ANNUAL REPORT
2014

NRW Holdings

Corporate Registry

DIRECTORS

Dr Ian Burston
Non-Executive Chairman

Julian Pemberton
Executive Director and Chief Executive Officer

Michael Arnett
Non-Executive Director

John Cooper
Non-Executive Director

Jeffrey Dowling
Non-Executive Director

COMPANY SECRETARY

Kim Hyman

REGISTERED OFFICE

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AUDITOR

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SHARE REGISTRY

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ASX CODE

NWH – NRW Holdings Limited
Fully Paid Ordinary Shares

www.nrw.com.au


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ANNUAL REPORT CONTENTS

Chairman’s letter

It is with great pleasure we present NRW Holdings Limited’s 2014 annual financial year report. The past 12 months have seen NRW undertake our largest projects to date and the company has achieved a solid result for the year ended 30 June 2014.

The group’s Net Profit After Tax (NPAT) was $44.2 million on revenue of $1.1 billion. Divisional revenue was $842 million from Civil, $187 million from Mining, $110 million from Action Drill & Blast and $28 million from Action Mining Services.

The Board remains committed to achieving consistent financial performance year-on-year in order to deliver value to its shareholders. Despite challenging market conditions, the group delivered a strong cash result contributing to a significant debt reduction of $54.6 million in the year. The net debt position at year end of $34 million results in a gearing ratio of 9.1%, the strongest balance sheet position since listing in 2007.

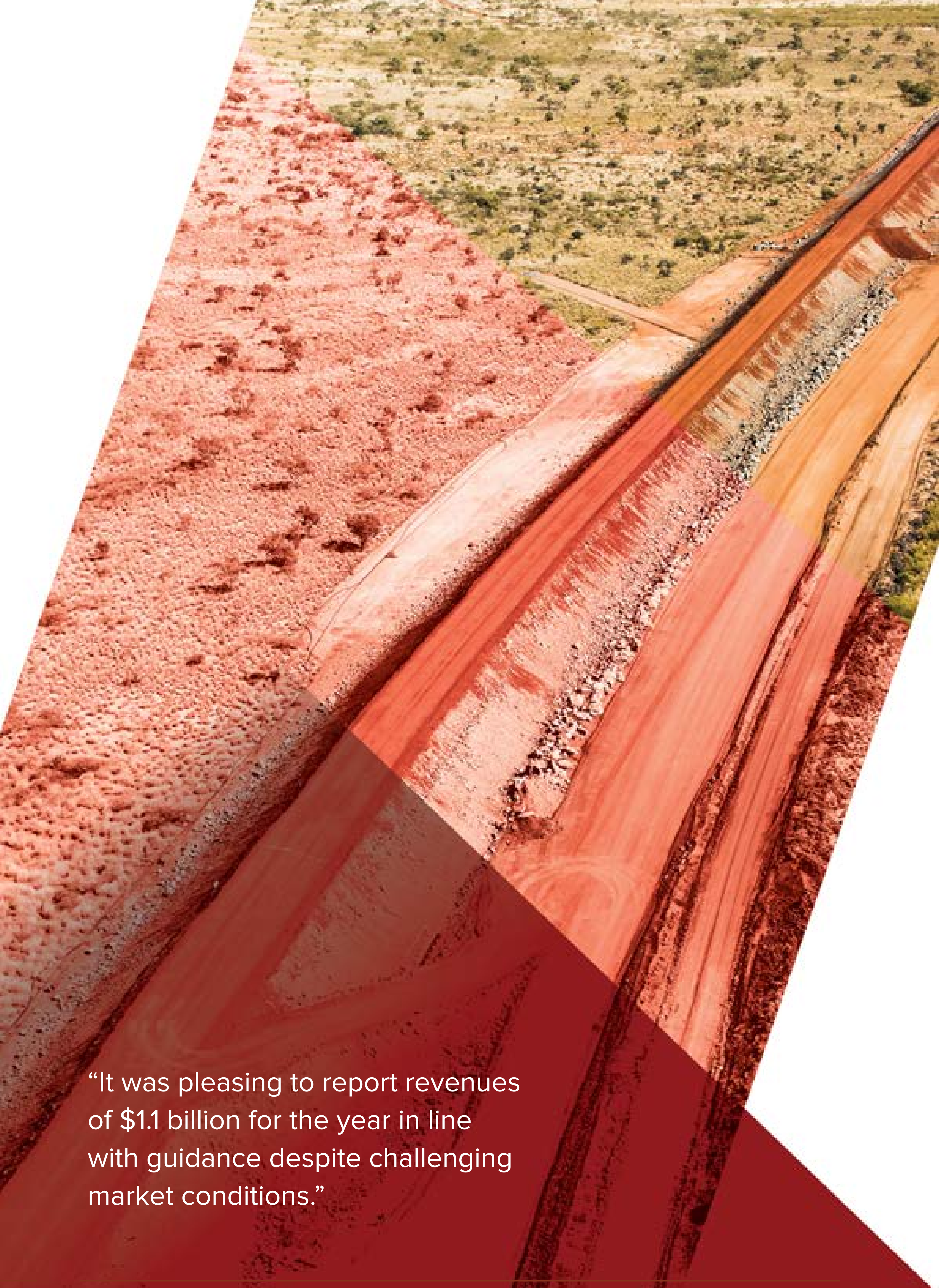
NRW’s focus on safety has once again been further evidenced by another outstanding safety result and the Board commends our employees on their commitment to continually improving safety across the organisation. Particularly pleasing was the 56.8% improvement in the group’s Total Recordable Injury Frequency Rate (TRIFR) to 2.36.

As NRW enters its 20th year of operations, I would like to thank all of our employees for their efforts throughout the year and our leadership team for their contribution to the business. During those 20 years NRW has made a significant contribution to communities in which we work, particularly in the area of indigenous engagement.

From humble beginnings as a small business with only a handful of machines, NRW has grown to be one of the most respected contractors in the civil construction and mining industries. This success would not have been possible without our employees and the quality of the work they undertake. I congratulate them on the high standards achieved and the positive culture they embrace across all operations.

