW Guinea SARL on behalf of NRW Pty Ltd. The cash balances held in Guinea at 30 June 2012 (at spot) was $278,659 AUD (2011: $188,799 AUD). Whilst the foreign currency exchange rates can move in a negative direction, a simple 10% sensitivity analysis performed within the Group could add an immaterial annual cost increase of approximately $360,000. For cash held, this same 10% move could expose the Business to additional cost pressures of less than $50,000.

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 are considered low risk, given the majority of the cash is utilised quickly and intentionally not left idle for long periods. Contract income however is negotiated and invoiced in Australian dollars.

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 primarily continue in the 30 to 60 day band. Cash retentions are small in nature given the priority to utilise bonds and bank guarantees. The retention or guarantee/bond period varies from contract to contract under the terms of each contract.

Where terms are exceeded by the customer no interest is charged on late payments, however management continue to follow a strict credit policy as part of day to day cash flow management and pursue any delays or 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.

The total amount of guarantees/bonds at 30 June 2012 stands at $132,411,298 (2011: $86,716,841) and cash retentions held as receivables stand at $95,984,753 (2011: $145,454).

30. 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 2012. (2011: 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 2012 (2011: Nil).

PERFORMANCE INCENTIVE RIGHTS PLAN

The Group has refreshed its remuneration programme by introducing short-term incentive (STI) and long-term incentive (LTI) programmes. In this case the compensation arrangement is one where one or more directors, executives or employees receive a cash settled or equity settled award.

The first of those LTI awards has been made in respect of NRW's performance in FY12. In recognition of the Company's undertaking to its senior executives and the exemplary growth achieved for our Company over the past 4 years, the FY12 LTI award under the Performance Rights Plan will be eligible to vest in three tranches (34%, 33% and 33%) over three years on 15 September 2012, 15 September 2013 and 15 September 2014. This vesting schedule reflects the 'one-off' nature of the FY12 LTI award, which allows for a transitionary implementation of the NRW LTI programme. Any LTI award that will be made in respect of FY13 and ongoing will vest only on the third anniversary of an LTI award being made, subject to the achievement of vesting conditions.

No amounts are paid or payable by the recipient or employee on receipt of the Performance Rights.

The following Performance Rights were in existence during the current year:

GRANT DATE	NUMBER	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE								
				TRANCHE 1			TRANCHE 2			TRANCHE 3		
				Relative TSR	EPS growth	ROCE	Relative TSR	EPS growth	ROCE	Relative TSR	EPS growth	ROCE
23-Nov-11	841,377	14-Sep-12	$Nil	$1.70	$2.65	$2.65	$1.65	$2.49	$2.49	$1.61	$2.35	$2.35
12-Mar-12	869,326	12-Mar-12	$Nil	$2.93	$3.73	$3.73	$2.64	$3.52	$3.52	$2.50	$3.31	$3.31
TOTAL	1,710,703											

FAIR VALUE OF PERFORMANCE RIGHTS

The estimation of the fair value of share-based payment awards requires judgement with respect to the appropriate valuation methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions. The table below shows the valuation methodology used for each award.

VALUATION METHODOLOGY FOR EACH AWARD

AWARD TYPE	GRANT DATE	VESTING CONDITIONS	VALUATION METHODOLOGY
Performance Rights	23 November 2011 and 12 March 2012	Relative TSR EPS Growth ROCE	Monte-Carlo simulation Binomial Tree Binomial Tree

Each valuation methodology we have used has been chosen from those available to us to incorporate an appropriate amount of flexibility with respect to the particular performance and vesting conditions of the award.

VALUATION ASSUMPTIONS

The following table summarises the key assumptions adopted for valuation of the awards.

Key assumptions for the awards granted on 23 November 2011

AWARD TYPE	PERFORMANCE RIGHTS		
Vesting conditions		Relative TSR, ROCE and EPS	
Share price at the grant date	$2.78		
Tranche	1	2	3
Vesting date	15 September 2012	15 September 2013	15 September 2014
Expected life	0.8 years	1.8 years	2.8 years
Risk free interest rate	3.40%	3.09%	3.07%
Volatility	50%	50%	50%
Dividend yield	6.0%	6.0%	6.0%

