2013 ANNUAL REPORT

NRW Holdings Limited

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

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ASX CODE

NWH – NRW Holdings Limited
Fully Paid Ordinary Shares

WEB PAGE

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ANNUAL REPORT
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CHAIRMAN'S LETTER

It is with great pleasure we present NRW Holdings Limited's 2013 annual financial year report. Following on from a highly successful 2012 financial year, the past 12 months have certainly been more challenging, however the Company to achieved a solid result for the year ended 30 June 2013.

The Group's Net Profit After Tax (NPAT) was $74.1 million on revenue of $1.374 billion, representing a 1% increase in revenue over the result achieved in 2012. The result was primarily generated from revenue growth in the Civil and Action Drill & Blast's Divisions. Divisional revenue was $860.6 million from Civil, $404.5 million from Mining, $150.5 million from Action Drill & Blast and $41.8 million from Action Mining Services.

The Board remains cognisant of the need to achieve consistent financial performance year-on-year in order to deliver value to its shareholders. Our performance this year maintained solid returns on equity and capital employed, notwithstanding a number of challenging events and circumstances. These challenges commenced from the end of the first quarter of the 2013 financial year following market volatility and uncertainty around commodity prices. As a result, a number of NRW's mining contracts were terminated or renegotiated.

This resulted in a number of redundancies for the first time in the Company's history. NRW was able to partially minimise the impact on employees by redeploying displaced mining personnel to other Divisions wherever possible.

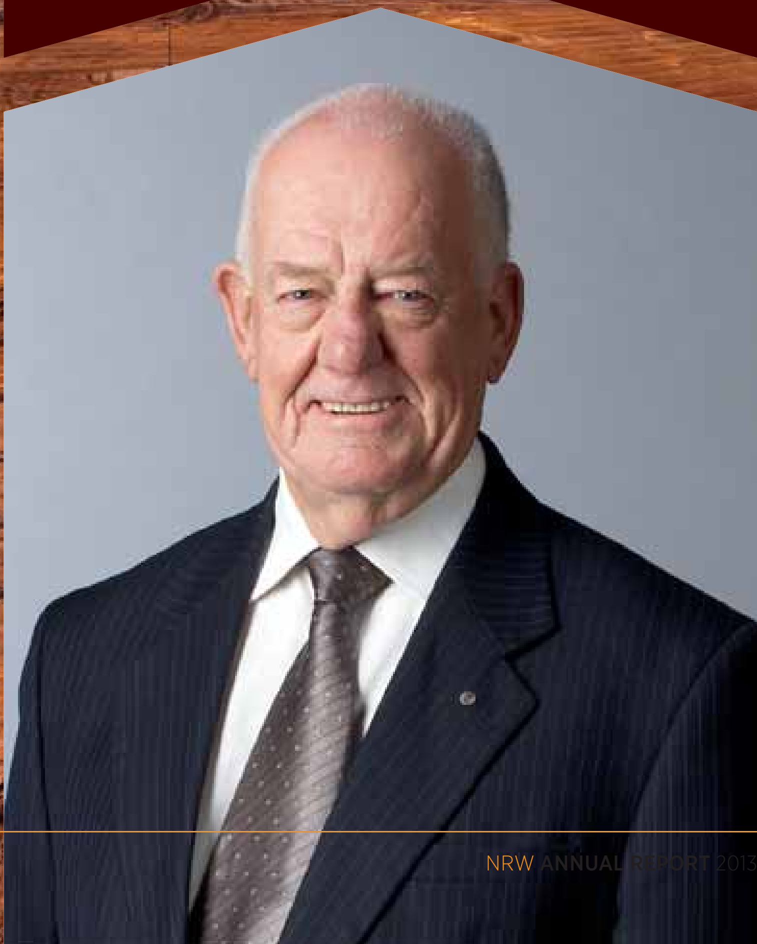
I would like to thank all of our employees for their efforts throughout the year, and our leadership team for their contribution during what has been a difficult year for the Company and the mining sector in general.

I would also 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.

DR IAN BURSTON
CHAIRMAN
NRW Holdings Limited

"I would like to thank all of our employees for their efforts throughout the year, and our leadership team for their contribution during what has been a difficult year for the Company, and the mining sector in general"



CHIEF EXECUTIVE OFFICER
YEAR IN REVIEW

I present to both our shareholders and stakeholders the results of NRW Holdings Limited for the financial year ended 30 June 2013. NRW has reported record revenue for the sixth consecutive year since listing on the Australian Securities Exchange (ASX). The financial year revenue was $1.374 billion, an increase, of 1% on the prior corresponding period (FY12: $1.358 billion).

Full year 2013 Net Profit After Tax (NPAT) declined by 23.7% to $74.1 million, compared to the prior corresponding period's NPAT result of $97.1 million. Return on Capital Employed (ROCE) was 31%, compared to the prior corresponding period (FY12: 41%), still an excellent outcome and consistent with NRW's rolling five year average. NRW's Net Debt to Equity ratio moderately increased, finishing the 2013 financial year at 25%, compared to the prior corresponding period (FY12: 18%).

The Company enjoyed excellent safety performance which is reflected in the improved Lost Time Injury Frequency Rate (LTIFR) currently at 0.55, which represents a 18% decrease from the previous year (FY12: 0.67). A relatively flat line for the Group in Total Recordable Injury Frequency Rates (TRIFR) was experienced, and at 30 June 2013 is at 5.47, slightly higher than the prior corresponding period (FY12: 5.2). Although the Company's TRIFR ended the year flat, the Civil Division achieved an outstanding result with a TRIFR of 2.47.

The NRW Civil Division had a very successful year and continued strong year on year growth with record revenue of $860.6 million representing an 18% increase on the 2012 financial year ($731.7 million). Particularly pleasing for the Civil Division was reaching a significant milestone in our diversification strategy, as we completed our first major project in the oil and gas market at Wheatstone, as well as our first large scale government infrastructure works on the Great Eastern Highway Alliance. We also attained a new key client in the iron ore market, with the award of a bulk earthworks contract on the Roy Hill Iron Ore Project.

"CIVIL DIVISION CONTINUES STRONG YEAR ON YEAR GROWTH, WITH RECORD REVENUE OF $860.6 MILLION, ▲ 18% ON FY12"

FINANCIAL OVERVIEW:

- Record revenue of $1.374 billion
- EBIT of $119.4 million
- EBIT Margin of 8.7%
- NPAT of $74.1 million
- NPAT Margin of 5.4%
- Conservative Net debt / Equity position of 25%
- Cash balance $131.0 million
- Final dividend of 5 cents fully franked, totalling 13 cents fully franked for full financial year
- Order book of $1 billion.

CHIEF EXECUTIVE OFFICER
YEAR IN REVIEW

The Mining Division revenue decreased to $404.5 million (FY12: $542.2 million). NRW's mining operations were impacted by contract terminations at Fortescue's Solomon and Christmas Creek operations, as well as NRW's Guinean operations at Simandou.

Action Drill & Blast experienced continued strong growth during the 2013 financial year with revenue of $150.5 million. This represents a 33% increase on the 2012 financial year revenue of $113.1 million. Of particular note is the award of two significant multi-year contracts, at Cloudbreak and Isaac Plains bringing longer tenure to Action Drill & Blast's order book.

Action Mining Services experienced a 10% decrease in revenue for the 2013 financial year to $41.8 million, compared to the previous financial year ($46.6 million).

The 2013 financial year provided NRW with its most challenging year since the Global Financial Crisis, as contract terminations and delayed award and commencement of projects resulted in a number of one off and other costs incurred across the Business. This included redundancy costs of $5.4 million and approximately $13 million of holding costs for personnel and plant.

As of 30 June 2013, NRW employed a workforce (including direct, subcontractors and apprentices) of 2,283 people, down from our peak of 4,821 in August 2012, and a 50% reduction compared to the close of FY12 (4,592 people). We retain a diverse workforce with approximately 14% female personnel and 6.5% Indigenous personnel.

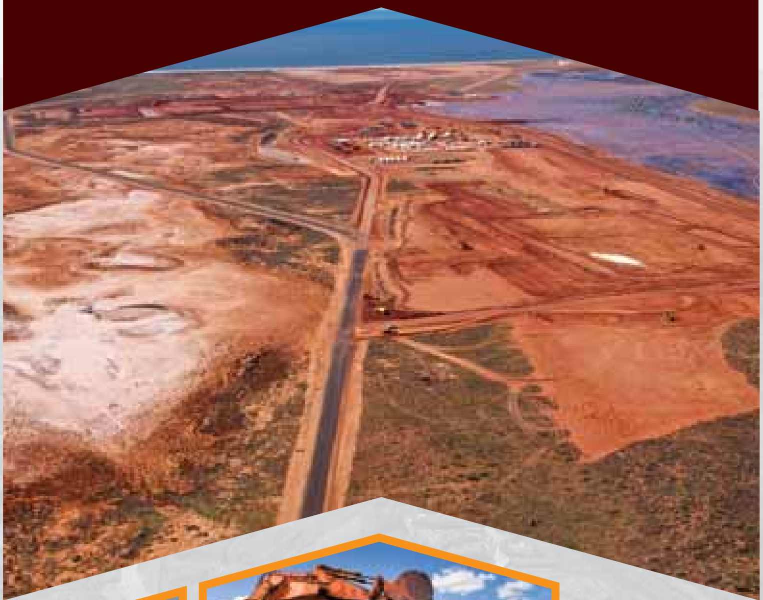
During the year a number of cost control and productivity improvement initiatives were put in place to improve our overall cost effectiveness. This past year also reinforced the need to continue our strategy of diversification across client, commodity, location and service delivery, and how this will shape the way we do business in the future.

ACTION DRILL & BLAST ACHIEVES

33% GROWTH IN REVENUE

OPERATIONAL HIGHLIGHTS:

- Successful completion of first major oil and gas project at Wheatstone
- Several project awards from key client Rio Tinto
- Secured civil earthworks contract for new client, Roy Hill Holdings
- Action Drill & Blast secure two major long term contracts



"This past year reinforced the need to continue our strategy of diversification... This will shape the way we do business in the future"

FINANCIAL OVERVIEW

FINANCIAL PERFORMANCE

NRW Holdings Limited slightly increased revenue by 1% to $1.374 billion (FY12: $1.358 billion), however net profit after tax declined to $74.1 million. The table below summarises the results of the Group.

FINANCIAL PERFORMANCE ($M's)	1HY 13	2HY 13	FY13	FY12	Change
SALES REVENUE					
Civil	479.3	381.3	860.6	731.7	18%
Mining	272.4	132.1	404.5	542.2	(25%)
Drill & Blast	94.0	56.5	150.5	113.1	33%
Action	21.1	20.7	41.8	46.6	(10%)
Other*	(56.1)	(27.0)	(83.1)	(74.8)	-
TOTAL SALES	810.7	563.7	1,374.4	1,358.8	1%
EBITDA	101.4	66.9	168.3	195.9	(14%)
EBIT	78.8	40.6	119.4	154.0	(22%)
NPAT	48.6	25.5	74.1	97.1	(24%)
EPS (basic) cents	17.8	8.8	26.6	34.8	(24%)
DPS cents	8.0	5.0	13.0	18.0	(28%)

**Other includes unallocated income and consolidations eliminations for Action Drill & Blast ($72m) and Action Mining Services ($11m).*

FINANCIAL POSITION

Equity attributable to shareholders increased by 7.2% to $352.9 million for the financial year ending 30 June 2013, compared to the prior corresponding period (FY12: $329.2 million). NRW's net debt to equity levels moved to a slightly higher position of 25% compared to the 2012 financial year (18%). Net working capital increased due to a swing in tax instalments and increase in differences between accounting and tax policies. Furthermore the settling of certain current provisions and slowing down of debtor payments have impacted on working capital.

FINANCIAL POSITION ($M'S)	FY13	FY12	FY11	FY10	FY09
Working Capital (less cash and current debt)	49.7	15.0	36.9	30.1	26.4
Non-Current Assets	420.2	391.1	293.0	178.8	156.7
Non-Current Liabilities (less debt)	(28.5)	(16.2)	(10.2)	(0.4)	(0.6)
	441.4	389.9	319.6	208.5	182.5
Funded by:					
Cash / (overdraft)	131.0	138.0	70.6	21.4	20.6
Debt	(219.6)	(198.7)	(123.5)	(60.8)	(60.8)
Net Funding	(88.6)	(60.8)	(52.9)	(39.4)	(40.2)
Shareholders Equity	352.9	329.2	266.7	169.1	142.2
Return on Equity	21%	30%	15%	21%	27%
Net debt / equity	25%	18%	20%	23%	28%

FINANCIAL OVERVIEW

DIVIDEND

On the 21 August 2013, the Board of NRW Holdings Limited declared a final dividend for the financial year ended 30 June 2013. The final dividend payable is 5.0 cents per share and brings the full year dividend to 13.0 cents per share fully franked.

CASH

The cash position at the end of the financial year was $131.0 million compared to the prior corresponding period (FY12: $138.0 million). Cash from operations has been impacted by reduced margin, longer debtor days and tax instalment payment patterns.

FUNDING

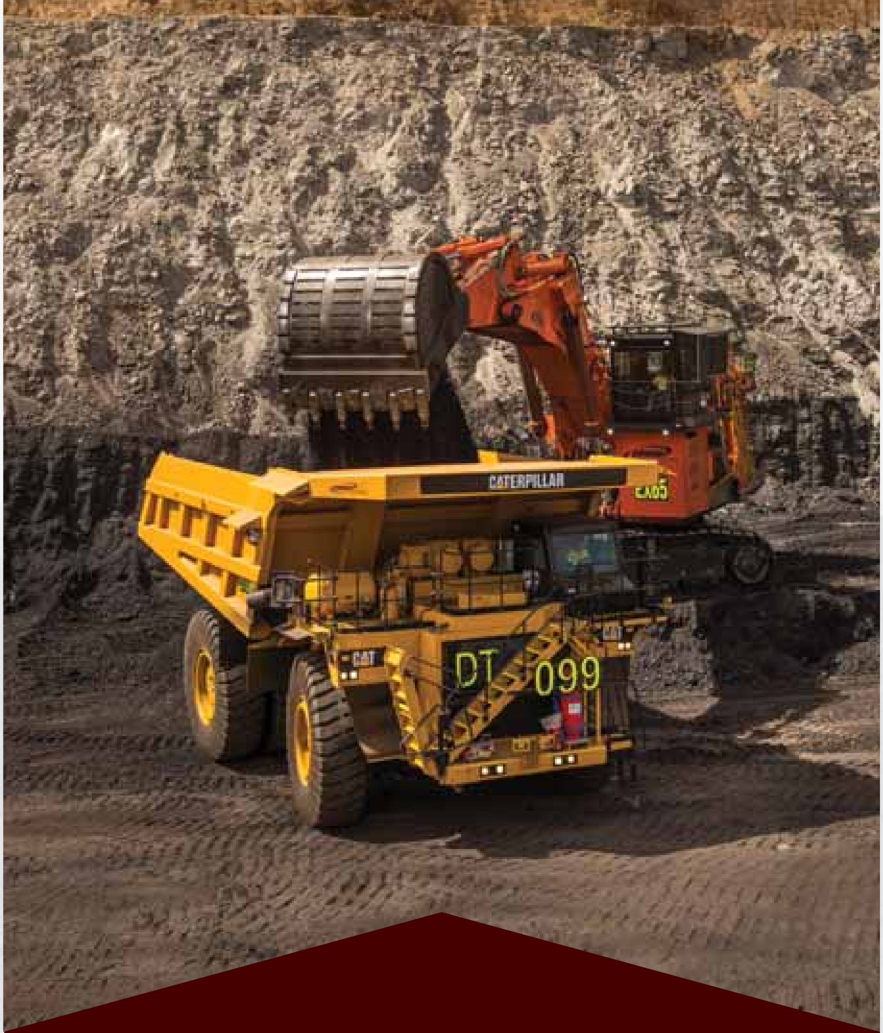
Total secured funding is in excess of 626.3 million, of which $265.5 million is undrawn, comprising facilities for working capital, performance bonding and asset funding.