DR IAN BURSTON
CHAIRMAN
NRW Holdings Limited

"From humble beginnings as a small business with only a handful of machines, NRW has grown to be one of the most respected contractors in the civil construction and mining industries."



“It was pleasing to report revenues of $1.1 billion for the year in line with guidance despite challenging market conditions.”

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 2014.

Financial Overview:

- Revenue of $1.1 billion
- EBITDA – $123.0M, 10.8% of revenue
- EBIT of $65.5M; NPAT of $44.2 million
- Strong cash position of $155.5 million
- Net Debt – $34.0M a reduction of $54.6 million
- Order book maintained at $1 billion
- Final fully franked dividend
    - 5 cents per share (9 cents for the full year)
    - Payout ratio 57.0%
- Net Debt / Equity at 9.1%

NRW reported Revenue of $1.1 billion and net after tax profits ("NPAT") of $44.2 million both lower than the same period last year (Revenue of $1.4 biillion and NPAT of $74.1 million). The reduction in business activity reflects the completion of a number of expansion programs undertaken in iron ore and within a challenging market environment particularly in the contract mining coal sector.

The company's balance sheet continued to strengthen through the period with both cash balances and debt improving in the year to $155.5 million and $189.5 million respectively. Net debt reduced in the year by $54.6 million to $34 million reflecting strong cash flows from operations and lower Capex.

Profit before tax ("PBT") of $51.2 million was down on the same period last year reflecting lower activity across the business and an impairment expense ($4.8 million) further details of which are provided below. The full year effective tax rate at 14% reflects income tax and R&D credits. Net interest expense for the year was at a similar level to the previous financial year at $14.3 million.

With a refresh of the "A Safe Day. Every Day" Program, the company experienced continued improvement and focus on safety performance across the business, sustaining a positive trend. This is reflected in the Lost Time Injury Frequency Rate (LTIFR) currently at 0.17, which represents a 69.1% decrease from the previous year (FY13: 0.55). The group's Total Recordable Injury Frequency Rates (TRIFR) is industry leading and at 30 June 2014 is at 2.36, 56.8% less than the prior corresponding period (FY13: 5.47).

Chief Executive Officer Year in review continued...

FY14 saw NRW's Civil Division secure its largest contract to date, the Roy Hill Rail Project. The Division's revenue of $842.3 million represented a slight decrease, the result of a more competitive market. The award of the Roy Hill Rail Project (valued at $620 million) to construct approximately 330 kilometres of main line heavy rail formation and associated works was a major coup in the history of NRW. Following the successful award of the Rail Project, NRW was subsequently awarded a Concrete Package and Bulk Earthworks Contract at the Roy Hill Mine Site, valued at $200 million.

The Mining Division's sales of $186.9 million were down on last year following the decision made by the client at the Middlemount Coal Mine to transition to a dry hire model and the loss of certain iron ore contracts as part of the industry majors cost improvement initiatives. Whilst EBIT reduced to $13.1 million, reflecting the sales reduction, it was pleasing to see an improvement in margins following cost restructuring initiatives implemented over the last 12 months and the positive contribution of some smaller projects completed during the year.

Action Drill & Blast's revenue of $110.0 million and EBIT of $7 million were below last year due to lower civil work and consequently underutilisation of assets. The business secured a number of new contracts in the year including the drill and blast scope for the Roy Hill Rail Contract which improved utilisation in the second six months contributing to the better second half performance. Of particular note, the Division was awarded a three year Contract, valued at $60 million, for drill and blast operations at the Middlemount Coal Mine in Queensland.

Revenues in the Action Mining Services business reduced to $28 million compared to $41.8 million in the prior comparative period reflecting a downturn in market activity. The lower revenues resulted in an operating loss of $0.8 million in the year compared to an operating profit of $3.3 million in the corresponding period. A number of business improvement and restructuring initiatives were implemented in the second half of the year. The business is expected to recover to profit in FY15 however reviews of the ongoing business concluded that the current carrying value of Goodwill be reduced by $4.8 million to reflect the more competitive market going forward. The impairment charge has been included in the full year result.

As of 30 June 2014, NRW employed a workforce (including direct, subcontractors and apprentices) of 3,092 people, up from 2,283 in FY13. We maintained a diverse workforce with approximately 14% female personnel; an industry leading 8% Indigenous participation; and high retention rates.

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.

NRW's board visited the Roy Hill Concrete Package in June 2014. (L-R): Project Manager, Rick Gray, CFO, Andrew Walsh, Deputy Project Manager, Michael Sigrist, Non-executive Director, Michael Arnett, CEO, Jules Pemberton, Chairman, Ian Burston, Non-executive Director John Cooper, Non-executive Director, Jeff Dowling, Managing Director, NRW Civil and Mining, Willie Rooney, Construction Manager, Chris Ashton and Company Secretary, Kim Hyman.