KEY ASSUMPTIONS FOR THE AWARDS GRANTED ON 12 MARCH 2012

AWARD TYPE	PERFORMANCE RIGHTS		
Vesting conditions		Relative TSR, ROCE and EPS	
Share price at the grant date	$3.85		
Tranche	1	2	3
Vesting date	15 September 2012	15 September 2013	15 September 2014
Expected life	0.5 years	1.5 years	2.5 years
Risk free interest rate	3.91%	3.63%	3.53%
Volatility	50%	50%	50%
Dividend yield	6.0%	6.0%	6.0%

In respect of the Performance Rights that were eligible to vest on 15 September, through the application of the Vesting Conditions, all (100%) of the Performance Rights that were eligible to vest to each Executive KMP vested. The applicable outcomes of the Vesting Conditions (which apply to all Executive KMP that were granted Performance Rights in respect of their Performance Rights that were eligible to vest) for FY12 are as follows:

Movements in Performance Rights during the year

	2012		2011	
	NUMBER OF PERFORMANCE RIGHTS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF PERFORMANCE RIGHTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance at the beginning of the year	-	-	-	-
Granted during the year	1,710,703	-	-	-
Forfeited during the year	-	-	-	-
Balance at the end of the year	1,710,703	-	-	-
Exercisable at end of year	-	-	-	-

31. FINANCE LEASES

FINANCE LEASES AS LESSEE

Non-cancellable finance leases are payable as follows:

The majority of new plant and equipment purchases are financed using hire purchase as described in the financial instrument Note 29. The average lease term is 5 years

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 7.0%% to 10.25% (2011: 7.1% to 10.35%)

	MINIMUM FUTURE LEASE PAYMENTS		PRESENT VALUE OF MINIMUM FUTURE LEASE PAYMENTS	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
No later than 1 year	63,543	57,242	49,492	49,639
Later than 1 year and not later than 5 years	171,042	80,706	149,178	70,634
Later than five years	-	-	-	-
MINIMUM FUTURE LEASE PAYMENTS[1]	**234,585**	**137,948**	**198,670**	**120,273**
Less future finance charges	(35,915)	(17,675)	-	-
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	**198,670**	**120,273**	**198,670**	**120,273**

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

Included in the financial statement as: (Note 22 'Borrowings'):

	CONSOLIDATED	
	2012 $'000	2011 $'000
Current borrowings	49,492	49,639
Non-Current borrowings	149,178	70,634
	198,670	**120,273**

32. OPERATING LEASES

OPERATING LEASES AS LESSEE

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

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Less than one year	15,963	2,179
Between one and five years	7,453	3,523
More than five years	-	-
	23,416	**5,702**

Property lease rentals are payable as follows:

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Less than one year	5,157	2,473
Between one and five years	18,271	10,023
More than five years	854	5,227
	24,282	**17,223**

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	
	2012 $'000	2011 $'000
CAPITAL EXPENDITURE COMMITMENTS – PLANT AND EQUIPMENT AND OTHER		
Within one year	12,124	15,786
Between one and five years	48,496	94,303
Later than five years	-	8,101
	60,620	**118,190**

34. CONTINGENCIES

	CONSOLIDATED	
	2012 $'000	2011 $'000
Bank guarantees	36,426	28,074
Insurance bonds	95,985	58,642
BALANCE AT THE END OF THE FINANCIAL YEAR	**132,411**	**86,716**

The Group has bank guarantees and bonds issued in respect of contract performance in the normal course of business in respect to its construction contracts.

Claims

Certain claims arising out of construction contracts have been made by or against certain controlled entities in the ordinary course of business, some of which involve litigation or arbitration. The Directors do not consider the outcome of any of these claims will have a material adverse impact on the financial position of the consolidated entity.

35. RELATED PARTIES

The ultimate parent entity within the Group is NRW Holdings Limited. The interests in subsidiaries are set out in Note 17.