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.

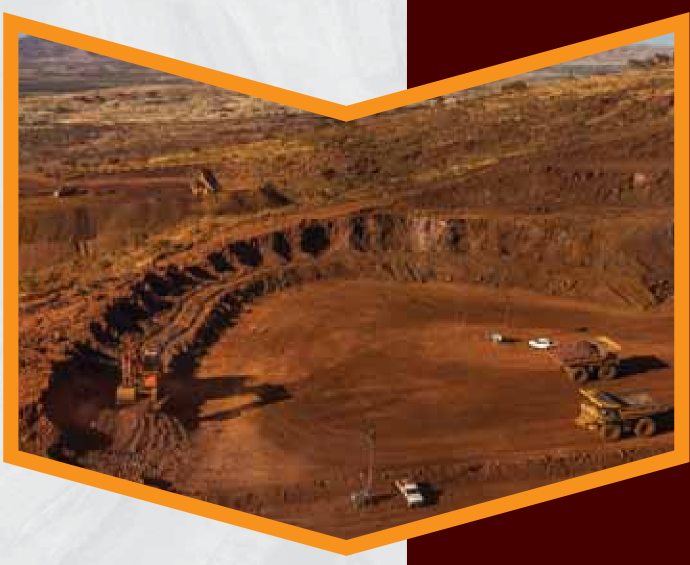
BORROWING FACILITY ($M's)	Limit	Drawn	Available
Asset Funding	316.0	219.6	96.4
Working Capital	64.7	-	64.7
SUB TOTAL BORROWING	380.7	219.6	161.1
OTHER FACILITY	Limit	Drawn	Available
Bonding	205.0	100.6	104.4
Operating Leases	8.3	8.3	-
Bank Guarantees	32.3	32.3	-
SUB TOTAL OTHER	245.6	141.2	104.4
TOTAL	626.3	360.8	265.5

ORDER BOOK

The order book is valued at $1 billion comprising $388 million in the Civil Division, $460 million in the Mining Division and $157 million in Action Drill and Blast. Order book excludes revenue from Action Mining Services.



"Final dividend for FY13 of 5c per share, bringing full year dividend to 13c per share fully franked"



NRW
CIVIL

OVERVIEW

The Civil Division continued strong year on year growth with record revenue of $860.6 million representing a 18% increase on the 2012 financial year ($731.7 million). This was achieved despite a general industry slowdown and significant delays in contract award and commencements impacting the second half.

In the 2013 financial year, the Civil Division demonstrated its capability by managing up to 15 concurrent projects at a time. Of this, five concurrent projects were in excess of $200 million, and up to $450 million in value. This growth in capability was well managed and aligned with continued improvement in safety performance with the Division's Total Recordable Injury Frequency Rate (TRIFR) reducing from 4.53 (FY12) to 2.47 through a concerted focus across all projects. In excess of 70% of civil projects recorded a TRIFR of zero for the 2013 financial year.

The Division's strategic objective of increasing the concrete component of the overall Civil revenue from 20% (FY12) was not achieved due to the limited concrete opportunities and higher level of competitors within the discipline relative to earthworks. However, the concrete component of the Civil Division still represents approximately 15% of Division revenue, enhancing the diversity of service provision across resources, public works and large scale infrastructure works.

The Civil Division experienced continued success on existing projects with its Indigenous partners, Ngarluma and Yindjibarndi Foundation Limited (NYFL) and Eastern Guruma Pty Ltd.

OPERATIONS

NRW was awarded a number of new major contracts and contract extensions during this period including:

- Cape Lambert Port B 353Mtpa Project – Rio Tinto
- Western Turner Brockman Earthworks (additional scope inclusive of Nanutarra Road Conveyor Tunnel) – Rio Tinto
- Western Turner Syncline Concrete – Rio Tinto
- Port Hedland Inner Harbour Project (additional scope) – BHP Billiton Iron Ore
- West Angelas Access Road – Rio Tinto
- Yandi Sustaining Project Bulk Earthworks – Rio Tinto (original plus optional)
- Roy Hill mine site preliminary bulk earthworks – Roy Hill Holdings
- Thomas Marshalling Yards – Fortescue Metals Group
- Monakoff Haul Road – Ernest Henry Mining
- Nammuldi Below Water Table Project – Rio Tinto

Significant Achievements throughout the year included:

- Successful completion of first major Oil and Gas project on the Wheatstone Project
- Completion of first metropolitan Government infrastructure project – Great Eastern Highway Upgrade in alliance with Main Roads, Leighton Contractors and GHD
- Early Contractor Involvement (ECI) in future major projects for blue chip clients
- Industry leading staff retention rates and no civil staff redundancies despite industry downsizing
- Safety performance – in excess of 70% of civil projects maintained a TRIFR of zero for the 2013 financial year
- Launched new Graduate Engineer and Supervisor Development programs.

OUTLOOK

The Division is focused on the successful delivery of current projects including Rio Tinto's Cape Lambert Port B Project, Yandi Sustaining Project bulk earthworks, West Angelas Access Road and the Nammuldi Below Water Table Project; as well as BHP Billiton Iron Ore's Ore Car Repair Workshop and the Roy Hill Mine Site Bulk Earthworks for Roy Hill Holdings.

Opportunities exist within NRW's traditional and new iron ore client base in Western Australia, and with new clients in the Queensland coal infrastructure and LNG sectors. NRW will continue to pursue other civil opportunities outside of Construct only, including Design & Construct (D&C) and EPC, following the development of key partner relationships. Further to this, the Civil Division will also be exploring Maintenance style contracts as another source of diversification.

The Civil Division currently has an order book of $388 million, with a further $2.41 billion in active tenders.

NRW
MINING

OVERVIEW

The overall Mining Divisional revenue was $404.5 million in FY13, down 25% from the prior corresponding period (FY12: $542.2 million).

Projects undertaken during the year included Western Turner Syncline for Rio Tinto, Christmas Creek and Solomon for Fortescue, Middlemount for Middlemount Coal and Simandou in Guinea for Rio Tinto.

NRW's mining operations were impacted by the commodity downturn and cost cutting by major clients throughout the year. Projects bid during the year were tendered in a competitive environment with increased competition due to surplus capacity of available resources in the market.

From the end of the first quarter of the 2013 financial year, market conditions over future commodity prices led to the early termination of a number of NRW contracts which had a significant impact on the Mining Division and led to a reduction in personnel. Key contracts impacted were Solomon Hub and Christmas Creek which by the end of November 2012 had ceased operations. While disappointed at these developments, NRW moved swiftly to lower its variable cost base via the demobilisation of hired equipment and subcontract labour.

NRW's contract at Rio Tinto's Simandou operations was terminated effective December 2012, after having been previously awarded a three year extension in November 2011. As a result, revenue at Simandou was $10 million less than expected, with 50% of total assets NRW employed on the Simandou project sold to the client.

On the east coast of Australia at Middlemount Coal, NRW Mining incurred a loss ($10.38 million) in the first half of the 2013 financial year due to heavy rains in the first quarter of the 2013 financial year and operation challenges. This was compounded by a major flood event at the Middlemount coal mine in January 2013 which affected production over several months and further impacted margins through underutilised plant and holdings costs for personnel.

Towards the middle of the 2013 financial year contractual changes at Middlemount were made following a period of negotiation with the new owners. An agreement to restructure the Mining Services contract with Middlemount Coal into a dry hire contract was made. As the owners (Peabody Australia and Yancoal) are predominantly mine owner-operators this was a logical step for them to become the operator of the mine. As part of the new arrangement NRW now provides the mining fleet and associated ongoing maintenance services. As part of the renegotiation, the contract completion date has been extended by 12 months until June 2017.

The Mining Division's Indigenous employment and training programs continue to exceed expectations, with the NRW-Eastern Guruma Joint Venture at Western Turner Syncline reaching a peak Indigenous employment rate of 28% for on-site labour, equalling 55 Indigenous employees.

"NRW's mining operations were impacted by the commodity downturn and cost cutting by major clients through the year"

NRW's mining joint venture relationships with Indigenous organisations - Eastern Guruma Pty Limited at Western Turner Syncline and Solomon; and Ngarluma and Yindjibarndi Foundation Limited (NYFL) at Solomon - continued to provide a positive outcome to the business.

Contracts awarded and extensions during the period include:

- Middlemount Coal – Dry Hire and Maintenance – Middlemount Coal JV
- Christmas Creek Vasse Tailings Storage Facility – Fortescue
- Bulk Earthworks Services Solomon Construction – Fortescue
- Bootu Creek Equipment and Labour Hire – OM Holdings

Safety performance across the Division was satisfactory during the 2013 financial year. An increased focus on lead indicators had a positive impact, although the Division performance when measured in relation to TRIFR deteriorated, with 2013 financial year TRIFR at 7.59 compared to the prior corresponding period (FY12: 5.82).

OUTLOOK

Market conditions will continue to be difficult during the remainder of calendar year 2013, however the Division's strategy remains to diversify into other commodities and clients, with a number of opportunities identified. Geographical diversification will also take place as the Division pursues international opportunities with selected clients.

The mining fleet in Western Australia has been underutilised during the second half. However with a rampup in current civil projects, many of the mining assets are directly transferable into these larger greenfield bulk earthworks projects.

The Mining Division currently has an order book of $460 million, with a further $1.41 billion in submitted tenders.

Action
Drill & Blast

OVERVIEW

Action Drill & Blast experienced continued strong growth during the 2013 financial year with revenue of $150.5 million, representing a 33% increase on the 2012 financial year revenue of $113.1 million.

After three years of operations Action Drill & Blast has experienced significant success across Australia and is recognised as a provider of quality and professional drilling and blasting contract services. Particularly pleasing for the 2013 financial year was the award of a four year (plus two year option to extend) $140 million drilling services contract direct to Fortescue for operations at the Cloudbreak iron ore mine. The other significant contract awarded during the financial year was for blasting services at the Isaac Plains coal mine which was awarded as a three year contract with a two year option to extend.

However, the second half performance for 2013 was not as strong as the first. The downturn experienced in the mining sector from the first half of the 2013 financial year, in conjunction with specific events detailed below, reduced overall margin in the second half of the F2013 financial year:

- The termination of contracts on Fortescue's Solomon and Christmas Creek operations resulted in a large number of highly skilled personnel being displaced. Action Drill & Blast incurred holding costs for labour by retaining this experienced skill base and providing off-site work and training opportunities pending the anticipated award of the significantly sized Cloudbreak drilling contract.
- Severe weather events throughout the Bowen Basin significantly affected production on coal operations over several months, including a major flood event at the Middlemount coal mine in January 2013.
- Start-up costs incurred in relation to mobilisation for Action Drill & Blast's largest contract to date at Cloudbreak were incurred during the second half of the financial year, and included holding costs for assets not utilised until the commencement of the Cloudbreak contract in April.

Action Drill & Blast's external client list for the 2013 financial year included Fortescue, Rio Tinto, John Holland, Talison Lithium, Brierty, Macmahon, Downer EDI, BMA and Peabody

OPERATIONS

At the end of the 2013 financial year Action Drill & Blast had six contracts in Western Australia and two in Queensland. The largest contract is at Fortescue's Cloudbreak Project. The Business currently employs 275 people and utilises a fleet of 49 drills.

External projects awarded during the 2013 financial year included:

- Drilling Services at Cloudbreak Mine – Fortescue
- Blasting Services at Isaac Plains Coal Mine – Isaac Plains Coal Management Pty Limited (originally contracted to John Holland Queensland Pty Limited and then novated to IPCM)
- Drilling and Dewatering Services at Hail Creek Mine – Rio Tinto Coal
- Blasting Labour at Christmas Creek Mine – Macmahon Holdings
- Supplementary Drilling Services at Karara Iron Ore Project – Brierty Limited
- 12 month extension at Greenbushes for Talison Lithium
- Relief Hole Drilling at West Angelas Mine – Westforce Construction
- Drilling Services at Daunia Coal Mine – Downer EDI Mining Pty Limited

Significant Achievements

- Award of two multi-year projects with options to extend, providing longer term tenure and order book stability
- Strong growth in revenue of 33% for the year despite market downturn
- Achieved LITFR of zero in March 2013.

Action Drill & Blast began the financial year well from a safety performance point of view, with a TRIFR in July 2012 of 1.59 before experiencing some fluctuations during the year. In March 2013, Action Drill & Blast achieved a LTIFR of zero, with a TRIFR of 6.86, before declining safety performance led to a financial year end TRIFR result of 12.68. Despite this decrease in TRIFR, Action Drill & Blast finished the 2013 financial year with a LTIFR of zero.

OUTLOOK

Action Drill & Blast currently has an order book of $157 million, with a further $143 million in active tenders.

The downturn in the mining sector will create challenges for all service contractors in the industry as client focus has shifted from being 'volume' driven to being 'cost focused'. Action Drill & Blast has excellent systems, people and equipment which will enable it to assist clients achieve their need to become more cost efficient and improve their productivity. A concerted effort of improving safety performance will also be maintained and reinforced through the business at all levels.

Financial performance is expected to return to more consistent levels during the 2013/2014 financial year as:

- Displaced site personnel have returned to operational roles.
- The Cloudbreak contract realised full potential in June allowing more effective recovery of the start-up costs.
- Improved production on the Middlemount and Isaac Plains coal contracts.

In addition to the above stabilisation of contracts Action Drill & Blast will also focus on improving performance through renegotiation of pricing with suppliers and optimisation of asset management and utilisation.

Action Drill & Blast sees this next phase in the mining cycle as an opportunity to demonstrate its specialist skills and believe it is a great opportunity to continue to grow the business through increased market share and capitalisation of new prospects.

The Mining unit's drill fleet grew considerably in the last 12 months to accommodate the growing requirement from Action Drill & Blast clients to provide a large fleet of 60,000-75,000lb rotary drills. As the market moves from establishment of infrastructure to production mining a downturn in the Civil units' projects is expected, however the specialist skills of this unit are easily transferable to other markets. In particular, we are looking to pursue opportunities on civil LNG projects in Eastern Australia and gold operations in Western Australia. Action Drill & Blast's Coal unit has been recognised as an efficient and extremely capable provider of explosive services including supply, storage and, of course, blasting. Our drill fleet of large rotary drills is still the newest in the industry and provides significant performance and safety benefits for our clients.

Action Drill & Blast has increased its business development focus and are actively seeking opportunities in markets other than those currently operating in, such as gold, oil and gas, and Action Drill & Blast has also commenced a review of international prospects.

Action
Mining Services

OVERVIEW

Action Mining Services experienced a 10% decrease in revenue to $41.8 million for the 2013 financial year representing a 10% decrease on FY12 ($46.6 million). This was predominately due to the sector downturn in mining and civil projects at the end of the first quarter of FY13, and lower margins due to the subsequent slowing of demand for products and services.

Major external clients include Dampier Salt, Jones Mining, Leighton Contractors, Komatsu, Alliance Contracting, Titan Plant Hire, and Onsite Hire.

An overall restructure of the Business was undertaken to reduce overheads and improve efficiencies on the shop floor. The restructure included the alignment of the manufacturing division (support vehicles) with the service divisions to increase capabilities and improve efficiencies.

Key achievements in the 2013 financial year included:

- The successful expansion of the AMS range of Support Vehicles with the release of the new, high tech, AMS 15,000lt 'Viper Series' Service Module and the AMS 12,000lt Service Module (the AMS 12,000 is an extension of the popular AMS 6,700lt Service Module).
- The expansion of AMS's capabilities with the set-up of a Field Service Division, a Component Overhaul Division and an Asset Refurbishment Division.
- The successful expansion of the customer base to attract new work including the successful completion of the first salt spec machine (Caterpillar D10 Bulldozer) for Dampier Salt.
- Continued ongoing support and commitment with a work placement program and apprenticeship training program – AMS currently employ 27 apprentices.
- More than three years (1,095 days) Lost Time Injury (LTI) free in the workplace.