FINANCIAL SNAPSHOT

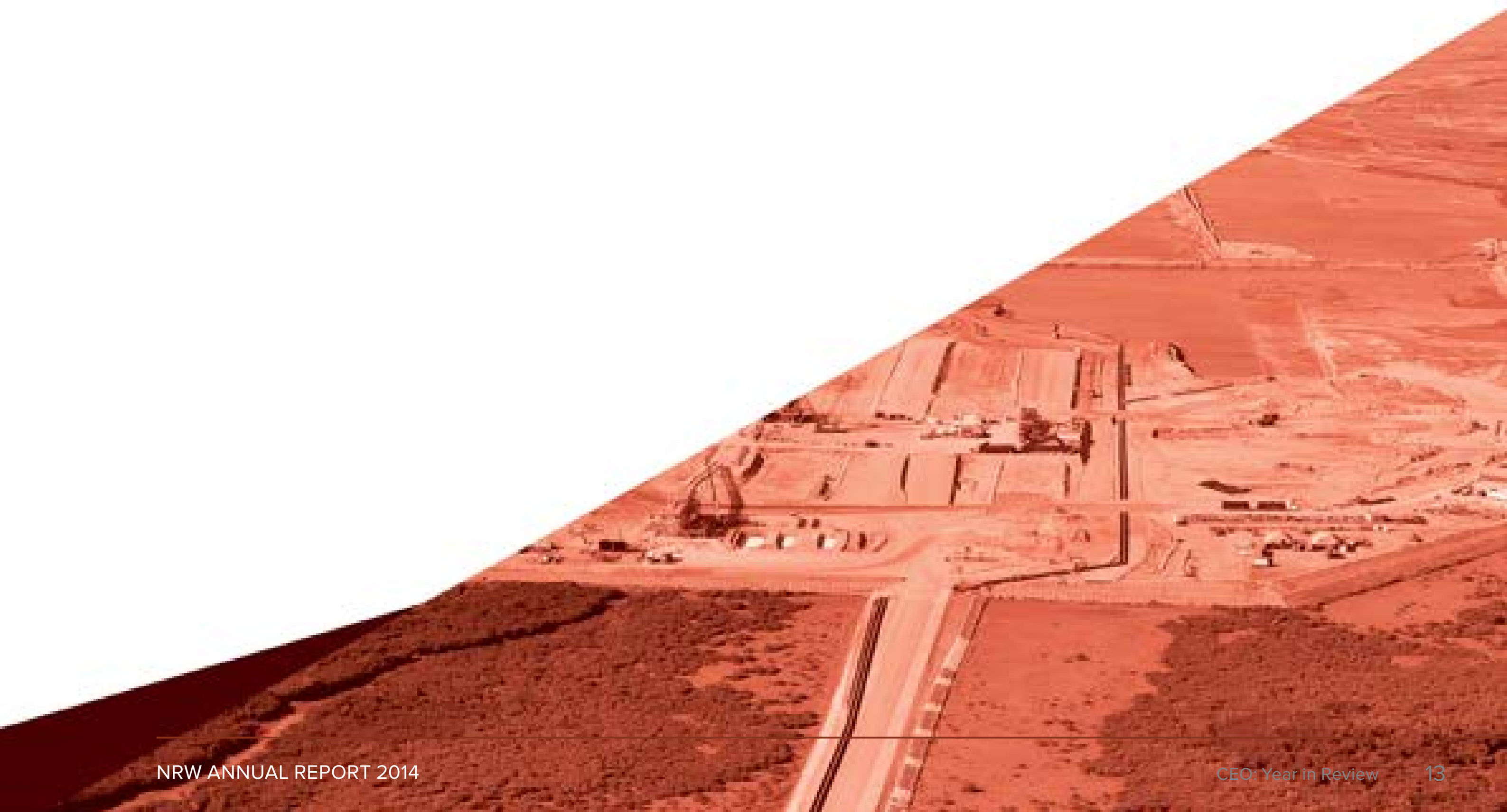
FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE ($M's)	1HY14	2HY14	FY14	FY13	Change
SALES REVENUE					
Civil	365.1	477.2	842.3	860.6	(2%)
Mining	101.9	85.0	186.9	404.5	(54%)
Action Drill & Blast	52	58	110	150.5	(27%)
Action Mining Services	15.6	12.4	28.0	41.8	(33%)
Other*	(13.7)	(19.0)	(32.7)	(83.1)	-
TOTAL SALES	520.9	613.6	1,134.5	1,374.3	(17%)
EBITDA	59.6	58.6	118.2	168.3	(30%)
EBIT	35.1	30.4	65.5	119.4	(45%)
NPAT	27.6	16.6	44.2	74.1	(30%)
EPS (basic) cents	8.0	7.9	15.9	26.6	(40%)
DPS cents	8.0	7.8	15.8	26.5	(40%)

**Other includes unallocated income and consolidations eliminations.*

FINANCIAL POSITION

FINANCIAL POSITION ($M'S)	FY14	FY13	FY12	FY11	FY10
Working Capital	48.6	49.7	15.0	36.9	30.1
Non-Current Assets	387.1	420.2	391.1	293.0	178.8
Non-Current Liabilities (less debt)	(29.7)	(28.5)	(16.2)	(10.2)	(0.4)
	406.0	441.4	389.9	319.7	208.5
Funded by:					
Cash / (overdraft)	155.5	131.0	138.0	70.6	21.4
Debt	(189.5)	(219.6)	(198.7)	(123.5)	(60.8)
Net Funding	(34.0)	(88.6)	(60.7)	(52.9)	(39.4)
Shareholders Equity	372.0	352.8	329.2	266.7	169.1
Return on Equity	12%	21%	30%	15%	21%
Net debt / equity	9%	25%	18%	20%	23%



FINANCIAL SNAPSHOT

DIVIDEND

The Directors have declared a fully franked final dividend of 5.0 cents per share payable on 29 October 2014 maintaining the final dividend at the same level as last year (2013: 5 cents per share final dividend). Total dividends payable for the financial year will be 9 cents per share representing a payout ratio on after tax earnings of 57%, compared to a payout ratio of 49% in FY13.

BALANCE SHEET, OPERATING CASH FLOW AND CAPITAL EXPENDITURE

Net assets increased by $19.1 million to $372.0 million in the year. Cash balances improved by $24.5 million to $155.5 million whilst debt reduced by $30.1 million to $189.5 million. The improvement in the level of net debt was due to the operating result in the period, lower capital expenditure and tax refunds. Capital expenditure of $29.6 million mostly relates to the buy out of drilling and civil fleet asset operating leases and major equipment maintenance. Capital expenditure was well below last year's level of $93.1 million which included the balance of equipment acquired to support the Middlemount Project and to grow the Drill and Blast business.

Gearing improved to 9.1% as at 30 June 2014. The business has undrawn facilities at year end which include $35 million for working capital, $90 million for contract guarantees/bonds and $71 million for asset financing.

BORROWING FACILITY ($M's)	Limit	Drawn	Available
Asset Funding	260.4	189.5	70.9
Working Capital	35.0	-	35.0
SUB TOTAL BORROWING	295.4	189.5	105.90
OTHER FACILITY	Limit	Drawn	Available
Bonding	280.0	207.9	72.1
Bank Guarantees	63.5	45.7	17.8
SUB TOTAL OTHER	343.5	253.6	89.90
TOTAL	638.9	443.1	195.8

NRW CIVIL

OVERVIEW

The Civil Division's revenue of $842.3 million signifies only a minor reduction from FY13 at a time where available work in the industry is at a low.