(A) TRADING SUMMARY

Sales of goods or services made to related parties were made at arm's length and under normal commercial market conditions. They comprise of:

		TRANSACTION VALUE	
KEY MANAGEMENT PERSON AND/OR RELATED PARTY.	TRANSACTION BOOKED IN GROUP	2012 $	2011 $
(I) OTHER RELATED PARTY – REVENUE			
Mr W Fair - JSW Australia	Revenue on services income for civil contracting works.	(51,925)	3,112,883
(II) INTER GROUP TRANSACTIONS			
NRW Pty Ltd – Purchases from ACN 107 724 274	Purchases of tyres, electrical equipment and back charge of repairs and maintenance.	309,087	444,464
NRW Pty Ltd – Purchases from Action Mining Services	Repairs and maintenance, plant and module purchases and labour hire.	6,254,103	9,116,204
NRW Pty Ltd – Sales to Action Mining Services	Back charges for labour and miscellaneous.	10,508	421,662
NRW Pty Ltd – Sales to ACN 107 724 274	Back charges for repairs and maintenance, management fee and miscellaneous	-	699,345
NRW Pty Ltd – Revenue from NRW Holdings	Transfer of grants and government incentives or payments received	806,727	805,855
NRW Pty Ltd - Sales to NRW VDM Joint Venture	Subcontractor Services	5,313,362	14,338,630
NRW Pty Ltd - Sales to NRW NYFL Joint Venture	Subcontractor Services	86,226,526	3,282,201
NRW Pty Ltd - Sales to L J N Joint Venture	Subcontractor Services	7,295,628	81,813,250
NRW Pty Ltd - Sales to NRW Eastern Guruma Joint Venture	Subcontractor Services	194,881,835	72,278,378
NRW Pty Ltd – Sales to OTOC Joint Venture	Subcontractor Services	298,570	833,745
NRW Pty Ltd – Sales to The Mid West Rail Joint Venture	Subcontractor Services	33,886,452	259,367
NRW Pty Ltd – Sales to City East Alliance	Subcontractor Services	1,007,794	371,896
NRW Pty Ltd – Sales to NRW Eastern Guruma NYFL Joint Venture	Subcontractor Services	108,014,192	-
NRW Pty Ltd – Sales to Action Drill & Blast	Back charges for plant, labour and other re project works	19,495,586	24,342,107
NRW Pty Ltd - Purchases from NRW VDM Joint Venture	Employee travel and accommodation charges and other	3,790,950	811,172
NRW Pty Ltd - Purchases from L J N Joint Venture	Mostly diesel back charges consumed by NRW plant	-	5,142,998
NRW Pty Ltd - Purchases from NRW SARL	Management Fee and cost back charges	1,627,465	2,717,488
Action Drill & Blast – Sales to NRW Eastern Guruma NYFL Joint Venture	Subcontractor Services	23,111,425	-
NRW Pty Ltd – Purchases from Action Drill & Blast	Drill & Blast Services and back charges	68,238,811	9,060,647
Action Drill & Blast – Sales to NRW Eastern Guruma Joint Venture	Drill & Blast Services and back charges	6,038,791	7,500,000
Action Drill & Blast – Purchases from Action Mining Services	Repairs and maintenance, plant and module purchases and labour hire.	119,683	174,219
Action Drill & Blast – Sales to Action Mining Services	Back charges of labour	2,494	-
Action Mining Services – Sales to ACN 107 724 274	Water trucks, service trucks, repairs and maintenance.	-	686,913

(B) RELATED PARTY OUTSTANDING BALANCES

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

	CONSOLIDATED	
	2012 $	2011 $
Account Receivable Balances		
Other related parties	-	2,026,858
Total related party assets	-	2,026,858
Accounts Payable Balances		
Other related parties	-	-
Total related party payables	-	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

(C) KEY MANAGEMENT PERSONNEL REMUNERATION

The following were Key Management Personnel of the Group at any time during the reporting period and unless otherwise indicated were Key Management Personnel for the entire period.

DIRECTORS	
Dr I F Burston	Chairman and Non-executive Director
Mr J Cooper	Non-executive Director
Mr M Arnett	Non-executive Director
Mr J A Pemberton	Managing Director and Chief Executive Officer
EXECUTIVES	
Mr K Hyman	Company Secretary, Risk Management and Legal
Mr M Wallace	Chief Financial Officer
Mr K Bounsell	General Manager – Assets
Mr W Rooney	Managing Director - Civil and Mining
Mr M Stewart	General Manager – Civil
Mr T Cook	General Manager Mining – West Coast and Overseas Mining
Mr W Fair	Drill & Blast General Manager
Mr S Lucas	General Manager - East Coast Mining (Resigned)

The Key Management Personnel compensation included in 'Employee benefits expense' (see Note 9(A)) is as follows:

	CONSOLIDATED	
	2012	2011
	$	$
Short term employee benefits	7,610,346	6,538,465
Other long term benefits	83,563	167,366
Post employment benefits	303,182	473,627
Share based payments	1,575,839	-
TOTAL	**9,572,930**	**7,179,458**

Detailed information on remuneration of Key Management Personnel is set out in the Remuneration Report (pages 55 to 71) in the Directors' Report.