OUTLOOK

As per previous years, the level of growth and opportunities within the services unit will be influenced by the level of investment in the resources and infrastructure sectors. However the strategy by AMS to expand its service capabilities in calendar year 2013 places the Division in an excellent position to take advantage of the mining industry moving from a construction phase to an operations phase with an anticipated increase in demand for repair and maintenance services of operational equipment.

Due to delays in project awards, we anticipate reduced demand in the 2014 financial year for support vehicles. However the introduction of a number of new strategies will see AMS targeting a broader customer base across a more diverse product and service range, resulting in an expected improved level of total revenue for the period.

Improving efficiencies will be a key focus, to reduce production and material costs, allowing unit prices to be reduced whist retaining budgeted margins for price sensitive markets such as the hire market. Efforts will also be concentrated on developing innovative new safety features and inclusions on the AMS product range to establish AMS as the industry leader in manufacturing with a safety focus.

AMS will continue to look for new products and services within its field to take advantage of the AMS skill base and group customer relationships. Increased resources will be placed on marketing the company's capabilities to industry with the objective of increasing market share through an expanded client base, and to ensure AMS is in a position to take advantage of changing conditions.

The introduction of a new Enterprise Resource Planning (ERP) system in the first half of the 2014 financial year will improve management, recording and reporting efficiencies resulting in a further reduction in overheads and operating costs. The system will assist to maximise resource utilisation and improve the quality of service provided to customers.

AMS will continue to focus on developing apprentices through its unique Apprentice Program in which apprentices are rotated through various NRW Civil and Mining sites to gain practical site experience after completing the first two years at Action Mining Services.

HUMAN RESOURCES

OVERVIEW

As a result of the market uncertainty and volatile conditions experienced at the end of the first quarter of the 2013 financial year, NRW Holdings Limited's workforce decreased by 50% to 2,283 personnel this financial year (FY12: 4,592). This followed a peak in August 2012 at 4,821 people. Current employment levels are currently closer to 2011 financial year levels. The workforce includes direct employees, sub-contractors and apprentices.

NRW remains committed to ensuring it retains its core staff to maximise its capacity to secure and execute future work. A number of training initiatives have been introduced to equip existing employees with the necessary skills and expertise to deliver the high standard of service clients have become accustomed to receiving from NRW and its subsidiary companies.

In the 2013 financial year NRW continued its close relationship with its workforce and there were zero disputes and no lost time due to industrial action. The workforce remains diverse with 14% female personnel (FY12: 15.7%), and 6.5% Indigenous personnel (FY12: 8.2%).

GRADUATE PROGRAM

Our engineering graduates undertake a three year NRW Graduate Program, which aims to develop them into future leaders of our industry. Through diverse training and development, NRW graduates are exposed to various projects, clients, markets, commodities and infrastructures.

NRW's Graduate Program comprises an orientation week that involves: induction sessions with every department, two days at Neerabup outside of Perth on machinery; a team building day with other graduates including those in different stages of the Program; and a networking dinner with senior management. Importantly, each graduate is assigned a senior mentor and offered a structured pathway to chartership through Engineers Australia.

INDIGENOUS ENGAGEMENT

OVERVIEW

NRW recognises that its long-term success depends on the well-being and sustainable development of the communities in which it operates, comprising 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, and this continued with the acquisition of Action Mining Services in 2007, and the forming of Action Drill & Blast in 2010. Increasing Indigenous representation in employment on our projects and within our organisations' is an integral part of the NRW philosophy.

48 Cultural Awareness workshops were conducted during the 2013 financial year for 528 participants.

JOINT VENTURES

Besides Indigenous employment targets and the successful Powerup Program, NRW 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 2013 financial year:

- Western Turner Syncline Mining – Rio Tinto
- Western Turner Syncline Civil / Concrete Works – Rio Tinto
- Western Turner Brockman – Rio Tinto
- Boolgeeda Aerodrome – Rio Tinto
- Nammuldi Below Water Table Bulk Earthworks – Rio Tinto

The NRW-NYFL Joint Venture undertook significant works on Rio Tinto's Cape Lambert Port B Project including the following contracts and variations:

- Cape Lambert Car Dumpers & Stockyards Bulk Earthworks – Car dumpers 6 and 7 and Phase B stockyards
- Tail track and tail track extensions
- Sam's Creek Pipe jacking
- Crushing contract
- A fencing contract and various small works packages.

POWERUP TRAINING

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 Canning Vale, 80 hours at Neerabup quarry north of Perth.

This year NRW held two Powerup programs, a decrease compared to previous years due to the reduced employment opportunities for graduates. It continues to be well subscribed amongst potential applicants, and well regarded by clients and industry alike.

HEALTH SAFETY & 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 subcontractor 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.

The 2013 financial year 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 we continued to focus on the area of hazard identification and hazard removal from work processes, coupled with a renewed focus on documentation at hand for our employees. One such implementation of this focus was the creation, development and launch of a pocket booklet titled 'My HSE Kit' which contains all the required mini-forms employees need to complete as part of their duties.

The success of the overarching Program has been reflected in the consistent safety performance which is reflected in the improved Lost Time Injury Frequency Rate (LTIFR) currently at 0.55, which represents a 18% improvement from the previous year (FY12: 0.67). A relatively flat line for the Group in Total Recordable Injury Frequency Rates (TRIFR) was experienced, and is currently at 5.47, slightly down on the prior corresponding period (FY12: 5.2).

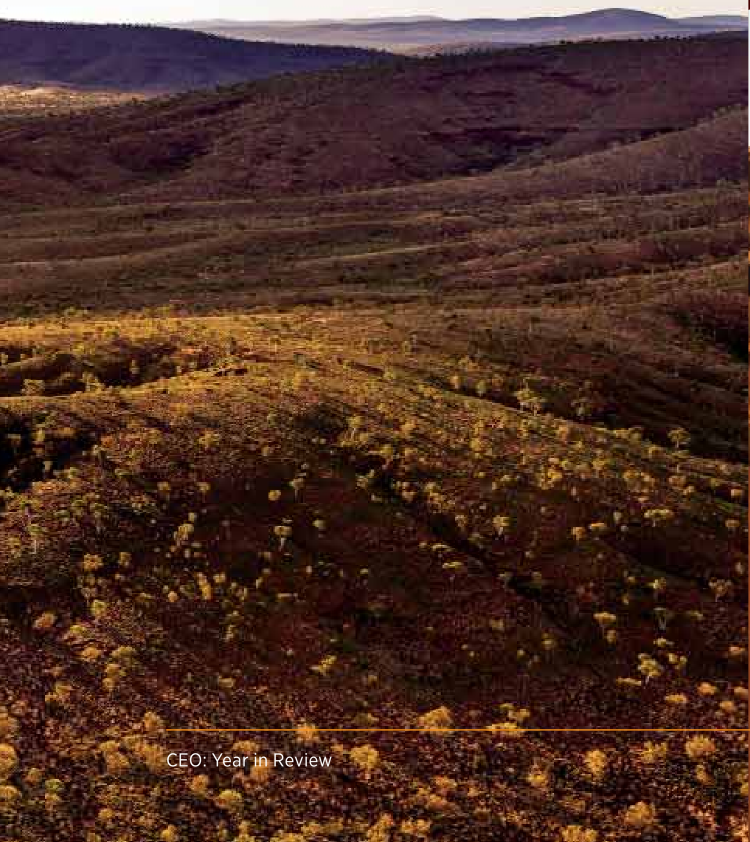
ENVIRONMENT

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.

CASE STUDY:

Support for the Environment

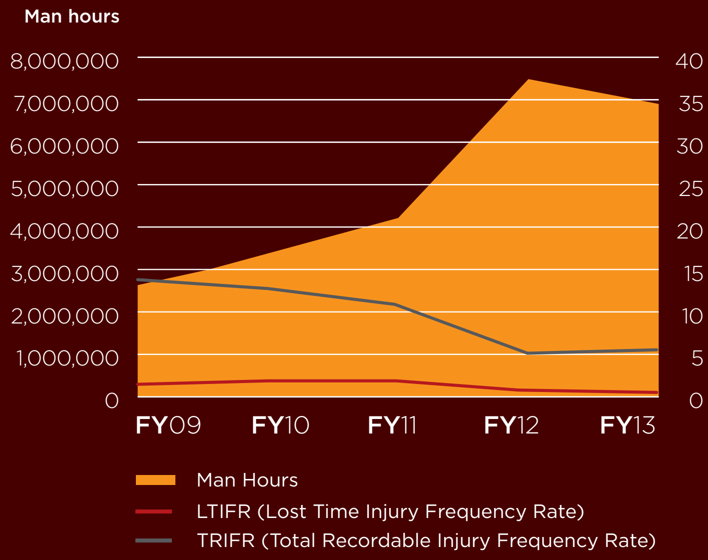
The Pilbara Wildlife Carers Association (PWCA) was the recipient of a $20,000 donation from the NRW-NYFL Joint Venture crew at Rio Tinto's Cape Lambert Port B Project. PWCA provides a vital emergency service to the Pilbara community by responding to calls regarding sick, injured or orphaned wildlife. Many calls are received from mining and construction companies who have impacted fauna whilst undertaking their work. The extensive network of registered volunteer wildlife carers in the Pilbara foster and rehabilitate sick and injured wildlife, until they're able to be released back into the environment. NRW's donation will significantly assist with PWCA's on-going service to the Pilbara community.



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



COMPANY OUTLOOK

Despite the significant downturn across the resources industry, NRW retains a positive outlook over the short to medium term with a steady pipeline of tenders and a clear strategy to further diversify our client base and client offering.

The Company will continue to maintain focus on its core domestic markets of iron ore and coal with expansions and related infrastructure works still underway and a number of new projects in the planning stage. We are also working on growing our exposure to markets such as LNG and CSG.

With current work in hand of $1 billion and tender activity still strong with over $3.96 billion in active tenders across the Business, we remain confident of securing work across all our Division's to further strengthen our order book.

The Group's balance sheet, funding facilities and solid cash position provide a strong foundation for future organic growth and potential acquisitions. The Group will continue to assess acquisition opportunities both domestically and internationally to add value to NRW's service delivery model.

We will also continue to focus on cost management programs, efficiencies and continuous improvement processes. These practises will contribute to NRW's overall cost effectiveness in project delivery and assist in maintaining our market competitiveness.

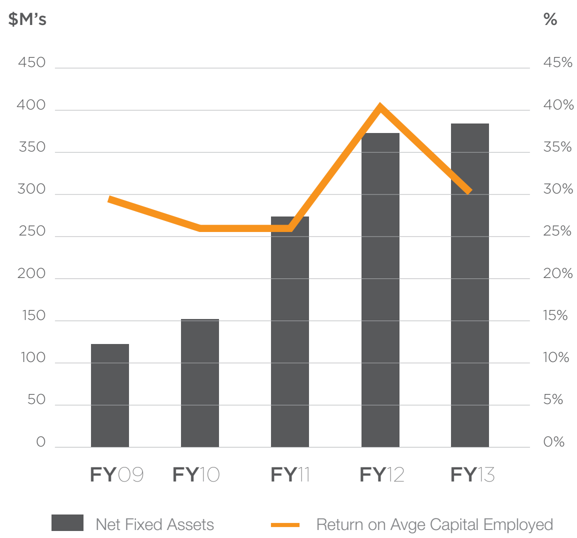
NRW expects revenue between $1-1.2 billion for the 2014 financial year, of which approximately 60% is currently secured. This is subject to timely award and commencement of new projects.

“With current work in hand of $1 billion and tender activity still strong with over $3.96 billion in active tenders, we remain confident of securing work across all our divisions to further strengthen our order book”

CHIEF FINANCIAL OFFICER
FINANCIAL YEAR IN REVIEW

FY13 REVIEW

The Group increased revenue predominantly from the contribution of the Civil and Drill and blast Divisions. The Group's earnings and returns on capital employed decreased due to the Mining Divisions performance as a result of economic conditions and commodity price pressures. Gearing ratios remained conservative and a strong cash balance has been maintained.



INVESTMENT RETURNS

Earnings per share were 26.6 cents which was a 24% decrease compared to prior corresponding period. The dividend payout ratio as a percentage of NPAT in FY13 is 49% compared to 52% (FY12).

The Group continued to achieve satisfactory returns on average capital employed with 31% achieved for the 2013 financial year.

DIVISIONAL PERFORMANCE ($M's)	NRW Civil Contracting	NRW Mining Services	Action Drill & Blast	Action Mining Services
FY2013				
Revenue	860.6	404.5	150.5	41.8
Segment Profit	92.0	17.9	16.8	3.3
Return on revenue	11%	4%	11%	8%
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%
Revenue Growth	18%	(25%)	33%	(10%)
Segment Profit Growth	13%	(72%)	(10%)	(28%)

CAPITAL EXPENDITURE

Capital expenditure was predominantly allocated to the Mining Division relating to the Middlemount project.

Capital Expenditure ($M's)	FY13	FY12	FY11
NRW Civil Division	11.8	16.6	6.9
NRW Mining Division	51.6	105.5	120.4
Drill & Blast	15.9	15.1	7.5
Action Mining Services	1.8	0.6	0.6
Miscellaneous	12.0	6.7	14.8
TOTAL	$93.1	$144.4	$150.2

Action Drill & Blast added seven rigs comprising of $11.1 million of their $15.9 million capital expenditure for the 2013 financial year. Future commitments to Action Drill & Blast capital expenditure will see a further five rigs added in the 2014 financial year at an estimated $17.5 million, although this is subject to securing new projects.

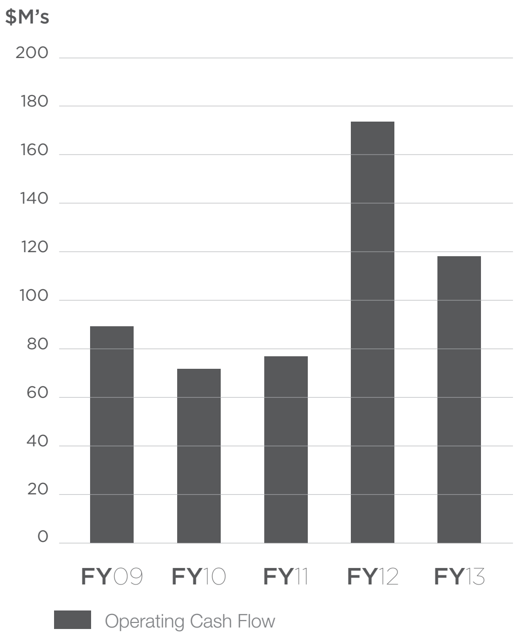
The Miscellaneous category of expenditure relates to investment in information infrastructure and system upgrades ($10.5 million), land and buildings ($1.1 million) and other ($0.4 million).

CASH FLOW

NRW's operating cash flow in FY13 was $118.0 million. The decrease in operating cash was a result of reduced operating margins and a slightly slower collection cycle. Tax instalment payments were remitted under the prior year withholding rates which also dragged operating cash down.

The decrease in EBITDA and lower returns of average capital employed has resulted in Group cash reserves being less than previous years, with $131.0 million at 30 June 2013 (FY12: $138.0 million).