In the 2014 financial year, the Civil Division was awarded its largest contract to date for Samsung C&T on behalf of Roy Hill. The $620 million contract includes the construction of approximately 330 kilometres of heavy haul rail formation between the Roy Hill Mine and Port Hedland and is the largest resource sector earthworks project currently being undertaken in Western Australia.

The overall materials moved will be approximately 10.5 million cubic meters, of which 3.5m^3 is rock. The Project has a peak manning of 1,650. Preliminary construction commenced in October 2013 and the scheduled completion date is March 2015. NRW will then conduct maintenance of the Rail Service Track until August 2015.

Following the successful delivery of the Roy Hill Rail Project, NRW was subsequently awarded a $200 million Concrete Package at the Roy Hill Mine, which includes 50,000m^3 of concrete. The Division's strategic objective to increase the concrete component of the overall Civil revenue to 20% was achieved with the award of this Project.

The Division's safety performance continued to improve with their Total Recordable Injury Frequency Rate (TRIFR) reducing from 2.5 (FY13) to 2.1 through a concerted focus across all projects. A majority of civil projects recorded a TRIFR of zero for the 2014 financial year.

OUTLOOK

The Division is focused on the successful delivery of the Roy Hill Concrete Package for the Mine's iron ore processing facilities as well as the Roy Hill Rail Project which was 50% complete at 30 June 2014.

Opportunities exist within NRW's traditional and new iron ore client base in Western Australia and within the Queensland resource and infrastructure sectors – including rail opportunities on the back of our demonstrated capability at the Roy Hill Rail Project.

NRW will continue to pursue 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 explore additional maintenance style contracts and government infrastructure projects in joint venture. The Division is actively tendering Main Roads WA projects and seeking an increase in their prequalification level.

The Civil Division currently has an order book of $509.3 million, with a further $900 million in active tenders.

OPERATIONS

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

- Roy Hill Rail Project – Samsung C&T for Roy Hill
- Roy Hill Concrete Package – Samsung C&T for Roy Hill
- Mooka Ore Car Repair Shop – BHP Billiton Iron Ore
- Various Rio Tinto projects including: Mesa J Rail Backtrack; Mesa J TSF Extension; ongoing maintenance works at Cape Lambert; and significant additional works at Nammuldi.
- Following the success of the Anderson Point Port Expansion Project for Fortescue Metals Group (FY12), NRW was awarded further works at the Port.

Significant achievements throughout the year included:

- Continued improvement in safety performance – TRIFR to 2.1 (previously 2.5 at June 13).
- Revenue similar level to FY13 – minor reduction reflects low levels of available work.
- Secured a $620M contract for the Roy Hill Rail Project to construct approximately 330 kilometres of heavy haul rail formation and associated works.
- Successful delivery of 50% of the Rail Project (at 30 June 2014) demonstrated NRW's improved rail capability and enhanced our reputation as a contractor capable of delivering large projects.
- Roy Hill Rail Project led to the award of a $200 million Concrete Works Package, achieving our strategy (FY13) of increasing the Division's concrete work component to 20%.
- Strategy of diversification into maintenance service works was achieved through the award of a maintenance contract at Rio Tinto's Cape Lambert Project.

NRW MINING

OVERVIEW

The Mining Divisional revenue was $186.9 million in FY14.

Projects undertaken during the year included Western Turner Syncline for Rio Tinto, Middlemount for Middlemount Coal, Ranger for ERA, North Star for Fortescue Metals Group Formosa JV, and Bootu Creek for OM Holdings.

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

At Middlemount Coal, NRW provides the mining fleet and maintenance services. This contract is progressing satisfactorily with the plant availability targets nominated for the various equipment types within the contract being met.

Work commenced on Fortescue's North Star Mine with early establishment works. In early 2014, NRW signed a Joint Venture agreement between NRW and Njamal ICRG JV Pty Ltd, in preparation for bulk earthworks at Fortescue's Iron Bridge Project – situated on the traditional lands of the Njamal People. The Jartu Joint Venture was so named to pay homage to the improvised tool used by Njamal people for mining ventures in the mid-20th century. In January 2014 the JV commenced works at North Star for Ironbridge Operations. The Joint Venture has achieved an Indigenous employment engagement of 18.3%.

Safety performance across the Division was a highlight following an increased focus on lead indicators which had a positive impact, the Division performance when measured in relation to TRIFR improved from 7.59 in FY13 to 3.3 in FY14.

OUTLOOK

Difficult market conditions will remain during the remainder of FY15, however the Division's strategy remains to diversify into other commodities and clients, with a number of opportunities identified including in base metals for mid-tier miners. Geographical diversification will also take place as the Division pursues international opportunities with selected clients.

Full utilisation of existing mining fleet is capable of delivering an additional $150 million revenue per annum with no additional capital investment.

The Mining Division currently has an order book of $349.3 million, with a further $1 billion in the tender pipeline.

Action Drill & Blast

OVERVIEW

After four years of operations Action Drill & Blast is recognised as a provider of quality and professional drilling and blasting contract services.

Particularly pleasing for the 2014 financial year was the award of a three year $60 million drill and blast contract direct to Middlemount Coal Pty Ltd for operations at the Middlemount Coal Mine in Queensland. The other significant contract awarded during the financial year was the second contract for blasting services at the Talison Lithium Greenbushes Mine in Western Australia, which was awarded as a three year contract at $11 million.

The industry's shift from infrastructure to production along with the fluctuating commodity prices continued to impact the market resulting in Action Drill & Blast experiencing a downturn in opportunities and reduced civil drill and blast activity in FY14. This was reflected in their revenue of $110 million.

OPERATIONS

At the end of the 2014 financial year Action Drill & Blast had six contracts in Western Australia and three in Queensland, with the largest contract at Fortescue Metals Group's Cloudbreak Mine. The business maintained an average of 250 personnel through the year and utilised a fleet of 37 drills.

Action Drill & Blast worked on 19 contracts throughout the year including external contracts to the following clients:

- Fortescue Metals Group
- Talison Lithium
- Middlemount Coal
- Rio Tinto
- Isaac Plains Coal Management
- Brierty
- Downer EDI
- MACA
- Rock JV

As at 30 June 2014 Action Drill & Blast achieved 827 consecutive LTI free days. Action Drill & Blast's safety performance has improved with a TRIFR of 3.59 at 30 June 2014, from 12.77 at 30 June 2013.