(D) OPTIONS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION

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 (2011: Nil).

(E) MOVEMENTS IN ORDINARY SHARES

The movement during the reporting period in the number of ordinary shares in NRW Holdings Limited held directly, indirectly or beneficially, by each Key Management Personnel, including their related parties, is:

**For the year ended 30 June 2012
for Ordinary Shares**

KEY PERSON	HELD AT 1 JULY 2011	PURCHASES(1)	RECEIVED AS COMPENSATION	RECEIVED ON OPTIONS /RIGHTS EXERCISED	SALES / TRANSFERS / NET OTHER CHANGE	HELD AT 30 JUNE 2012
Mr J A Pemberton	2,540,014	-	-	-	-	2,540,014
Dr I F Burston	329,492	-	-	-	-	329,492
Mr J Cooper	-	10,000	-	-	-	10,000
Mr M Arnett	280,474	-	-	-	-	280,474
Mr K Hyman	22,474	-	-	-	-	22,474
Mr M Wallace	23,500	-	-	-	-	-
Mr M Stewart	-	-	-	-	-	-
Mr W Rooney	-	-	-	-	-	-
Mr T Cook	-	-	-	-	-	-
Mr W Fair	-	-	-	-	-	-
Mr S Lucas (resigned)	57,500	-	-	-	(57,500)	-
Mr K Bounsell	3,381,843	1,038,049	-	-	-	4,419,892
TOTAL	6,635,297	1,048,049	-	-	(57,500)	7,625,846

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

**For the year ended 30 June 2011
for Ordinary Shares**

KEY PERSON	HELD AT 1 JULY 2010	PURCHASES(1)	RECEIVED AS COMPENSATION	RECEIVED ON OPTIONS /RIGHTS EXERCISED	SALES / TRANSFERS / NET OTHER CHANGE	HELD AT 30 JUNE 2011
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 M Wallace	-	23,500	-	-	-	23,500
Mr M Stewart	-	-	-	-	-	-
Mr W Rooney	-	-	-	-	-	-
Mr T Cook	-	-	-	-	-	-
Mr W Fair	-	-	-	-	-	-
Mr S Lucas	57,500	-	-	-	-	57,500
Mr K Bounsell	3,381,843	-	-	-	-	3,381,843
TOTAL	6,590,875	44,422	-	-	-	6,635,297

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

(F) PERFORMANCE RIGHTS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION

All Performance Rights issued to Key Management Personnel were made in accordance with the provisions of the Company's Long Term Incentive plan as outlined in the Remuneration Report (pages 55 to 71).

In respect of the LTI component of the FY12 Awards, the following table shows the total number of Performance Rights granted to NRW's KMP. The table also sets out the number of Performance Rights that will be eligible to vest, subject to application of the vesting conditions on each subsequent vesting date.

	BALANCE AT 1 JULY 2012	GRANTED AS COMPENSATION	EXERCISED	NET OTHER CHANGE	BALANCE AT 30 JUNE 2012	VESTED AT 30 JUNE 2012	VESTED AND EXERCISABLE	PERFORMANCE RIGHTS VESTED DURING THE YEAR
Mr J A Pemberton	-	841,377	-	-	841,377	-	-	-
Mr W Rooney	-	348,448	-	-	348,448	-	-	-
Mr M Stewart	-	211,570	-	-	211,570	-	-	-
Mr T Cook	-	76,015	-	-	76,015	-	-	-
Mr W Fair	-	73,479	-	-	73,479	-	-	-
Mr K Bounsell	-	85,165	-	-	85,165	-	-	-
Mr M Wallace	-	74,649	-	-	74,649	-	-	-

No Performance Rights were issued during the year ended 30 June 2011.

36. EVENTS AFTER THE REPORTING PERIOD

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.

37. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2012 ($)	2011 ($)
AUDIT SERVICES		
Auditors of the Company		
Deloitte Touché Tohmatsu		
Audit and review of financial reports	299,500	196,000
OTHER SERVICES		
Deloitte Touché Tohmatsu		
Advisory Services	1,155	2,600
TOTAL	**300,655**	**198,600**

38. PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 30 June 2012 the parent company of the Group was NRW Holdings Limited.