OPERATING CASH FLOW ($M'S)



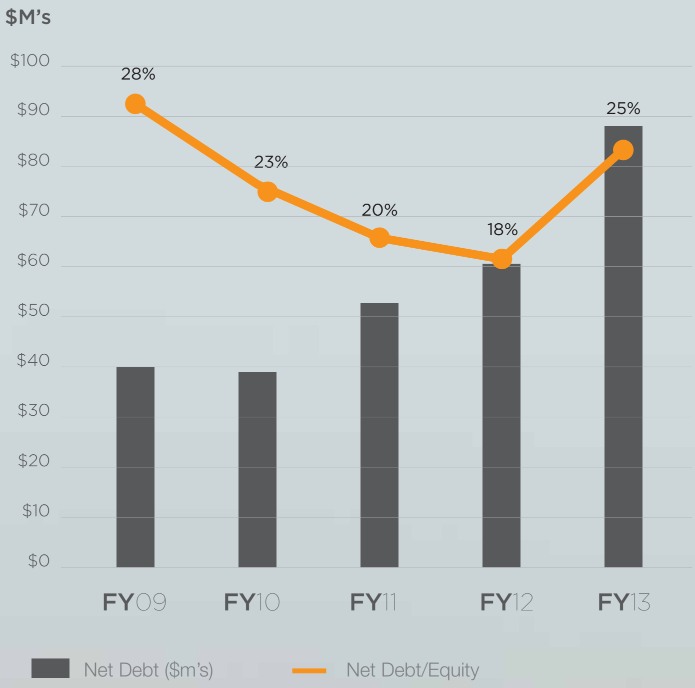
BALANCE SHEET AND FUNDING

The Group Balance Sheet reflects the continued conservative management of debt levels and cash. Due to the strength of the balance sheet, the Company has sufficient flexibility for future project funding and/or acquisitions.

The Structured Debt Facility (ANZ lead arranger), was successfully reviewed and maintained during the FY13 year. Other funders included insurance providers as required, operating lease providers and asset financiers outside the clubbing arrangement.

Currently the Group has total funding capacity (inclusive of financed and operating facilities) totalling over $626 million. Of this just over $265 million remain undrawn and new facilities for bonds have been agreed and in place post FY13 totalling $50 million.

NET DEBT POSITION



CHIEF FINANCIAL OFFICER

FOR THE YEAR ENDED 30 JUNE 2013

BORROWING FACILITY ($M's)	Limit	Drawn	Available
Asset Funding	316.0	219.6	96.4
Working Capital	64.7	-	64.7
SUB TOTAL BORROWING	380.7	219.6	161.1
OTHER FACILITY	**Limit**	**Drawn**	**Available**
Bonding	205.0	100.6	104.4
Operating Leases	8.3	8.3	-
Bank Guarantees	32.3	32.3	-
SUB TOTAL OTHER	245.6	141.2	104.4
TOTAL	**626.3**	**360.8**	**265.5**

SYSTEMS

NRW continues to develop and improve its management information systems. Particularly this includes the staged implementation of Microsoft Dynamics AX (MinePoint), network improvement and asset management.

Further work will be undertaken to integrate and allow efficient use of data, reporting and improve further the project management systems. Ongoing review will continue to target the appropriate priorities.

The objectives of the systems are to provide a sound base for efficient and accurate decision making in both production and strategic management. This will continue to cut across the entire Group including all operating segments.

TONY RASCHELLA
ACTING CHIEF FINANCIAL OFFICER

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 2013.

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 2013, and the main corporate governance practices in place are set out below.


STOP


EX0064

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

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.

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 three 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 three 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:

Director	Date Appointed	Period in office	Due for Re-election
Dr Ian Burston	27 July 2007	6 years	2013 AGM
Mr Julian Pemberton	1 July 2006	7 years	Not Applicable
Mr Michael Arnett	27 July 2007	6 years	Not Applicable
Mr John Cooper	29 March 2011	2 years	2013 AGM

CONFLICTS OF INTEREST

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

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

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

NOMINATION AND REMUNERATION COMMITTEE

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

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 2013 financial year two meetings of the Nomination & Remuneration Committee were held. Certain responsibilities of the Nomination and Remuneration Committee were also considered at Board meetings by the full Board as required.

SELECTION, APPOINTMENT, INDUCTION AND CONTINUING DEVELOPMENT PROCESSES

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

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

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

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

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

The Board will undertake an annual performance evaluation that reviews:

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

COMPANY SECRETARY

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

All Directors have access to the Company Secretary.

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

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

CODE OF BUSINESS ETHICS AND CONDUCT

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

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 15.4% and 10% 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 Limited Group of companies.

COMPOSITION OF THE COMMITTEE

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

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

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

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

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

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

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company is committed to ensuring that:

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

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

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

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

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

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

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

ELECTRONIC COMMUNICATIONS

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

EXTERNAL AUDITOR'S AGM ATTENDANCE

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

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

RISK MANAGEMENT POLICY

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

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

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

This Committee assists the Board in its oversight role by:

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

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

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

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

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

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

NOMINATION AND REMUNERATION COMMITTEE

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

Remuneration responsibilities:

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

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

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

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

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

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

EXECUTIVE REMUNERATION

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

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

NON-EXECUTIVE DIRECTOR REMUNERATION

ASX guidelines for appropriate practice in Non-Executive director remuneration are that Non-Executive directors should:

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

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

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

REMUNERATION POLICY DISCLOSURES

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

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

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

FINANCIAL REPORT
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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

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 2013.

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 Kogi Iron 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 three years immediately before the end of the financial year: • Non-Executive Director, Mincor Resources NL (Current) • Non-Executive Director, Kogi Iron Limited (Current) • Non-Executive Director, Kansai Mining Corporation (Current) • Non-Executive Director, Fortescue Metals Group (Resigned 2011)
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 25 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.

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 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 Energy NL. Mr Arnett has held the following directorships of listed companies in the three years immediately before the end of the financial year: • Chairman, New Guinea Energy NL (Current) • Non-Executive Director, Nexus Energy Limited (Resigned 2012) • Non-Executive Director, Global Resources Corporation Limited (Resigned 2011)
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 Ltd, as its representative and Deputy Chairman on the Clough Limited 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 three years immediately before the end of the financial year: • Non-Executive Director and Chairman, Southern Cross Electrical Enigineering Limited (Current) • Non-Executive Director, Aurizon Holdings Limited (Current) • Non-Executive Director, Flinders Mines Limited (Resigned 2012) • Non-Executive Director, Neptune Marine Limited (Resigned 2013)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

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	8	8
Julian Pemberton	8	8
Michael Arnett	8	8
John Cooper	8	8

During the 2013 financial year two meetings of the Nomination & Remuneration Committee were held. Certain responsibilities of the Nomination and Remuneration Committee were also considered at Board meetings by the full Board as required.

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 $74.11 million (2012: $97.1 million).

A review of the operations and results for the Group for the financial year to 30 June 2013, as well as information on the financial position of the Group, is set out in the Year in Review on pages 7 to 30 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 7 to 30 in this Annual Financial Report.

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 2013 (2012: $0.08 per ordinary share).

The Directors have declared a fully franked final dividend of $0.05 per ordinary share, in relation to 30 June 2013, payable on 29 October 2013 (2012: $0.10 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)
Julian Pemberton	2,936,583
Ian Burston	329,492
John Cooper	55,000
Michael Arnett	280,474

Transactions between entities within the Group and Director-related entities are set out in Note 36 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 1,807,552 Performance Rights on issue by the company. During the year 96,849 (2012: 1,710,703) Performance Rights were issued to Key Management Personnel (KMP) under the terms of the Company's Long-Term Incentive (LTI) Plan as approved by shareholders on 23 November 2011 and since the end of the financial period, no performance rights were forfeited or cancelled.

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 51 to 68.

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 69 of this report.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 38 page 125 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 38 (page 125) to the financial statements do not compromise the external auditors' independence, based on advice received from the Audit and Risk Management Committee, for the following reasons:

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has executed a deed of access, indemnity and insurance in favour of each Director. The indemnity requires the Company to indemnify each Director for liability incurred by the Director as an officer of the Company subject to the restrictions prescribed in the Corporations Act 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 $252,546 (2012: $259,208.).

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

NRW PTY LTD

ABN: 69 828 799 317

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21 August 2013

Dear Shareholders,

The NRW Nomination and Remuneration Committee (***N&RC***) and NRW Board are pleased to present the 2013 Remuneration Report. This report explains the remuneration programme that NRW has applied over the last 12 months. These programmes ensure NRW can maintain and extend our competitive position through retaining its key executives and attracting best-in-market executives to our 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 (ROCE).

For the 2013 year, key remuneration outcomes can be summarised as follows:

- Fixed remuneration for Executive KMP was reviewed and it was determined that no changes would be made, however the level of fixed remuneration will be reviewed at the interim result.
- Performance based remuneration was significantly diminished in light of outcomes relating to key measures including Earnings Per Share Growth and relative Total Shareholder Return. The number of Long Term Incentive (LTI) awards and Short Term Incentive (STI) awards granted has been reduced in respect of NRW's performance in FY13.
- The Non-Executive Director fee pool is unchanged following the increase at the 2012 AGM.

Further detail regarding the components and outcomes 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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PO Box 692, Belmont, Western Australia 6984
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Action Mining Services
103 Stirling Crescent, Hazelmere, Western Australia 6055
Po Box 1189, Midland, Western Australia, 6936
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REMUNERATION REPORT (AUDITED)

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 2013 for the following individuals, who are the Key Management Personal (**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, 27 July 2007
Mr J Cooper	Non-Executive Director	Appointed as Non-Executive Director, 29 March 2011
Mr M Arnett	Non-Executive Director	Appointed as Non-Executive Director, 27 July 2007
Executive Director		
Mr J Pemberton	Managing Director and Chief Executive Officer	Appointed as a Director of the Company 1 July 2006 and as Chief Executive Officer 7 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 - Resigned 7 December 2012
Mr T Raschella	Acting Chief Financial Officer	Acting appointment 7 August 2013.
Mr W Fair	General Manager – Action Drill & Blast Pty Limited	Appointed 1 March 2012
Mr M Wallace	Chief Financial Officer	Appointed 8 December 2008 - Left on 7 August 2013
Mr K Hyman	Company Secretary, Risk Management & Legal	Appointed 10 July 2007

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

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
FY14	The financial year ending 30 June 2014
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 Executive KMP 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;
- 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 twice during the reporting period.

2. FIVE YEAR SNAPSHOT

Measure	2013	2012	2011	2010	2009
Market Capitalisation (30 June)	$ 253.8 million	$842.2 million	$778.1 million	$246.2 million	$238.7 million
Share Price at end of year	$0.91	$3.02	$2.79	$0.98	$0.95
Share Price at beginning of year	$3.02	$2.79	$0.98	$0.95	$1.95
Total Revenue	$ 1,374.4 million	$1,360.8 million	$751.2 million	$615.6 million	$519.0 million
EBITDA	$168.3 million	$195.9 million	$95.5 million	$87.5 million	$81.2 million
EPS	26.6 cents	34.8 cents	16.1 cents	14 cents	15 cents
EPS Growth	(23.3%)	116%	15%	(7%)	10%
Net Profit After Tax	$ 74.1 million	$97.1 million	$41.2 million	$35.1 million	$37.1 million
Return on Capital Employed	30.9%	44.6%	29.6%	31.4%	32.3%
Interim Dividend paid	$0.08	$0.08	$0.04	$0.03	$0.01
Final Dividend declared in respect of the year	$0.05	$0.10	$0.05	$0.03	$0.01
Annual Total Shareholder Return (%)	(67%)	15%	194%	9%	(50%)

3. EXECUTIVE KMP REMUNERATION ARRANGEMENTS

3.1 EXECUTIVE KMP REMUNERATION STRATEGY & MIX

NRW's executive 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 and also succession planning requirements.

3.2 STRUCTURE OF EXECUTIVE KMP 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: Aon Hewitt McDonald 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 from whom talent is likely to be recruited, and to whom 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 (page 58)
- **Long term incentive (LTI)**: An award of LTI is granted via Performance Rights under the NRW Performance Rights Plan. Any Performance Rights granted are subject to Vesting Conditions and vesting periods – these are discussed further below in Section 4. The 2012 financial year award was intended as a transitional award that provided for vesting in three tranches over three successive years. From the 2013 financial year onwards the LTI award vests over a three-year performance period in one tranche. Executive KMP are not eligible to participate in dividends during the vesting period.

  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. 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, to determine the number of awards for the 2013 financial year LTI, the LTI quantum will be divided by the 60-day VWAP of the NRW share price on the day on which NRW announced its FY12 result to the ASX (i.e. on 24 August 2012 using VWAP of $2.9605), Performance Rights granted are then subjected to Vesting Conditions that are tested on the applicable vesting date.

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

3.3 AWARD LEVELS RELATIVE TO FIXED REMUNERATION

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

	STI Award as % Fixed Remuneration		LTI Award 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.

3.4 DETAILS OF INCENTIVE PLANS

STI and LTI Awards

Annual STI and LTI awards are determined against the same performance criteria. There is no automatic eligibility for the LTI. The initial performance criteria sets the quantum of the LTI award, which is then further subject to certain performance conditions (EPS growth, ROCE and relative TSR). 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 indicative 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. The criteria are revenue, contribution margin, net profit after tax (Group), asset utilisation, cost ratios, 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,

staff turnover, succession planning requirements, strategic planning goals and outcomes.

3.5 LTI VESTING CONDITIONS

NRW has two LTI awards in place, being awards granted in FY12 and awards granted in the current reporting period (FY13).

The vesting criteria applicable to both 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. ROCE is determined according to the following formula:

  Earnings before interest tax and abnormals / (Average Net Assets – Average Cash + Average Debt – Average Intangibles)
- **Relative TSR – 30% weighting:** NRW benchmarks its Total Shareholder Return (TSR) 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 has used a comparator group that is the same as the FY12 Comparator Group except that Brierty Limited and Watpac Limited have been removed. The size and comparative strength of these companies warranted their removal and substitution by Bradken Limited and Transpacific Industries Limited, which the Board felt better represented comparator companies, given their market capitalisation, 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 and FY13 awards:

LTI Vesting Condition, Weighting	FY12 LTI Award		FY13 LTI Award	
	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
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 less than 19.99% ROCE for most recently completed financial year date	100% of the ROCE limb vesting at 30% ROCE
Relative TSR, Weighting 30%	A TSR ranking 6th position or worse will result in 0% vesting,	A TSR ranking 3rd position or better = 100% of the Relative TSR limb vests,	A TSR ranking 6th position or worse will result in 0% vesting,	A TSR ranking 3rd position or better = 100% of the Relative TSR limb vests,

NRW has selected the three Vesting Conditions discussed above on the following basis:

- 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.

3.6 LTI VESTING PERIOD

Performance Rights granted under the FY12 LTI award are eligible to vest in three tranches as follows:

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

The Performance Rights granted under the FY13 LTI awards will be eligible to vest in a single tranche on 15 September 2015, subject to the performance of and testing against the 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.

3.7 OTHER CONSIDERATIONS APPLICABLE TO LTI AWARDS & 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 shares, 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.

3.8 EXECUTIVE SERVICE AGREEMENTS

The Executive Service Agreements in place in respect of NRW's KMP can be summarised as follows:

- Are not fixed term agreements and continue on an ongoing basis until terminated;
- Contain non-compete provisions restraining the executives from operating or being associated with an entity that competes with the business of NRW in Western Australia for 12 months after termination;
- Provide for remuneration to be reviewed annually by NRW;

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

Remuneration for all KMP listed is determined by the N&RC under the guidelines contained in this remuneration report.

4. EXECUTIVE KMP REMUNERATION OUTCOMES

4.1 EXECUTIVE KMP TOTAL EARNINGS IN 2013

The following table shows the earned remuneration for NRW's Executive KMP for the year ending 30 June 2013. The table includes fixed remuneration, short term incentive earned for FY13 performance and vesting of the second tranche of the FY12 LTI grant. The value attributed to the equity amounts (ie. LTI grant) is based on the number of shares that were issued multiplied by the closing share price at the last trading day of FY13. Note the value actually received by individuals differs from the remuneration outlined on page 63 (which is based on accounting values).