OUTLOOK

Action Drill & Blast currently has an order book of $163.1 million, with a further $200 million in active tenders.

The current market remains very competitive, however the business is seeking commodity and geographical diversification with new project opportunities under review domestically and internationally. The focus in FY15 will include smaller mining contracts for under-utilised civil drill fleet.

Action
Mining Services

OVERVIEW

Action Mining Service's revenue of $28 million for the 2014 financial year was impacted by significant maintenance cut-backs and slowing of demand for products and services.

Not withstanding the challenging market conditions, AMS have focused on improving business performance capability and have invested in people and processes. An operational review was completed during the year resulting in:

- a restructure and downsizing of business capacity to reduced overheads and other non-critical costs. During this process a diligent approach was taken to protect and enhance key capabilities.
- implementation of a business wide lean training and education program targeting productivity and efficiency improvements on the shop floor to enhance our competitive capability.

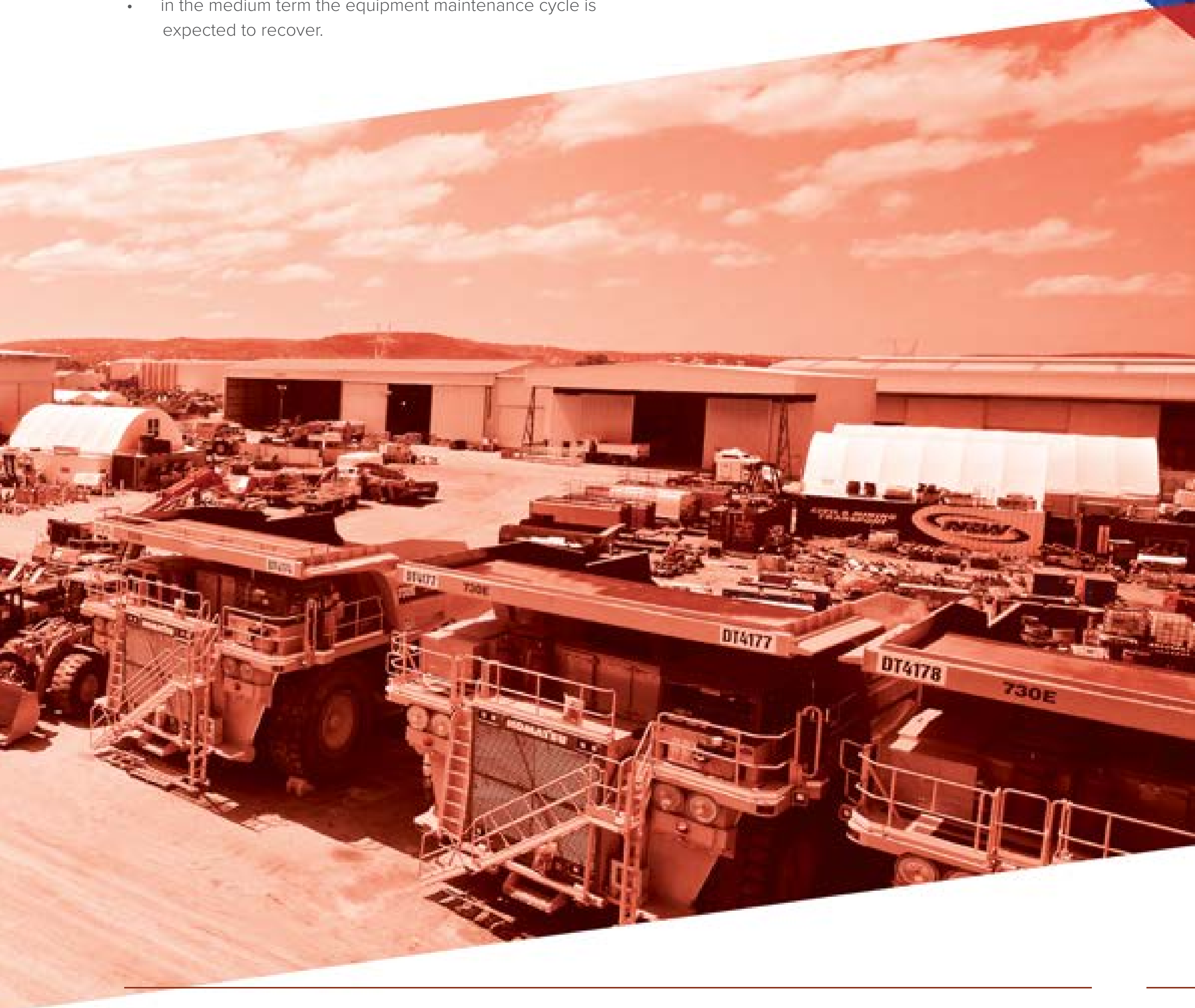
AMS achieved more than 1,550 days Lost Time Injury (LTI) free in the workplace.

Market conditions are expected to remain subdued near term. In the medium term the equipment maintenance cycle is expected to recover.

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, a strategic review has been undertaken resulting in the following:

- expanded business model approved to increase revenue and profit opportunities.
- focus on employee and customer engagement to drive strategic agenda.
- market conditions are expected to remain subdued near term.
- in the medium term the equipment maintenance cycle is expected to recover.



HUMAN RESOURCES

OVERVIEW

FY14 saw the successful mobilisation of NRW's workforce to the Roy Hill Rail Project. As a result of this rapid mobilisation, NRW Holdings Limited's workforce increased by 35% to 3,092 personnel this financial year (FY13: 2,283). The workforce includes direct employees, sub-contractors and apprentices.

Roy Hill has been the largest and most rapid mobilisation of a project NRW has completed to date and fast and efficient ramp up of labour was also required for the Roy Hill Concrete Works Package.

In FY14 we implemented new labour agreements, compliant with Fair Work legislation for Action Drill & Blast and NRW's Civil and Mining Divisions. These agreements provide clarity of employment conditions for our workforce and enhancing our competitiveness for future work.