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	
	2012	2011
	$'000	$'000
Assets		
Current assets	282,719	228,345
Non-current assets	34,489	35,398
Total assets	**317,208**	**263,743**
Liabilities		
Current liabilities	19,521	1,122
Non-current liabilities	8,254	9,740
Total liabilities	**27,775**	**10,862**
Equity		
Contributed equity	156,456	156,456
Retained earnings	129,766	94,790
Reserves		
Share based payment reserve	3,211	1,635
Total equity	**289,433**	**252,881**

(B) FINANCIAL PERFORMANCE

	PARENT	
	2012	2011
	$'000	$'000
Profit after tax for the year	71,231	29,835
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	**71,231**	**29,835**

(C) GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES:

	PARENT	
	2012	2011
	$'000	$'000
Debt borrowings	198,770	123,566
TOTAL	**198,770**	**123,566**

NRW Holdings Limited 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

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 25 September 2012.

NRW's contributed equity comprises 278,888,011 fully paid ordinary shares.

DISTRIBUTION OF SHAREHOLDINGS

RANGE	FULLY PAID ORDINARY SHARES	%	NO OF HOLDERS	%
100,001 and Over	243,422,270	87.28	84	1.56
10,001 to 100,000	21,043,830	7.55	844	15.72
5,001 to 10,000	7,163,093	2.57	906	16.88
1,001 to 5,000	6,588,398	2.36	2,203	41.04
1 to 1,000	670,420	0.24	1,331	24.80
Total	**278,888,011**	**100.00**	**5,368**	**100.00**
Unmarketable Parcels	13,619	0.00	288	5.37

NRW'S 20 LARGEST SHAREHOLDERS

RANK	NAME	SHARES	% INTEREST
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	58,507,424	20.98%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,308,901	18.04%
3	NATIONAL NOMINEES LIMITED	43,917,216	15.75%
4	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	16,908,689	6.06%
5	BNP PARIBAS NOMS PTY LTD <MASTER CUST DRP>	13,378,736	4.80%
6	CITICORP NOMINEES PTY LIMITED	10,928,955	3.92%
7	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	8,120,109	2.91%
8	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	5,691,777	2.04%
9	BNP PARIBAS NOMS PTY LTD <DRP>	4,202,654	1.51%
10	BNP PARIBAS NOMS PTY LTD <SMP ACCOUNTS DRP>	2,614,162	0.94%
11	JULIAN ALEXANDER PEMBERTON THE J P TRUST	2,540,014	0.91%
12	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PISELECT>	1,654,717	0.59%
13	BOND STREET CUSTODIANS LIMITED <MACQUARIE ALPHA OPPORT A/C>	1,472,096	0.53%
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,286,594	0.46%
15	MR STEVEN SCHALIT & MS CANDICE SCHALIT <SCHALIT FAMILY S/F A/C>	1,046,824	0.38%
16	KEITH BOUNSELL BOUNSELL FAMILY TRUST	1,038,149	0.37%
17	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <GSAM A/C>	1,011,027	0.36%
18	BOND STREET CUSTODIANS LTD <MACQUARIE SMALLER CO'S A/C>	940,274	0.34%
19	WALSEC PTY LTD <PIPER FAMILY FUND A/C>	793,450	0.28%
20	INVIA CUSTODIAN PTY LIMITED <GSJBW MANAGED A/C>	765,308	0.27%

SHAREHOLDER
INFORMATION

SUBSTANTIAL SHAREHOLDERS

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

NAME	SHARES	% INTEREST
J P MORGAN NOMINEES AUSTRALIA LIMITED	58,507,424	20.98%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,308,901	18.04%
NATIONAL NOMINEES LIMITED	43,917,216	15.75%
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	16,908,689	6.06%

VOTING RIGHTS

Every shareholder present in person or represented by a proxy or other representative, shall have one vote for each share held by them.

Deloitte.

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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 2012, 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 73 to 129.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, 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 company'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 company'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 2012 and 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 55 to 71 of the directors' report for the year ended 30 June 2012. 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 2012, 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, 28 September 2012

SCAN THIS QR CODE TO VISIT THE NRW INVESTORS & MEDIA PAGE OF OUR WEBSITE.

NRW Holdings Limited

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NRW Holdings Limited