Name	Fixed remuneration(1)	FY 13 STI Cash Paid	FY12 LTI Shares Awarded	Total Actual Remuneration Earned in 2013
Mr J Pemberton	1,415,371	37,125	75,800	1,528,296
Mr M Wallace	525,773	-	-	525,773
Mr M Stewart	818,706	151,656	19,060	989,422
Mr W Rooney	998,502	17,337	31,391	1,047,230
Mr K Hyman(2)	403,165	-	-	403,165
Mr T Cook	453,177	-	-	453,177
Mr W Fair	450,521	48,233	6,619	505,373

(1) Fixed remuneration includes cash salary, movement in annual leave, superannuation, and non-monetary benefits

(2) 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

A) STI OUTCOMES

The following table summarises measures and weightings for each Executive KMP, sets out the weighted scores achieved and resulting proportion of STI earned and forfeited for the 2013 financial year.

Measures	Weight (%)	Proportion of maximum STI earned in FY13 (%)	Proportion of maximum STI forfeited in FY13 (%)
Mr J Pemberton	100.00	5.00	95.00
Group Financial	80.00		
Safety	10.00		
Personal	10.00		
Mr W Rooney	100.00	2.62	97.38
Group Financial	40.00		
Divisional	40.00		
Safety	10.00		
Personal	10.00		
Mr W Fair	100.00	15.81	84.19
Group Financial	30.00		
Divisional	50.00		
Safety	10.00		
Personal	10.00		
Mr M Stewart	100.00	30.04	69.96
Group Financial	40.00		
Divisional	40.00		
Safety	10.00		
Personal	10.00		
Mr M Wallace	100.00	0.00	100.00
Group Financial	40.00		
Divisional	25.00		
Safety	10.00		
Personal	25.00		

B) LTI OUTCOMES

The following table summarises measures and weightings for each Executive KMP, sets out the weighted scores achieved and resulting proportion of LTI earned and forfeited for the 2013 financial year.

Measures	Weight (%)	Proportion of maximum LTI earned in FY13 (%)	Proportion of maximum LTI forfeited in FY13 (%)
Mr J Pemberton	100.00	5.00	95.00
Group Financial	80.00		
Safety	10.00		
Personal	10.00		
Mr W Rooney	100.00	2.88	97.12
Group Financial	40.00		
Divisional	40.00		
Safety	10.00		
Personal	10.00		
Mr W Fair	100.00	13.17	86.83
Group Financial	30.00		
Divisional	50.00		
Safety	10.00		
Personal	10.00		
Mr M Stewart	100.00	29.88	70.12
Group Financial	40.00		
Divisional	40.00		
Safety	10.00		
Personal	10.00		
Mr M Wallace	100.00	0.00	100.00
Group Financial	40.00		
Divisional	25.00		
Safety	10.00		
Personal	25.00		

FY12 Awards

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 3 were applied against the first tranche of those Performance Rights (34% of Performance Rights granted) in FY12 and against the second tranche of those Performance Rights (33% of Performance Rights granted) in FY13. The number of Performance Rights that vested and converted into ordinary shares in NRW on 15 September 2012 and are due to vest on 15 September 2013, respectively, are shown alongside each Executive KMP member in the table below. 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 eligible to vest on 15 September 2013	Tranche 3 Performance Rights eligible to vest on 15 September 2014
Mr J Pemberton	841,377	286,068	83,296	277,654
Mr W Rooney	348,448	118,472	34,496	114,988
Mr M Stewart	211,570	71,934	20,945	69,818
Mr T Cook	76,015	25,845	-	-
Mr W Fair	73,479	24,983	7,274	24,248
Mr K Bounsell	85,165	28,957	-	-
Mr M Wallace	74,649	25,381	-	-
Total	1,710,703	581,640	146,011	486,708

^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 10%	Audited result	EPS Growth of 116%	100% x 40% weighting = 40% vesting
ROCE, *Weighting 30%*	ROCE of 25%	Audited result	ROCE of 45%	100% x 30% weighting = 30% vesting
Relative TSR, *Weighting 30%*	NRW's Relative TSR being 3rd or better	Link Market Services / Miraqle Metrics provided 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%

In respect of the Performance Rights that are eligible to vest on 15 September 2013, through the application of the Vesting Conditions, only the awards relating to the ROCE Vesting Condition (30%) vested. None (0%) of the awards relating to the EPS (40%) or RTSR (30%) Vesting Conditions vested.

The applicable outcomes of the Vesting Conditions tested in respect of the Second Tranche of the FY12 LTI Award are as follows:

FY12 LTI Award – Performance Rights Application of Vesting Conditions to Rights that due to vest on 15 September 2013				
LTI Vesting Condition, *Weighting*	Maximum vesting achieved at	Basis of Measurement	Result Achieved	Vesting
EPS Growth, *Weighting 40%*	EPS Growth of 10%	Audited result	EPS Growth of (23%)*	0% x 40% weighting = 0% vesting
ROCE, *Weighting 30%*	ROCE of 25%	Audited result	ROCE of 31%	100% x 30% weighting = 30% vesting
Relative TSR, *Weighting 30%*	NRW's Relative TSR being 3rd or better	Orient Capital Pty Ltd provided independent calculation of NRW Relative TSR	NRW's Relative TSR Performance of 8th out of 11	100% x 30% weighting = 0% vesting
TOTAL VESTING				30%

FY13 Awards

In respect of the LTI component of the FY13 Awards, the following table shows the total number of Performance Rights granted to NRW's KMP. The table sets out the number of Performance Rights that will be eligible to vest, subject to application of the Vesting Conditions on 15 September 2015.

	No. Rights expected to vest on 15 Sept 2015	Maximum potential number of Performance Rights for FY13 Award	Total number of Performance Rights granted under the FY13 Award
Mr J Pemberton	10,260	684,006	34,200
Mr W Rooney	2,204	255,362	7,345
Mr M Stewart	13,102	146,186	43,673
Mr W Fair	3,489	88,317	11,631
Mr M Wallace	-	101,081	-
Total	29,055	1,274,952	96,849

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

The table below sets out the remuneration outcomes for each of NRW's Executive KMP for the financial year ending 30 June 2013.

IN AUD $ 2013	Short Term Benefits					Post Employment Benefits	Other Long Term Benefits	Share Based Payments		Total
Key Management Personnel	Salary & fees	Termination Payment	STI cash bonus FY13	Non cash benefit (1)	Annual Leave (2)	Superannuation	Other (3)	Equity (4)	In substance options	
EXECUTIVE DIRECTORS										
Mr J Pemberton	1,295,127	-	37,125	1,258	102,516	16,470	21,353	388,952	-	1,862,801
EXECUTIVES										
Mr M Wallace (6)	468,504	-	-	-	41,246	16,023	-	75,356	-	601,129
Mr M Stewart	665,863	-	151,656	39,202	57,488	56,154	-	213,657	-	1,184,020
Mr W Rooney	895,507	-	17,337	5,106	72,889	25,000	-	351,763	-	1,367,602
Mr K Hyman	325,444	-	-	-	56,896	20,824	15,001	-	-	418,166
Mr T Cook (5)	294,883	105,593	-	22,348	16,270	14,084	-	17,950	-	471,127
Mr W Fair	371,745	-	48,233	-	32,244	46,532	-	74,197	-	572,951
Total Compensated (Consolidated)	4,317,073	105,593	254,351	67,914	379,549	195,087	36,354	1,121,875	-	6,477,796

(1) The non-cash benefits comprised mostly motor vehicle benefits offered to the key management personnel, including the applicable grossed up fringe benefits tax.

(2) Represents the movement in accrued leave.

(3) Represents the movement in accrued long service leave.

(4) Represents the expensing of the FY12 and FY13 award and consequent grant of Performance Rights in accordance with AASB 2 – Share based payments.

(5) Trevor Cook resigned employment 7 December 2012.

(6) M Wallace left the Company on 7 August 2013. Shares relating to tranche 2 of FY12 and FY13 will lapse and be reversed in FY14.

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

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

IN AUD $ 2012	Short Term Benefits					Post Employment Benefits	Other Long Term Benefits	Share Based Payments		Total [6]
Key Management Personnel	Salary & fees	STI cash bonus FY12	STI cash bonus FY11 [1]	Non cash benefit [2]	Annual Leave [3]	Superannuation	Other [4]	Equity [5]	In substance options	
EXECUTIVE DIRECTORS										
Mr J Pemberton	1,298,289	384,750	100,000	6,012	153,451	15,489	54,586	749,579	-	2,762,156
EXECUTIVES										
Mr K Bounsell	541,105	40,000	-	21,373	53,432	12,952	21,962	80,946	-	771,769
Mr M Wallace	370,801	119,476	-	44,999	36,055	15,471	-	70,951	-	657,754
Mr M Stewart	635,088	169,309	50,000	39,202	53,328	60,582	-	201,089	-	1,208,597
Mr W Rooney	833,886	232,372	75,000	6,603	70,325	32,948	-	331,186	-	1,582,320
Mr K Hyman	310,021	60,000	25,000	1,927	29,206	26,046	7,015	-	-	459,215
Mr T Cook	369,488	121,662	-	10,796	34,116	42,251	-	72,249	-	650,563
Mr W Fair	329,172	117,604	-	-	30,113	30,912	-	69,839	-	577,640
Mr S Lucas[7]	418,250	-	-	81,603	-	37,101	-	-	-	536,954
Total Compensated (Consolidated)	5,106,100	1,245,173	250,000	212,515	460,026	273,752	83,563	1,575,839	-	9,206,968

(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 movement in accrued leave.

(4) Represents the movement in accrued long service leave.

(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 employment 18 May 2012

5. NON-EXECUTIVE DIRECTOR REMUNERATION

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 $750,000 in aggregate, per annum. This maximum sum cannot be increased without member's approval by ordinary resolution at a general meeting.

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

Director	Fee per annum AUD
Dr I Burston	125,000
Mr J Cooper	98,462
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.

The table below sets out the remuneration outcomes for each of NRW's Non-Executive Directors for the financial years ended 30 June 2013 and 30 June 2012.

IN AUD $		Short Term Benefits		Post Employment Benefits	Total
NON-EXECUTIVE DIRECTORS	Financial year	Salary & fees	Non cash benefit	Superannuation	
Mr I Burston	2013	125,000	9,087	8,438	142,525
	2012	125,000	6,497	11,250	142,747
Mr J Cooper	2013	98,462	3,675	8,862	110,999
	2012	101,999		9,180	111,179
Mr M Arnett	2013	100,000	7,368	9,000	116,368
	2012	100,000	3,036	9,000	112,036
FY13 NON-EXECUTIVE DIRECTORS TOTAL		323,462	20,130	26,300	369,892
FY12 NON-EXECUTIVE DIRECTORS TOTAL		326,999	9,533	29,430	365,962

6. ADDITIONAL STATUTORY DISCLOSURES

This section sets out the additional disclosures required under the *Corporations Act 2001.*

Performance Rights Fair Value

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) for the FY12 and FY13 LTI awards. 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).

FY13 AWARDS

	Grant Date	Performance Rights that are eligible to vest on 15 September 2015		
		EPS Growth ($)	ROCE ($)	RTSR ($)
Mr J Pemberton	28/11/2012	1.13	1.13	0.36
Mr W Rooney	18/06/2013	0.76	0.76	0.11
Mr M Stewart	18/06/2013	0.76	0.76	0.11
Mr W Fair	18/06/2013	0.76	0.76	0.11

FY12 AWARDS

	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 Pemberton	23/11/2011	2.65	2.65	1.70	2.49	2.65	1.70	2.35	2.35	1.61
Mr W Rooney	12/03/2012	3.73	3.73	2.93	3.52	3.52	2.64	3.31	3.31	2.50
Mr M Stewart	12/03/2012	3.73	3.73	2.93	3.52	3.52	2.64	3.31	3.31	2.50
Mr T Cook	12/03/2012	3.73	3.73	2.93	-	-	-	-	-	-
Mr W Fair	12/03/2012	3.73	3.73	2.93	3.52	3.52	2.64	3.31	3.31	2.50
Mr M Wallace	12/03/2012	3.73	3.73	2.93	-	-	-	-	-	-

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.

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
Performance Rights	28 November 2012 and 18 June 2013	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 tables summarise the key assumptions adopted for valuation of the awards.

For all awards, the volatility assumption is representative of the level of uncertainty expected in the movements of the company's share price over the life of the award. The assessment of volatility includes the historic volatility of the market price of the company's share and the mean reversion tendency of volatilities. The expected volatility of each company in the peer group is determined based on the historic volatility of the companies' share prices. In making this assumption, two years of historic volatility was used where available.

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		$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 28 November 2012

Award type	Performance Rights
Vesting Conditions	Relative TSR, ROCE and EPS
Share price at the grant date	$1.48
Vesting date	15 September 2015
Expected life	3 years
Risk free interest rate	2.66%
Volatility	50%
Dividend yield	9.0%

Key assumptions for the awards granted on 18 June 2013

Award type	Performance Rights
Vesting Conditions	Relative TSR, ROCE and EPS
Share price at the grant date	$0.925
Vesting date	15 September 2015
Expected life	2.2 years
Risk free interest rate	2.49
Volatility	55%
Dividend yield	8.5

END OF REMUNERATION REPORT (AUDITED)

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

Dr Ian Burston
Chairman

Perth, 21 August 2013

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2013

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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21 August 2013

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 2013, 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

Darren Hall
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, 21 August 2013

CONSOLIDATED STATEMENT OF
PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

		Consolidated	
	NOTES	2013	2012
		$'000	$'000
REVENUE	6	1,374,403	1,358,776
Other income / (loss)	7	(2,975)	2,063
Finance income		786	1,498
Finance costs	8	(15,462)	(14,358)
Materials and consumables used		(204,551)	(176,779)
Employee benefits expense	9(a)	(426,805)	(395,823)
Subcontractor costs		(297,538)	(283,767)
Depreciation and amortisation expenses	9(a)	(48,885)	(41,894)
Plant and equipment costs	9(a)	(226,169)	(268,604)
Travel and accommodation		(38,792)	(31,855)
Other expenses		(9,249)	(8,123)
PROFIT BEFORE INCOME TAX		104,763	141,134
Income tax expense	10(a)	(30,656)	(43,992)
PROFIT FOR THE YEAR		74,107	97,142
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		28	6
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR, NET OF TAX		28	6
TOTAL COMPREHENSIVE INCOME		74,135	97,148
PROFIT ATTRIBUTABLE TO:			
Equity holders of the Company		74,107	97,142
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Company		74,135	97,148
		CENTS	CENTS
EARNINGS PER SHARE	11		
Basic earnings per share		26.6	34.8
Diluted earnings per share		26.5	34.7

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2013

		CONSOLIDATED	
	NOTES	2013	2012
		$'000	$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	12	130,994	137,955
Receivables	13	205,052	280,438
Inventories	14	48,547	33,374
Current tax assets	10(d)	3,773	-
Other current assets	15	5,400	4,149
TOTAL CURRENT ASSETS		393,766	455,916
NON-CURRENT ASSETS			
Property, plant and equipment	16	387,696	366,179
Other intangible assets	17	8,126	526
Goodwill	20	24,417	24,417
TOTAL NON-CURRENT ASSETS		420,239	391,122
TOTAL ASSETS		814,005	847,038
LIABILITIES			
CURRENT LIABILITIES			
Payables	22	196,939	250,418
Borrowings	23	52,379	49,592
Current tax liabilities	10(d)	-	22,913
Provisions	24	16,139	29,576
TOTAL CURRENT LIABILITIES		265,457	352,499
NON-CURRENT LIABILITIES			
Borrowings	23	167,191	149,178
Provisions	24	1,201	26
Deferred tax liabilities	10(e)	27,286	16,157
TOTAL NON-CURRENT LIABILITIES		195,677	165,361
TOTAL LIABILITIES		461,135	517,860
NET ASSETS		352,870	329,178
EQUITY			
Contributed equity	25	156,432	156,456
Reserves	26	2,777	2,969
Retained earnings	27	193,661	169,753
TOTAL EQUITY		352,870	329,178