A number of system enhancements were undertaken on OPAL, NRW's HR/Payroll system increasing our capacity in recruitment and mobilsation of labour as well improving payroll.

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, including frontline supervisor training, were introduced to equip existing supervisors with the necessary skills and expertise to effectively manage their teams and to continue to deliver the high standard of service clients have become accustomed to receiving from NRW and its subsidiary companies.

Action Mining Services experienced rationalisation of their workforce to align to a more competitive business model, resulting in decreased operating costs.

In the 2014 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 (FY13: 14%), and 8% Indigenous personnel (FY13: 6.5%), with a 90% Indigenous retention rate.

GRADUATE PROGRAM

NRW's engineering graduates undertake a three year 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.

FY14 saw the Program expand to include other disciplines such as Human Resources and Marketing. Extending the Program to service departments was a first for NRW and these 18 month programs see Graduates rotate through various areas of their departments ensuring they gain well rounded experience.

Graduates from all disciplines are involved in an orientation week which covers: induction sessions with each department; two full days at a training facility where graduates have the opportunity to operate heavy 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 engineering graduates are offered a structured pathway to chartership through Engineers Australia.

WORKFORCE INCREASED

35%

DUE TO

MOBILISATION ON ROY HILL RAIL PROJECT

Civil Engineer, Jennifer Cabassi, with Graduates, Vanessa Gutterson (L) and Rix Burnett (R) at their induction week training.

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. Ensuring Indigenous representation in employment on our projects and within our organisations is an integral part of the NRW philosophy.

In FY14 NRW continued to support this philosophy by ensuring all new employees attended Cultural Awareness Workshops.

JOINT VENTURES

In the 2014 financial year, NRW experienced continued success with our Indigenous Joint Venture partners Eastern Guruma Pty Ltd and Ngarluma and Yindjibarndi Foundation Limited. During the year, we upheld our commitment to Indigenous communities by signing an agreement with Njamal ICRG JV Pty, to form the Jartu Joint Venture – our third Indigenous Joint Venture.

The Jartu Joint Venture is a significant milestone as it is the first of its kind for the Njamal people. This inaugural Joint Venture provides a pathway to self-sustainability and independence through employment, training and ground breaking business opportunities. Njamal people can now participate in mining projects with a renewed focus, and greater parity.

POWERUP

Powerup is NRW's intensive work ready program, providing opportunities for Indigenous candidates lacking entry level skills. Run in conjunction with the Department of Education, Employment and Workplace Relations, the Program continues to attract strong support from the Indigenous community.

In April 2014, NRW celebrated the graduation of the 250th Powerup employee, Neil Mourambine. Following his successful graduation, Neil now works as a Roller Operator at the Roy Hill Rail Project. Powerup has a successful track-record with 88% of graduates remaining in employment with NRW and others moving on to jobs in other sectors.

Powerup exposes participants to hands-on activities in a controlled 'real life mining pit' in haul truck and roller operations. During the innovative program, trainees are mentored by experienced professional trainers and human resources staff and trained to an equivalent standard to RII20209 Certificate II: Surface Extraction Operations.

As part of our commitment to the Indigenous community in which we operate, NRW tailored the Powerup Program to provide opportunities on the Roy Hill Rail Project for members of the Palyku, Kariyarra and Nyiyaparli Traditional Owner groups.

Participants were trained and mentored by an experienced professional trainer. This support continues during the individual's career with NRW.

Graduate, Neil Mourambine (centre) with (L-R) NRW Civil & Mining's Managing Director Willie Rooney, Indigenous Training Advisor / Mentor Lester Filbay, Indigenous Development Coordinator Tracy Bellotti, General Manager HR Janette Woodham and Indigenous Development Manager Grant Bobongie at the Powerup Graduation ceremony.

POWERUP TRAINING

Powerup Graduate, Finola Wooldley, at work as a Roller Operator on the Roy Hill Rail Project.

HEALTH SAFETY & ENVIROMENT

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 2013.

NRW Civil and Mining underwent a series of third party HSE auditing to establish if our robust HSE management system met the following criteria for the Australian Federal Government safety standards, and an Achilles' audit to ensure we met or exceeded the Oil and Gas industries HSE standards:

- Australian Federal Governments Bureau of Safety audit standards (passed)
- Achilles' HSE audit protocols (FPS) First Point Supply base prequalification audit to be able to tender for Oil and Gas projects (passed)

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 late 2013, NRW refreshed the "A Safe Day. Every Day" Program to refocus employees' attention on our safety culture. 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. In FY14 additional recognition awards, including Employee of the Month, Quarter and Year were added at the request of our employees.

During the year, we introduced NRW's 5 Golden Rules, applicable to all Civil and Mining projects. These Golden Rules are key in keeping our people safe and hold each employee accountable for their safety behavior. Each site is also asked to develop another 5 Golden Rules that will be site specific to their project team.

To further strengthen our hazard identification and elimination skills, the HSE department undertook the task of testing and rewriting (as required) specific hazard identification tools, namely the JHA and Take 5 processes.

The success of the overarching "A Safe Day. Every Day" Program is evident in the consistent safety performance which is reflected in the Lost Time Injury Frequency Rate (LTIFR) currently at 0.17, which represents a 69.1% improvement from the previous year (FY13: 0.55). The group's Total Recordable Injury Frequency Rate (TRIFR) is industry leading and at 30 June 2014 is at 2.36, 56.8% less than the prior corresponding period (FY13: 5.47).

NRW'S 5 GOLDEN RULES

1. **POSITIVE COMMUNICATION:** Always establish positive communications with plant operators when approaching their operating area. Never breach operating exclusion zones.
2. **AUTHORISED OPERATION OF EQUIPMENT:** Never operate a piece of equipment for which you are not trained, assessed and authorised.
3. **PERSONAL ISOLATION:** Always apply your personal lock and tag and then test for "dead" before commencing work on equipment.
4. **SAFETY PROTECTION DEVICES:** Never make any unauthorised modification to any safety protection device.
5. **MOBILE PHONES:** Never use a mobile phone whilst in control of any mobile plant.

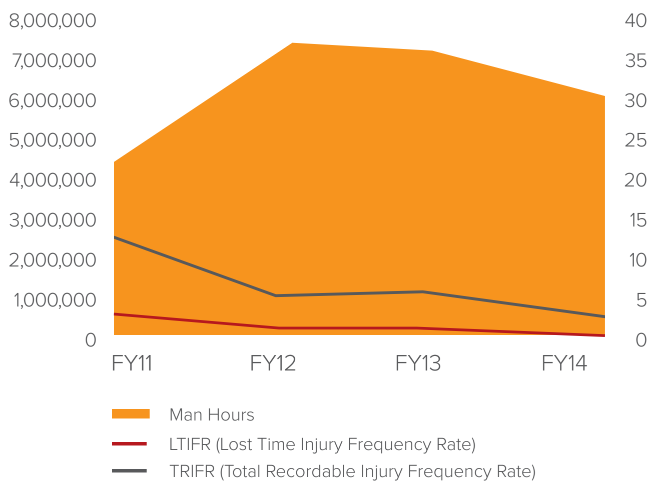
ENVIRONMENT

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 recertified in January 2013.

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

Although the industry continues to face some headwinds NRW is well placed commencing FY15 with a strong balance sheet and solid order book of $1 billion.

The group's balance sheet, funding facilities and solid cash position provide a strong foundation for future organic growth and to continue to review potential acquisitions or to implement Capital Management programs.

Further investigate sectors with cycles that are not directly correlated to mining industry (e.g. energy, infrastructure).

Ongoing focus on cost management programs, efficiencies and continuous improvement processes.

Revenues in FY15 which remain dependent on the timing of new work are expected to be between $1 billion to $1.2 billion of which circa $0.7 billion is currently in the order book.

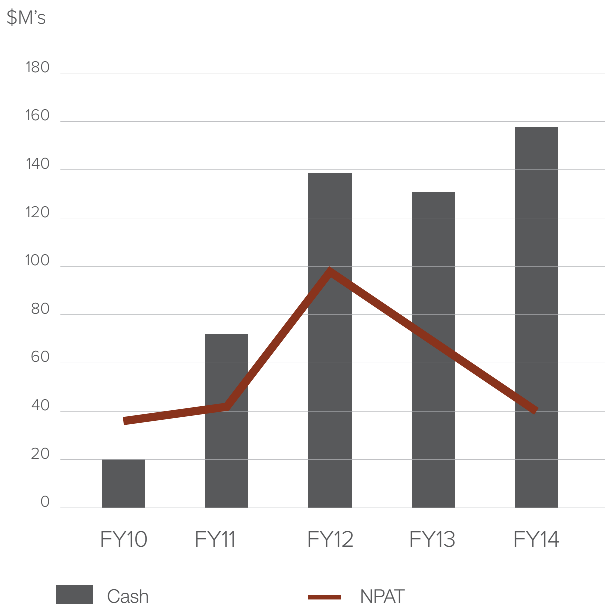
FINANCIAL YEAR REVIEW

FY14 REVIEW

NRW reported Revenue of $1.1 billion and net after tax profits ("NPAT") of $44.2 million both lower than the same period last year (Revenue of $1.4 billion and NPAT of $74.1 million). The reduction in business activity reflects the completion of a number of expansion programmes undertaken in Iron Ore and a challenging market environment particularly in the contract mining Coal sector.

The company's balance sheet continued to strengthen through the period with both cash balances and debt improving in the year to $155.5 million and $189.5 million respectively. Net debt reduced in the year by $54.6 million to $34.0 million reflecting strong cash flows from operations and lower Capex.

CASH AND NPAT



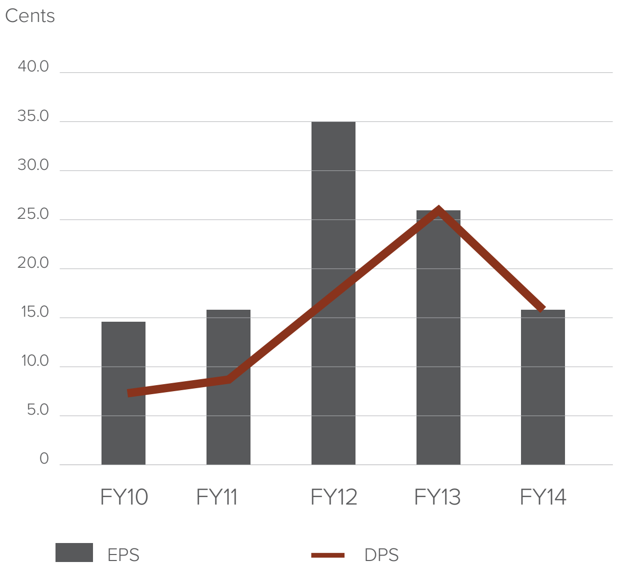
DIVISIONAL PERFORMANCE ($M's)	NRW Civil	NRW Mining	Action Drill & Blast	Action Mining Services
FY2014				
Revenue	842.3	186.9	110.0	28.0
Segment Profit	59.8	13.1	7.0	(0.8)
Return on revenue	7%	7%	6%	(3)%
FY2013				
Revenue	860.6	404.5	150.5	41.8
Segment Profit	92.0	17.9	16.8	3.3
Return on revenue	11%	4%	11%	8%

INVESTMENT RETURNS

Earnings per share were 15.9 cents.

The Directors declared a fully franked final dividend of 5.0 cents per share maintaining the final dividend at the same level as last year. Total dividends payable for the financial year will be 9 cents per share representing a payout ratio on after tax earnings of 57%, compared to a payout ratio of 49% in FY13.

EARNINGS & DIVIDENDS PER SHARE



CAPITAL EXPENDITURE

Capital expenditure of $30.1 million mostly relates to the buyout of drilling and civil fleet asset operating leases and major equipment maintenance. Capital expenditure was well below last year's level of $93.1 million which included the balance of equipment acquired to support the Middlemount Project and to grow the Drill and Blast business.