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

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	NOTES	CONTRIBUTED EQUITY $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	SHARE BASED PAYMENT RESERVE $'000	TOTAL RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance at 30 June 2011		156,456	(248)	1,635	1,387	108,866	266,709
Profit for the year	27	-	-	-	-	97,142	97,142
Exchange differences arising on translation of foreign operations	26	-	6	-	6	-	6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	6	-	6	97,142	97,148
Payment of dividends	28	-	-	-	-	(36,255)	(36,255)
Issue of ordinary shares under institutional share placement	25(a)	-	-	-	-	-	-
Issue of ordinary shares under Share Purchase Plan	25(a)	-	-	-	-	-	-
Share issue costs	25(a)	-	-	-	-	-	-
Income tax relating to share issue costs	25(a)	-	-	-	-	-	-
Share based payments		-	-	1,576	1,576	-	1,576
BALANCE AT 30 JUNE 2012		156,456	(242)	3,211	2,969	169,753	329,178
Balance at 1 July 2012		156,456	(242)	3,211	2,969	169,753	329,178
Profit for the year	27	-	-	-	-	74,107	74,107
Exchange differences arising on translation of foreign operations	26	-	28	-	28	-	28
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	28	-	28	74,107	74,135
Payment of dividends	28	-	-	-	-	(50,199)	(50,199)
Share based payments	26(a)	-	-	1,042	1,042	-	1,042
Transfer to issued capital	25(a)	1,261	-	(1,261)	(1,261)	-	-
Acquisition of treasury shares	25(a)	(1,285)	-	-	-	-	(1,285)
		-	-	-	-	-	-
BALANCE AT 30 JUNE 2013		156,432	(214)	2,991	2,777	193,661	352,870

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 2013

	NOTES	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,618,858	1,236,684
Payments to suppliers and employees		(1,439,951)	(1,035,468)
Interest paid		(15,462)	(14,358)
Interest received		786	1,498
Income tax paid		(46,213)	(15,173)
NET CASH FLOW FROM OPERATING ACTIVITIES	29(a)	118,017	173,183
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		12,326	3,478
Acquisition of property, plant and equipment		(50,234)	(38,143)
Proceeds from related parties		-	-
NET CASH FLOW FROM IN INVESTING ACTIVITIES		(37,908)	(34,665)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of share capital (net of share issue costs)		-	-
Proceeds from borrowings		6,303	15,664
Repayment of borrowings and finance/hire purchase liabilities		(41,889)	(50,600)
Payment of dividends to shareholders		(50,198)	(36,255)
Acquisition of treasury shares		(1,285)	-
NET CASH FLOW FROM FINANCING ACTIVITIES		(87,070)	(71,191)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(6,961)	67,327
Cash and cash equivalents at beginning of the year		137,955	70,628
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	130,994	137,955

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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 2013 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 of, 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 financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

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 21 August 2013.

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 where applicable. 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 (ie. 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 the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

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 GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

2.13 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.

2.14 TAXATION

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

2.14.1 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.

2.14.2 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.

2.14.3 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.

2.15 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.

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.

2.16 INTANGIBLE ASSETS

2.16.1 Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.16.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.16.3 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

2.17 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see 2.15 above).

2.18 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.

2.19 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.

2.19.1 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.

2.20 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.

2.21 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.

2.21.1 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.

2.21.2 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.

2.21.3 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.

2.21.4 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.

2.21.5 Loans and receivables

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

2.21.6 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.

2.22 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

2.22.1 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.

2.22.2 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.

2.22.3 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.

2.22.4 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.

2.23 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 75 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

2.24 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.

2.25 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.

2.26 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.

2.27 EARNINGS PER SHARE

2.27.1 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.

2.27.2 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.

2.28 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 31. 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 31. 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 Section 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 a valuation methods detailed in Note 31.

One of the inputs into the valuation model is volatility of the underlying share price which is estimated on the two 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 2013 was $24.4 million (30 June 2012: $24.4 million). The Directors determined no impairment of goodwill during the current year (2012: Nil). Details of the goodwill carrying amount can be found at Note 20.

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:

(i) future increases in wages and salaries;

(ii) future on cost rates; and

(iii) employee departures and period of service.

3.2.4 Useful lives of property, plant and equipment

As described at Section 2.15 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 2.19.1, 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 following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

Amendments to AASB 101 'Presentation of Financial Statements'	The amendment (part of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income' introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income. The amendments (part of AASB 2012-5 'Further Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle') requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position), when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

Standards and Interpretations affecting the reported results or financial position

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

4.2 Standards and Interpretations in issue not yet adopted

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	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 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	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 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014
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

[1] The AASB has issued the following versions of AASB 9 and the relevant amending standards;

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure'.

For annual reporting periods beginning before 1 January 2015, an entity may early adopt either AASB 9

(December 2009) or AASB 9 (December 2010) and the relevant amending standards.

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.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
None.		

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 36.

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.** The activity historically comprised predominantly of plant and equipment sales and earth moving tyres and no longer forms part of operating activities.
- **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

As with prior years the predominantly core geographic regions comprise of Australia and West Africa – Guinea. The Guinea operation has been completed during FY13 and the Group continues to pursue other international projects for its core segments above.

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

	REVENUE FROM EXTERNAL CUSTOMERS		TOTAL CURRENT AND NON-CURRENT ASSETS	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Australia	1,352,275	1,322,004	807,652	832,811
West Africa – Guinea	22,128	36,772	6,353	14,227
TOTAL	1,374,403	1,358,776	814,005	847,038

C) REPORTABLE SEGMENT REVENUES AND RESULTS

	SEGMENT REVENUE		SEGMENT PROFIT (LOSS)	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Civil Contracting	860,641	731,691	92,034	81,639
Mining Services	404,526	542,161	17,938	63,957
Drilling & Blasting Services	150,533	113,135	16,819	18,744
Equipment Sales	-	547	-	(1,045)
Fabrication & Repair Services	41,804	46,591	3,308	4,610
Eliminations	(83,102)	(75,349)	-	-
Total for continuing operations	1,374,402	1,358,776	130,099	167,905
Other unallocated expenses			(10,659)	(13,911)
Net finance costs			(14,677)	(12,860)
Income tax expense			(30,656)	(43,992)
PROFIT FOR THE PERIOD			74,107	97,142

D) SEGMENT ASSETS AND LIABILITIES

	SEGMENT ASSETS	
	2013	2012
	$'000	$'000
Civil Contracting	291,422	274,221
Mining Services	395,788	477,661
Drilling & Blasting Services	52,782	39,082
Equipment Sales	-	26
Fabrication & Repair Services	41,720	39,817
Other unallocated assets	32,292	16,231
CONSOLIDATED ASSETS	814,005	847,038

	SEGMENT LIABILITIES	
	2013	2012
	$'000	$'000
Civil Contracting	(172,930)	(171,567)
Mining Services	(213,400)	(288,694)
Drilling & Blasting Services	(37,009)	(35,159)
Equipment Sales	-	(68)
Fabrication & Repair Services	(7,464)	(6,305)
Other unallocated liabilities	(30,332)	(16,067)
CONSOLIDATED LIABILITIES	(461,135)	(517,860)

E) INFORMATION ABOUT MAJOR CUSTOMERS

Revenue derived from each of the segment's major customers are calculated as $420.496 million (2012: $256.802 million) in the civil division relating to one customer, $161.800 million (2012: $261.404 million) in the mining division relating to one customer, $96.571 million (2012: $67.88 million) in the drilling and blasting division relating to one customer, $0 million (2012: $0.31 million) in the equipment sales division relating to one customer and $3.534 million (2012: $9.36 million) in the fabrication and repair division relating to one customer.

F) OTHER SEGMENT INFORMATION

	Depreciation and amortisation		Additions to non-current assets	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Civil Contracting	11,198	11,516	11,825	16,571
Mining Services	32,187	27,002	51,581	105,526
Drilling & Blasting Services	3,996	1,880	15,924	15,110
Equipment Sales	-	26	-	-
Fabrication & Repair Services	425	346	1,815	559
Other	1,078	1,124	12,003	6,657
TOTAL FOR CONTINUING OPERATIONS	48,885	41,894	93,148	144,423

6. REVENUE

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Revenue from the sale of goods	18,834	26,108
Revenue from the rendering of services	1,355,569	1,332,668
TOTAL REVENUE	1,374,403	1,358,776

7. OTHER INCOME (LOSS)

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Net (loss) on sale of property plant and equipment	(2,811)	(887)
Other income	(164)	2,950
TOTAL	(2,975)	2,063

8. FINANCE COSTS

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Interest Income	786	1,498
TOTAL FINANCE INCOME	786	1,498
Interest on obligations under finance leases	(15,450)	(14,209)
Interest on bank overdrafts and loans	(13)	(149)
TOTAL FINANCE EXPENSES	(15,462)	(14,358)
NET FINANCE EXPENSE	(14,677)	(12,860)

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	
	2013	2012
	$'000	$'000
Depreciation of non-current assets	(43,930)	(41,568)
Amortisation	(4,955)	(326)
	(48,885)	(41,894)
Operating lease payments	(12,928)	(5,141)
Rental hire payments	(156,096)	(198,086)
Other	(57,145)	(65,377)
	(226,169)	(268,604)
Employee benefits expense:		
Wages and salaries	(396,984)	(366,794)
Superannuation contributions	(28,779)	(27,453)
Share based payments	(1,042)	(1,576)
	(426,805)	(395,823)

10. INCOME TAXES RELATING TO CONTINUING OPERATIONS

A) RECOGNISED IN PROFIT OR LOSS

	CONSOLIDATED	
	2013 $'000	2012 $'000
CURRENT TAX EXPENSE		
Current year income tax	19,002	37,897
Adjustments for prior years income tax	524	1,385
	19,526	39,282
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	11,130	4,710
TOTAL TAX EXPENSE	30,656	43,992

B) RECONCILIATION OF EFFECTIVE TAX RATE

	CONSOLIDATED	
	2013 $'000	2012 $'000
Profit for the period	104,763	141,134
INCOME TAX USING THE COMPANY'S DOMESTIC TAX RATE OF 30%	31,429	42,340
Changes in income tax expense due to:		
Non-allowable expenses	161	551
Tax losses	2	1,165
Over provision for prior years	(504)	(67)
Over provision for prior years – Research & Development Claim	(435)	-
Effect of different income tax rates for subsidiaries operating in a different tax jurisdiction	4	3
TOTAL INCOME TAX EXPENSE	30,656	43,992
Effective tax rate	29.26%	31.17%

C) RECOGNISED DIRECTLY IN EQUITY

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Share issue costs (30%)	-	-
TOTAL	-	-

D) CURRENT TAX ASSETS AND LIABILITIES

	CONSOLIDATED	
	2013	2012
	$'000	$'000
CURRENT TAX ASSETS AND LIABILITIES		
Income tax receivable	3,773	-
Income tax payable	-	22,913

The Group is not part of a tax consolidated group.

E) DEFERRED TAX BALANCES

	ASSETS		LIABILITIES		NET	
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Share based payments	313	-	-	-	313	(1)
Costs of equity raising FY2011	267	401	-	-	267	401
Provisions	5,202	8,577	-	-	5,202	8,577
Work in progress (construction)	-	-	(10,313)	(14,376)	(10,313)	(14,375)
Inventories	-	15	(9,098)	(6,590)	(9,098)	(6,575)
PP&E	171	93	(14,237)	(6,960)	(14,067)	(6,867)
Other creditors and accruals	3,169	4,383	-	-	3,169	4,383
Other assets	17	72	(2,775)	(1,772)	(2,758)	(1,700)
DEFERRED TAX ASSETS / (LIABILITIES)	9,138	13,541	(36,424)	(29,698)	(27,286)	(16,157)

11. EARNINGS PER SHARE

	CONSOLIDATED	
	2013	2012
	CENTS PER SHARE	CENTS PER SHARE
Basic earnings per share	26.6	34.8
Diluted earnings per share	26.5	34.7

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	
	2013	2012
	$'000	$'000
Profit for the year	74,107	97,142
Weighted average number of shares for the purposes of basic earnings per share (No.)	278,877	278,888

B) DILUTED EARNINGS PER SHARE

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

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Profit for the year	74,107	97,142

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

	CONSOLIDATED	
	2013	2012
	#No. '000	#No. '000
Weighted average number of shares for the purposes of basic earnings per share	278,877	278,888
Shares deemed to be issued for no consideration in respect of:		
- Options	-	-
- Performance rights	271	765
Weighted average number of shares used for the purposes of diluted earnings per share	279,148	279,653

12. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Cash and cash equivalents	130,994	137,955
	130,994	137,955

Cash and cash equivalents includes cash on hand and in banks.

13. RECEIVABLES

A) TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Current receivables		
Trade Receivables	67,096	134,038
Other Receivables	434	311
Retentions	4,324	164
Securities (property bonds)	80	83
SUBTOTAL	71,934	134,596
Construction Work in Progress (Note 21)	133,118	145,842
TOTAL TRADE & OTHER RECEIVABLES	205,052	280,438

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	
	2013	2012
	$'000	$'000
Balance at the beginning of the year	-	(56)
Impairment losses recognised on receivables	-	-
Amounts written off during the year as uncollectible	-	-
Amounts recovered during the year	-	56
BALANCE AT END OF YEAR	-	-

C) AGEING OF IMPAIRED TRADE RECEIVABLES

	CONSOLIDATED	
	2013	2012
	$'000	$'000
60-90 days	-	-
90-120 days	-	-
120+ days	-	-
BALANCE AT END OF YEAR	-	-

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.

D) AGE OF RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	CONSOLIDATED	
	2013	2012
	$'000	$'000
60-90 days	3,112	4,073
90-120 days	159	294
120+ days	3,124	2,505
TOTAL	6,395	6,872

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	
	2013	2012
	$'000	$'000
Raw materials and consumables	42,953	28,356
Work in progress	5,594	5,018
BALANCE AT 30 JUNE	48,547	33,374

15. OTHER CURRENT ASSETS

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Prepayments	5,400	4,149
TOTAL	5,400	4,149

16. PROPERTY, PLANT AND EQUIPMENT

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

	LAND	BUILDINGS	LEASEHOLD IMPROVEMENTS	PLANT AND EQUIPMENT	TOTAL
	$'000	$'000	$'000	$'000	$'000
COST					
Balance at 30 June 2011	-	1,959	1,083	385,479	388,521
Effect of foreign currency exchange differences	-	-	-	2	2
Additions	-	4,290	122	140,011	144,423
Disposals	-	(2)	-	(7,466)	(7,468)
BALANCE AS AT 30 JUNE 2012		6,246	1,205	518,026	525,478
Effect of foreign currency exchange differences	-	-	-	9	9
Additions	3,218	1,201	34	76,090	80,544
Disposals	-	-	-	(36,771)	(36,771)
BALANCE AS AT 30 JUNE 2013	3,218	7,447	1,239	557,355	569,260
DEPRECIATION					
Balance at 30 June 2011	-	385	339	120,110	120,835
Depreciation	-	545	121	40,901	41,568
Effect of foreign currency exchange differences	-	-	-	1	1
Disposals	-	(2)	-	(3,102)	(3,104)
BALANCE AS AT 30 JUNE 2012	-	928	461	157,910	159,299
Depreciation	-	1,052	131	42,747	43,930
Effect of foreign currency exchange differences	-	-	-	5	5
Disposals		-	-	(21,669)	(21,669)
BALANCE AS AT 30 JUNE 2013	-	1980	592	178,993	181,565
CARRYING AMOUNTS					
At 30 June 2012	-	5,318	745	360,116	366,179
At 30 June 2013	3,218	5,467	647	378,363	387,695

17. OTHER INTANGIBLE ASSETS

	CONSOLIDATED	
CARRYING AMOUNTS OF:	2013	2012
	$'000	$'000
Capital Development of Information Systems	7,198	526
Software Licenses	928	-
TOTAL	8,126	526

	INTANGIBLES – CAPITALISED DEVELOPMENT	INTANGIBLES – LICENCES	TOTAL
	$'000	$'000	$'000
COST			
Balance at 30 June 2011	1,005	-	1,005
Disposals	-	-	-
BALANCE AS AT 30 JUNE 2012	1,005	-	1,005
Additions	11,165	1,429	12,595
Disposals	(51)	-	(51)
BALANCE AS AT 30 JUNE 2013	12,119	1,429	13,549
AMORTISATION			
Balance at 30 June 2011	153	-	153
Amortisation expense	326	-	326
BALANCE AS AT 30 JUNE 2012	479	-	479
Amortisation expense	4,453	502	4,955
Disposals	(11)	-	(11)
BALANCE AS AT 30 JUNE 2013	4,921	502	5,423
CARRYING AMOUNTS			
At 30 June 2012	526	-	526
At 30 June 2013	7,198	928	8,126

The intangibles comprise of capital development of information systems and software licenses. The effective useful lives of the intangibles has been identified as three years for the general network development and four years for software development costs and amortised accordingly. The carrying value will be assessed at least annually ongoing by the Directors.

18. CONSOLIDATED ENTITIES

	PRINCIPLE ACTIVITIES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
			2013	2012
PARENT ENTITY				
NRW Holdings Limited	Holding Company	Australia	-	-
WHOLLY OWNED SUBSIDIARIES				
NRW Pty Ltd as trustee for NRW Unit Trust	Civil and Mining	Australia	100%	100%
Action Mining Services Pty Ltd (formerly Actionblast Pty Ltd)	Repairs and Fabrication	Australia	100%	100%
NRW Mining Pty Ltd	Investment Shell	Australia	100%	100%
NRW Intermediate Holdings Pty Ltd	Intermediary	Australia	100%	100%
ACN 107724274 Pty Ltd	Plant and Tyre Sales	Australia	100%	100%
NRW Guinea SARL	Contract Services	Guinea	100%	100%
Indigenous Mining & Exploration Company Pty Ltd	Investment Shell	Australia	100%	100%
NRW International Holdings Pty Ltd	Investment Shell	Australia	100%	100%
Action Drill and Blast Pty Ltd (formerly NRW Drill & Blast Pty Ltd)	Drilling and Blasting	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 Republique of Guinea (West Africa) and not part of the above deed of cross guarantee arrangements.

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

	CONSOLIDATED	
	2013	2012
	$'000	$'000
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	1,374,333	1,358,690
Other income	(3,020)	1,927
Finance income	786	1,498
Finance costs	(15,462)	(14,358)
Materials and consumables used	(204,530)	(176,754)
Employee benefits expense	(426,147)	(394,608)
Subcontractor costs	(298,751)	(283,767)
Depreciation and amortisation expenses	(48,871)	(41,887)
Plant and equipment costs	(226,067)	(268,365)
Travel and accommodation	(38,792)	(31,855)
Other expenses	(8,799)	(9,447)
PROFIT BEFORE INCOME TAX	104,680	141,074
Income tax expense	(30,627)	(43,971)
PROFIT FOR THE YEAR	74,053	97,103

	CONSOLIDATED	
	2013	2012
	$'000	$'000
OTHER COMPREHENSIVE INCOME		
Exchange differences arising on translation of foreign operations	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	74,053	97,103

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

	CONSOLIDATED	
	2013	2012
	$'000	$'000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	131,029	137,676
Trade and other receivables	205,052	280,436
Inventories	48,547	33,374
Current tax assets	3,733	-
Other current assets	5,388	4,089
TOTAL CURRENT ASSETS	393,750	455,575
NON-CURRENT ASSETS		
Property, plant and equipment	392,544	366,278
Intangibles	3,236	389
Goodwill	24,417	24,417
Financial assets	3	3
TOTAL NON-CURRENT ASSETS	420,199	391,087
TOTAL ASSETS	813,949	846,662
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	193,390	250,195
Borrowings	52,379	49,592
Current tax liabilities	-	22,956
Provisions	19,910	29,576
TOTAL CURRENT LIABILITIES	265,679	352,318
NON-CURRENT LIABILITIES		
Borrowings	167,191	149,178
Provisions	1,201	26
Deferred tax liabilities	27,286	16,157
TOTAL NON-CURRENT LIABILITIES	195,677	165,361
TOTAL LIABILITIES	461,356	517,679
NET ASSETS	352,593	328,983
EQUITY		
Issued capital	156,432	156,456
Reserves	2,991	3,211
Retained earnings	193,170	169,316
TOTAL EQUITY	352,593	328,983

19. UNINCORPORATED JOINT OPERATIONS

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

NAME OF OPERATION	PRINCIPAL ACTIVITY	GROUP INTEREST	
		2013	2012
NRW VDM Joint Venture	Mine Asset Development (earthworks) and Breakwater Construction. Now completed.	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%	50%

Other than the winding up of the NRW VDM Joint Arrangement, there has been no change in the Group's ownership or voting interests in these joint arrangements for the reported years.

The following amounts are included in the Groups consolidated financial statements as a result of the proportionate consolidation of the above interests in Joint Operations.

FINANCIAL INFORMATION	CONSOLIDATED	
	2013	2012
	$'000	$'000
STATEMENT OF FINANCIAL PERFORMANCE		
Income	320,817	339,652
Expenses	308,950	334,955
STATEMENT OF FINANCIAL POSITION		
Current assets	69,176	74,708
Non-current assets	387	656
Current liabilities	61,961	76,543
Non-current liabilities	-	-

20. GOODWILL

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Cost	24,417	24,417
	24,417	24,417

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 2014 plus cash flow projections up to and including the year ended 30 June 2018.

Estimated rate of growth

The estimated growth rate of 5% has been agreed as the appropriate growth rate given estimate sales and forecast of future projects.

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 18.0% (2012: 16.43%). The Directors assess there is no impairment of the goodwill as at 30 June 2013 (30 June 2012: 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.

E) COST

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Balance at beginning of financial year	27,127	27,127
BALANCE AT END OF FINANCIAL YEAR	27,127	27,127

F) ACCUMULATED IMPAIRMENT

	CONSOLIDATED	
	2013	2012
	$'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)

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

	CONSOLIDATED	
	2013	2012
	$'000	$'000
CONTRACTS IN PROGRESS		
Construction costs incurred plus recognised profits less recognised losses to date	1,343,617	1,205,514
Less: progress billings	1,210,499	1,059,672
	133,118	145,842
Recognised and included in the consolidated financial statements as amounts due:		
- from customers under construction contracts	139,191	153,845
- to customers under construction contracts	(6,073)	(8,003)
	133,118	145,842

22. PAYABLES

	CONSOLIDATED	
	2013	2012
	$'000	$'000
CURRENT PAYABLES		
Trade Payables	115,671	167,777
Goods and service tax	936	1,823
Non trade payables and accruals	80,332	80,818
	196,939	250,418

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.

23. BORROWINGS

A) THE GROUP BORROWINGS IS COMPRISED OF

	CONSOLIDATED	
	2013 $'000	2012 $'000
SECURED AT AMORTISED COST		
Current		
Finance lease liability	52,379	49,492
Insurance funding	-	100
TOTAL CURRENT	52,379	49,592
Non-Current		
Finance lease liability	167,191	149,178
TOTAL NON-CURRENT	167,191	149,178
GROUP TOTAL	219,570	198,770

B) FINANCE FACILITIES

Consolidated finance facilities as at 30 June 2013

FINANCE DESCRIPTION	FACE VALUE (LIMIT) $'000	CARRYING AMOUNT (UTILISED) $'000	UNUTILISED AMOUNT (UTILISED) $'000
Asset Financing(1)	315,982	219,570	96,412
Working Capital	64,716	-	64,716

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	266,547
Working Capital	50,000	-	50,000
Other	100	100	-

(1) Terms range from 3 to 5 years

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.

24. PROVISIONS

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Current		
Employee benefits	14,220	22,653
Warranty	1,919	6,923
TOTAL CURRENT PROVISIONS	16,139	29,576
Non-current		
Employee benefits	1,201	26
TOTAL NON-CURRENT PROVISIONS	1,201	26
TOTAL CURRENT AND NON-CURRENT PROVISIONS	17,340	29,602

	CONSOLIDATED		
	WARRANTY PROVISION	EMPLOYEE BENEFITS	TOTAL
	$'000	$'000	$'000
Balance at 1 July 2012	6,923	22,679	29,602
Provisions made during the year	3,286	13,549	16,835
Reductions arising from payments	(826)	(20,807)	(21,633)
Reductions resulting from re-measurement	(7,464)	-	(7,464)
BALANCE AT 30 JUNE 2013	1,919	15,421	17,340
Short-term provisions	1,919	14,220	16,139
Long-term provisions	-	1,201	1,201
TOTAL BALANCE AT 30 JUNE 2013	1,919	15,421	17,340

(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.

25. CONTRIBUTED EQUITY

A) FULLY PAID ORDINARY SHARES

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Ordinary shares		
278,877,219 fully paid ordinary shares (2012: 278,888,011)	156,432	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	
	2013	2012	2013	2012
	# NO. '000	# NO. '000	$'000	$'000
FULLY PAID ORDINARY SHARES				
BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR	278,888	278,888	156,456	156,456
Acquisition of treasury shares	(587)	-	(1,285)	-
Transfer to contributed equity	576	-	1,261	-
Share issue costs	-	-	-	-
BALANCE AT THE END OF THE PERIOD	278,877	278,888	156,432	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 31.

26. RESERVES

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Share based payment reserve	2,991	3,211
Foreign currency reserve	(214)	(242)
TOTAL RESERVES	2,777	2,969

	CONSOLIDATED	
	2013	2012
	$'000	$'000
SHARE BASED PAYMENT RESERVE		
Balance at the beginning of the financial year	3,211	1,635
Equity compensation	-	1,576
Shares issued for vested rights	(1,261)	-
Share based payments	1,042	-
BALANCE AT THE END OF THE FINANCIAL YEAR	2,991	3,211

	CONSOLIDATED	
	2013	2012
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the financial year	(242)	(248)
Exchange differences arising on translation of foreign operations	28	6
BALANCE AT THE END OF THE FINANCIAL YEAR	(214)	(242)
TOTAL RESERVES	2,777	2,969

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.

27. RETAINED EARNINGS

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Balance at the beginning of the financial year	169,753	108,866
Net profit attributable to members of the parent entity	74,107	97,142
Dividends paid (Note 28)	(50,199)	(36,255)
BALANCE AT THE END OF THE FINANCIAL YEAR	193,661	169,753

28. DIVIDENDS

A) DIVIDENDS PAID

	2013		2012	
	CENTS PER SHARE	TOTAL $'000	CENTS PER SHARE	TOTAL $'000
Recognised amounts paid:				
Fully paid ordinary shares, fully franked				
Final dividend to 30 June 2011			5.00	13,944
Interim dividend to 31 December 2011			8.00	22,311
Final dividend to 30 June 2012	10.00	27,888		
Interim dividend to 31 December 2012	8.00	22,311		
		50,199		36,255
Unrecognised amounts:				
Fully paid ordinary shares, fully franked				
Final dividend to 30 June 2012			10.00	27,889
Final dividend to 30 June 2013	5.00	13,944		

On 21 August 2013, the Directors declared a fully franked final dividend of 5 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2013.

B) FRANKING ACCOUNT

	CONSOLIDATED	
	2013 $'000	2012 $'000
FRANKING ACCOUNT BALANCE AT 1 JULY	40,692	41,076
Australian income tax paid(1)	46,174	15,154
Franking credits attached to dividends paid:		
- as final dividend	(11,952)	(5,976)
- as interim dividend	(9,562)	(9,562)
FRANKING ACCOUNT BALANCE AT 30 JUNE	65,352	40,692
Franking credits that will arise from the payment /(refund) of income tax payable as at reporting date	(3,733)	23,034
Franking credits that will arise from the payment of declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	(5,976)	(11,952)
NET FRANKING CREDITS AVAILABLE	55,643	51,774

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

29. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

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

	CONSOLIDATED	
	2013	2012
	$'000	$'000
PROFIT FOR THE PERIOD	74,107	97,142
Adjustments for:		
Loss on sale of property, plant and equipment	2,811	887
Net foreign exchange (gain)/loss	29	3
Depreciation and amortisation	48,885	41,894
GST funded on asset financing	5,944	-
Working capital funding	7,537	-
Share based payment expense	1,042	1,576
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	140,355	141,502
Change in trade and other receivables	75,386	(125,041)
Change in provision for doubtful debts	-	(56)
Change in inventories	(15,173)	(10,345)
Change in other assets	(1,253)	2,767
Change in trade and other payables	(53,479)	115,764
Change in provisions and employee benefits	(12,262)	19,773
Change in provision for income tax	(26,686)	22,953
Change in deferred tax balances	11,129	5,866
NET CASH FROM OPERATING ACTIVITIES	118,017	173,183

B) NON-CASH INVESTING ACTIVITIES

During the year, the Group acquired $66,446,150 (2012: $117,664,059) 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.

30. 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	
	2013	2012
	$'000	$'000
BORROWINGS (NOTE 23)	219,570	198,770
Cash (Note 12)	(130,994)	(137,955)
NET DEBT	88,576	60,815
Equity	352,870	329,178
NET DEBT TO EQUITY RATIO	25%	18%

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of financial assets and financial liabilities recorded in the financial statement approximate their fair values.

INTEREST RATE RISK MANAGEMENT

The debt clubbing arrangement with its main banker the ANZ Banking Group Ltd continues for the group. 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 set for five 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. Considering a swing of 3% in the interest rate cost of funds, would not provide a material impact to the Group.

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.

A) CONSOLIDATED INTEREST AND LIQUIDITY ANALYSIS 2013

	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	1.50%	130,994	130,994	-	-	-
Trade and other receivables	-	205,052	65,195	139,857	-	-
		336,046	196,189	139,857	-	-
FINANCIAL LIABILITIES						
Asset financing	7.12%	256,140	3,946	48,433	203,761	-
Trade and other payables	-	196,939	154,412	42,527	-	-
		453,079	158,358	90,960	203,761	-

B) 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	-

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 Groups 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 2013 (at spot) was $5,571 AUD (2012: $278,639 AUD).

No hedging is entered into for the purposes of the Guinea operations. Cash is converted to USD and then into GNF as required. Volatile market movements is considered low risk, given the majority of the cash is utilised quickly and intentionally not left idle for long periods.

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 Group's maximum exposure to credit risk without taking into account the value of any collateral.

The total amount of guarantees at 30 June 2013 stands at $32,284,488 (2012: $36,426,544) and bonds held stand at $100,592,178 (2012: $95,984,753).

31. 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 2013. (2012: Nil).

PERFORMANCE INCENTIVE RIGHTS PLAN

FY13 Awards

In respect of the LTI component of the FY13 Awards, the following table shows the total number of Performance Rights granted to NRW's KMP. The table sets out the number of Performance Rights that will be eligible to vest, subject to application of the Vesting Conditions on 15 September 2015.

	No. Rights expected to vest on 15 Sept 2015	Maximum potential number of Performance Rights for FY13 Award	Total number of Performance Rights granted under the FY13 Award
Mr J Pemberton	10,260	684,006	34,200
Mr W Rooney	2,204	255,362	7,345
Mr M Stewart	13,102	146,186	43,673
Mr W Fair	3,489	88,317	11,631
Mr M Wallace	-	101,081	-
Total	29,055	1,274,952	96,849

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	28 November and 18 June 2013	Relative TSR EPS Growth ROCE	Monte-Carlo simulation Analytical Analytical

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.

Grant date	18 June 2013	28 November 2012	
Award type	Performance Rights	Performance Rights	
Vesting conditions	Relative TSR, ROCE and EPS	Relative TSR, ROCE and EPS	
Share price at the grant date	$0.925	$1.48	
Performance of total awards granted	40%	30%	30%
Performance condition	EPS	ROCE	RTSR
Awards granted on	18 June 2013	28 November 2012	
Vesting date	15 September 2015	15 November 2015	
Performance period	1 July 2012 to 30 June 2015	1 July 2012 to 30 June 2015	
Expected life	2.2 years	3 years	
Risk free interest rate	2.49%	2.66%	
Volatility	55%	50%	
Dividend yield	8.5%	9%	

FY12 Awards

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 3 were applied against the first tranche of those Performance Rights (34% of Performance Rights granted) in FY12 and against the second tranche of those Performance Rights (33% of Performance Rights granted) in FY13. The number of Performance Rights that vested and converted into ordinary shares in NRW on 15 September 2012 and are due to vest on 15 September 2013, respectively, are shown alongside each Executive KMP member in the table below. 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 eligible to vest on 15 September 2013	Tranche 3 Performance Rights eligible to vest on 15 September 2014
Mr J Pemberton	841,377	286,068	83,296	277,654
Mr W Rooney	348,448	118,472	34,496	114,988
Mr M Stewart	211,570	71,934	20,945	69,818
Mr T Cook	76,015	25,845	-	-
Mr W Fair	73,479	24,983	7,274	24,248
Mr K Bounsell	85,165	28,957	8,431	28,104
Mr M Wallace	74,649	25,381	-	-
Total	1,710,703	581,640	154,442	514,812

^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 10%	Audited result	EPS Growth of 116%	100% x 40% weighting = 40% vesting
ROCE, *Weighting 30%*	ROCE of 25%	Audited result	ROCE of 45%	100% x 30% weighting = 30% vesting
Relative TSR, *Weighting 30%*	NRW's Relative TSR being 3rd or better	Link Market Services / Miraqle Metrics provided 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%

In respect of the Performance Rights that are eligible to vest on 15 September 2013, through the application of the Vesting Conditions, only the awards relating to the ROCE Vesting Condition (30%) vested. None (0%) of the awards relating to the EPS (40%) or RTSR (30%) Vesting Conditions vested.

The applicable outcomes of the Vesting Conditions tested in respect of the Second Tranche of the FY12 LTI Award are as follows:

FY12 LTI Award – Performance Rights Application of Vesting Conditions to Rights that are due to vest on 15 September 2013				
LTI Vesting Condition, *Weighting*	Maximum vesting achieved at	Basis of Measurement	Result Achieved	Vesting
EPS Growth, *Weighting 40%*	EPS Growth of 10%	Audited result	EPS Growth of (23%)**	0% x 40% weighting = 0% vesting
ROCE, *Weighting 30%*	ROCE of 25%	Audited result	ROCE of 31%	100% x 30% weighting = 30% vesting
Relative TSR, *Weighting 30%*	NRW's Relative TSR being 3rd or better	Orient Capital Pty Ltd provided independent calculation of NRW Relative TSR	NRW's Relative TSR Performance of 8th out of 11	100% x 30% weighting = 0% vesting
TOTAL VESTING				30%

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 Grant date 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%

32. 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 30. The average lease term is five years.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 7.0% to 10.25% (2012: 7.0% to 10.25%).

	MINIMUM FUTURE LEASE PAYMENTS		PRESENT VALUE OF MINIMUM FUTURE LEASE PAYMENTS	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
No later than 1 year	61,658	63,543	52,379	49,492
Later than 1 year and not later than 5 years	194,482	171,042	167,191	149,178
Later than five years	-	-	-	-
Minimum future lease payments(1)	**256,140**	**234,585**	**219,570**	**198,670**
Less future finance charges	(36,571)	(35,915)	-	-
Present value of minimum lease payments	**219,570**	**198,670**	**219,570**	**198,670**

(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 23 'Borrowings'):

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Current borrowings	52,379	49,492
Non-current borrowings	167,191	149,178
	219,570	198,670

33. OPERATING LEASES

OPERATING LEASES AS LESSEE

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

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Less than one year	8,278	15,963
Between one and five years	101	7,453
More than five years	-	-
	8,379	23,416

Property lease rentals are payable as follows:

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Less than one year	3,037	5,157
Between one and five years	11,462	18,271
More than five years	867	854
	15,366	24,282

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.

34. CAPITAL AND OTHER COMMITMENTS

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Capital expenditure commitments – Plant and equipment and Other		
Within one year	3,980	12,124
Between one and five years	23,083	48,496
Later than five years	-	-
	27,063	60,620

35. CONTINGENCIES

	CONSOLIDATED	
	2013	2012
	$'000	$'000
Bank guarantees	32,284	36,426
Insurance bonds	100,592	95,985
BALANCE AT THE END OF THE FINANCIAL YEAR	132,876	132,411

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.

36. RELATED PARTIES

The ultimate parent entity within the Group is NRW Holdings Limited. The interests in subsidiaries are set out in Note 18.

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	2013 $	2012 $
(I) OTHER RELATED PARTY – REVENUE			
Mr W Fair - JSW Australia	Revenue on services income for civil contracting works.	-	(51,925)
(II) OTHER RELATED PARTY – EXPENSE			
Mr W Fair - Northwest Quarries PTY LTD	Purchases of raw material, subcontract services and equipment hire	7,096,922	-
(III) INTER GROUP TRANSACTIONS			
NRW Pty Ltd – Purchases from ACN 107 724 274	Purchases of tyres, electrical equipment and back charge of repairs and maintenance.	-	309,087
NRW Pty Ltd – Purchases from Action Mining Services	Repairs and maintenance, plant and module purchases and labour hire.	10,644,444	6,254,103
NRW Pty Ltd – Sales to Action Mining Services	Back charges for labour and miscellaneous.	-	10,508
NRW Pty Ltd – Revenue from NRW Holdings	Transfer of grants and government incentives or payments received	316,227	806,727
NRW Pty Ltd - Sales to NRW VDM Joint Venture	Subcontractor Services	-	5,313,362
NRW Pty Ltd - Sales to NRW-NYFL Joint Venture	Subcontractor Services	108,059,714	86,226,526
NRW Pty Ltd - Sales to LJN Joint Venture	Subcontractor Services	-	7,295,628
NRW Pty Ltd - Sales to NRW Eastern Guruma Joint Venture	Subcontractor Services	339,877,555	194,881,835
NRW Pty Ltd – Sales to OTOC Joint Venture	Subcontractor Services	480,691	298,570
NRW Pty Ltd – Sales to The Mid West Rail Joint Venture	Subcontractor Services	5,032,084	33,886,452
NRW Pty Ltd – Sales to City East Alliance	Subcontractor Services	623,244	1,007,794
NRW Pty Ltd – Sales to NRW- Eastern Guruma-NYFL Joint Venture	Subcontractor Services	73,755,163	108,014,192
NRW Pty Ltd – Sales to Action Drill & Blast	Back charges for plant, labour and other re project works	12,811	19,495,586
NRW Pty Ltd - Purchases from NRW VDM Joint Venture	Employee travel and accommodation charges and other	-	3,790,950
NRW Pty Ltd - Purchases from NRW Guinea SARL	Management Fee and cost back charges	1,212,930	1,627,465
Action Drill & Blast – Sales to NRW-Eastern Guruma-NYFL Joint Venture	Subcontractor Services	12,598,914	23,111,425
NRW Pty Ltd – Purchases from Action Drill & Blast	Drill & Blast Services and back charges	72,083,292	68,238,811
Action Drill & Blast – Sales to NRW-Eastern Guruma Joint Venture	Drill & Blast Services and back charges	13,044,018	6,038,791
Action Drill & Blast – Purchases from Action Mining Services	Repairs and maintenance, plant and module purchases and labour hire.	546,373	119,683
Action Drill & Blast – Sales to Action Mining Services	Back charges of labour	-	2,494

B) RELATED PARTY OUTSTANDING BALANCES

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

	CONSOLIDATED	
	2013	2012
	$'000	$'000
ACCOUNT RECEIVABLE BALANCES		
Other related parties	-	-
Total related party assets	-	-
ACCOUNTS PAYABLE BALANCES		
Other related parties	2,104	-
Total related party payables	2,104	-

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 Burston	Chairman and Non-Executive Director
Mr J Cooper	Non-Executive Director
Mr M Arnett	Non-Executive Director
Mr J Pemberton	Managing Director & Chief Executive Officer
EXECUTIVES	
Mr K Hyman	Company Secretary, Risk Management & Legal
Mr M Wallace (1)	Chief Financial Officer (Left)
Mr T Raschella (2)	Acting Chief Financial Officer
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 (Resigned)
Mr W Fair	Drill & Blast General Manager

(1) Mark Wallace left on 7th August 2013.

(2) Tony Raschella acting appointment 7th August 2013.

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

	CONSOLIDATED	
	2013	2012
Short term employee benefits	5,468,072	7,610,346
Other long term benefits	36,354	83,564
Post employment benefits	221,387	303,183
Share based payments	1,121,875	1,575,839
TOTAL	6,847,688	9,572,930

Detailed information on remuneration of key management personnel is set out in the Remuneration Report 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 (2012: Nil).

E) MOVEMENTS IN ORDINARY SHARES

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

FOR THE YEAR ENDED 30 JUNE 2013
FOR ORDINARY SHARES

KEY PERSON	HELD AT 1 JULY 2012	PURCHASES(1)	RECEIVED AS COMPENSATION	RECEIVED ON OPTIONS /RIGHTS EXERCISED	SALES / TRANSFERS / NET OTHER CHANGE	HELD AT 30 JUNE 2013
Mr J Pemberton	2,540,014	110,500	-	286,069	-	2,936,583
Dr I F Burston	329,492	-	-	-	-	329,492
Mr J Cooper	10,000	45,000	-	-	-	55,000
Mr M Arnett	280,474	-	-	-	-	280,474
Mr K Hyman	22,474	-	-	-	22,474	-
Mr M Wallace	-	-	-	25,381	-	25,381
Mr M Stewart	-	-	-	71,934	-	71,934
Mr W Rooney	-	-	-	118,472	-	118,472
Mr T Cook	-	-	-	25,845	-	25,845
Mr W Fair	-	-	-	24,983	-	24,983
TOTAL	3,182,454	155,500	-	552,684	22,474	3,868,164

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

A) 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.

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 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	-	-	-	-	-	-
TOTAL	3,195,954	10,000	-	-	-	3,182,454

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

37. EVENTS AFTER THE REPORTING PERIOD

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.

38. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2013 $	2012 $
AUDIT SERVICES		
Auditors of the Company		
Deloitte Touche Tohmatsu		
- Audit and review of financial reports	306,525	299,500
- Non recurring items (ERP related)	50,000	-
OTHER SERVICES		
Deloitte Touche Tohmatsu		
- Other Audit and services	23,345	1,155
TOTAL	379,870	300,655

39. PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 30 June 2013 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	
	2013	2012
	$'000	$'000
Assets		
Current assets	222,085	259,346
Non-current assets	34,745	34,489
Total assets	256,830	293,835
Liabilities		
Current liabilities	230	19,521
Non-current liabilities	-	-
Total liabilities	230	19,521
Equity		
Contributed equity	156,456	156,456
Retained earnings	97,452	114,647
Reserves		
Share based payment reserve	2,692	3,211
Total equity	256,600	274,314

B) FINANCIAL PERFORMANCE

	PARENT	
	2013	2012
	$'000	$'000
Profit for the year	32,631	73,100
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	32,631	73,100

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

	PARENT	
	2013	2012
	$'000	$'000
Debt borrowings	219,570	198,770
TOTAL	219,570	198,770

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

- NRW Pty Ltd ATF NRW Unit Trust
- Action Drill & Blast Pty Ltd
- Action Mining Services Pty Ltd
- A.C.N. 107724274 Pty Ltd
- NRW Intermediate Holdings Pty Ltd

Historical unit trust distributions from NRW Unit Trust (subsidiary) to NRW Holdings Limited (parent) have been historically amended to be compliant with the trust deed. Historical unit trust distributions have not been settled by way of cash as at 30 June 2013, the balances owing are recorded in the intercompany receivable and payable of the parent and subsidiary respectively. The deferred tax impacts have also been amended.

	2012 OLD	ADJ.	2012 NEW
Profit for the year	71,231	1,869	73,100
Other comprehensive income (expense) for the year, net of tax	-	-	-
Total comprehensive income	71,231	1,869	73,100

	2012 OLD	ADJ.	2012 NEW
Total Current assets	282,719	(23,373)	259,346
Total non-current assets	34,489	-	34,489
Total assets	317,208	(23,373)	293,835
Total current liabilities	19,521	-	19,521
Total non-current liabilities	8,254	(8,254)	-
Total liabilities	27,775	(8,254)	19,521
Contributed equity	156,456	-	156,456
Reserves	3,211	-	3,211
Retained Earnings	129,766	(15,119)	114,647
Total equity	289,433	(15,119)	274,314

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 9th August 2013.

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	188,722,265	67.67	157	1.69
10,001 to 100,000	64,025,384	22.96	2,346	25.29
5,001 to 10,000	15,011,505	5.38	1,860	20.05
1,001 to 5,000	10,293,482	3.69	3,323	35.83
1 to 1,000	835,375	0.30	1,589	17.13
Total	**278,888,011**	**100.00**	**9,275**	**100.00**
Unmarketable Parcels	311,886	0.11	972	10.48

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2013

NRW'S 20 LARGEST SHAREHOLDERS

RANK	NAME	SHARES	% INTEREST
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	40,381,092	14.48%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,463,369	11.28%
3	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	24,382,858	8.74%
4	NATIONAL NOMINEES LIMITED	15,587,904	5.59%
5	CITICORP NOMINEES PTY LIMITED	12,881,437	4.62%
6	ZERO NOMINEES PTY LTD	7,574,112	2.72%
7	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	6,789,834	2.43%
8	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	3,736,999	1.34%
9	JULIAN ALEXANDER PEMBERTON THE J P TRUST	2,540,014	0.91%
10	BNP PARIBAS NOMS PTY LTD <DRP>	1,929,819	0.69%
11	QIC LIMITED	1,644,742	0.59%
12	RBC INVESTOR SERVICES - AUSTRALIA NOMINEES PTY LIMITED <PISELECT>	1,545,476	0.55%
13	CS FOURTH NOMINEES PTY LTD	1,380,320	0.49%
14	MR ROBERT MANASSEN & MRS CYNTHIA MANASSEN <MANASSEN HOLDINGS PL S/F A/C>	1,221,433	0.44%
15	MR STEVEN SCHALIT & MS CANDICE SCHALIT <SCHALIT FAMILY S/F A/C>	1,042,232	0.37%
16	KEITH BOUNSELL BOUNSELL FAMILY TRUST	1,038,149	0.37%
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	810,412	0.29%
18	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	680,121	0.24%
19	PETER LAURENCE DE SAN MIGUEL	638,882	0.23%
20	YAZAD SUPER PTY LTD <YAZAD SUPER FUND A/C>	625,000	0.22%

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	40,381,092	14.48%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,463,369	11.28%
JP MORGAN NOMINEES AUSTRALIA LIMITED CASH INCOME A/C	24,382,858	8.74%
NATIONAL NOMINEES LIMITED	15,587,904	5.59%

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 2013, the statement of profit and loss and other 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 70 to 127.

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 2013 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 51 to 68 of the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Perth, 21 August 2013

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NRW Holdings Limited

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