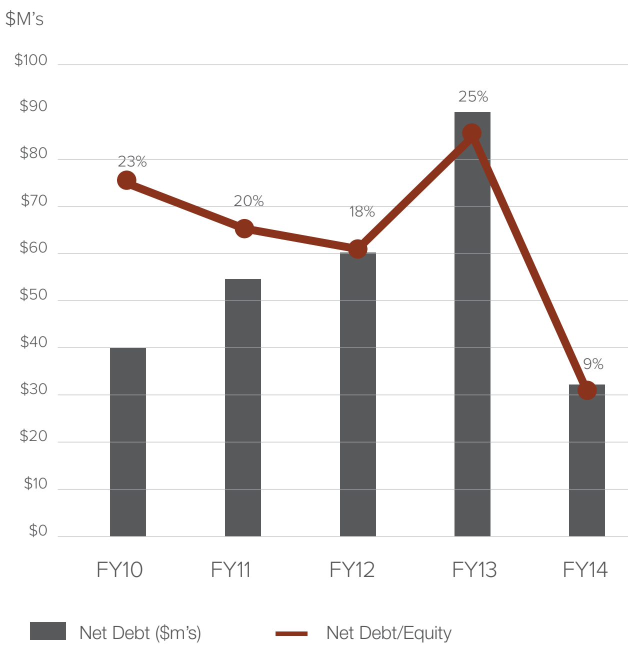
Capital Expenditure ($M's)	FY14	FY13	FY12
NRW Civil Division	10.9	11.8	16.6
NRW Mining Division	0.7	51.6	105.5
Drill & Blast	13.9	15.9	15.1
Action Mining Services	2.5	1.8	0.6
Miscellaneous	1.6	12.0	6.7
TOTAL	$29.6	$93.1	$144.4

BALANCE SHEET, CASH FLOW AND FUNDING

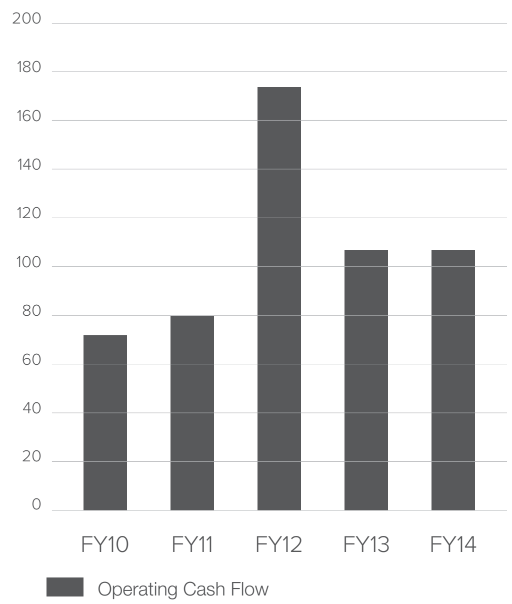
Cash balances improved by $24.5 million to $155.5 million whilst debt reduced by $30.1 million to $189.5 million. The improvement in the level of net debt was due to the operating result in the period, lower capital expenditure and tax refunds. Debt to Equity Gearing improved to 9.1% as at 30 June 2014. The business has undrawn facilities at year end which include $35 million for working capital, $90 million for contract guarantees/bonds and $71 million for asset financing.

The group's balance sheet, funding facilities and solid cash position provide a strong foundation for future organic growth and to continue to review potential acquisitions or to implement Capital Management programs.

NET DEBT POSITION



OPERATING CASH FLOW ($M'S)



BORROWING FACILITY ($M's)	Limit	Drawn	Available
Asset Funding	260.4	189.5	70.9
Working Capital	35.0	-	35.0
SUB TOTAL BORROWING	295.4	189.5	105.9
OTHER FACILITY	Limit	Drawn	Available
Bonding	280.0	207.9	72.1
Bank Guarantees	63.5	45.7	17.8
SUB TOTAL OTHER	343.5	253.6	89.9
TOTAL	638.9	443.1	195.8

SYSTEMS

Following a period of major investment in systems our focus in the financial year has been to ensure we generate value from that investment. The updated system has now been fully implemented across the company whilst development work, primarily in key areas such as project management and project reporting and plant management and control systems, are continuing.

FINANCIAL REPORT
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ROC F9C
Action
Drill & Blast

The Directors present their report together with the financial statements 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 2014.

DIRECTORS

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

Dr Ian Burston

Status Chairman - Independent Non-Executive Director

Qualifications, special responsibilities and other Directorships

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 and Chairman of Kogi Iron (formerly Energio Limited).

Dr Burston has a Bachelor of Engineering (Mech) degree from Melbourne University and a Diploma in Aeronautical Engineering from Royal Melbourne Institute of Technology. He has completed the Insead Management Course in Paris and the Harvard Advanced Management Program in Boston.

He was awarded the Western Australian Citizen of the Year (category of Industry and Commerce) in 1992, the Order of Australia (General Division) in 1993 and an Honorary Doctor of Science (Curtin) in 1995.

Dr Burston has held the following directorships of listed companies in the three years immediately before the end of the financial year:

- Non-Executive Director, Mincor Resources NL (Current)
- Non-Executive Director, Kogi Iron (formerly Energio Limited) (Current)

Julian Pemberton

Status Chief Executive Officer and Managing Director

Qualifications, special responsibilities and other Directorships

Mr Julian (Jules) 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.

John Cooper

Status Non-Executive Director

Qualifications, special responsibilities and other Directorships

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 led the group's South East Asian and Australian operations. He also headed CMPS&F, a design engineering and project management organisation specialising in oil and gas pipelines and compressor stations, mining and mine design, infrastructure and environmental contracts in Australia and South East Asia.

Mr Cooper held a role with the Sydney Olympic Games Organising Committee, responsible for all contingency planning and technology/Games management.

In August 2006, Mr Cooper was appointed by the South African conglomerate, Murray and Roberts Pty Ltd, as its representative and Deputy Chairman on the Clough Engineering Board, formulating overall strategy for the business and taking on an interim CEO position until a new management team was put in place in the restructured organisation.

In 2007 Mr Cooper was appointed to Murray and Roberts' international board which was responsible for group operations outside of South Africa, including the Middle East, Canada, Australia and the United Kingdom. After retiring from the Murray and Roberts group in 2010 he was subsequently appointed to the advisory council to the Bilfinger Berger Services group to assist in strategy and management development and planning.

Mr Cooper has held the following directorships of listed companies in the three years immediately before the end of the financial year:

- Non-Executive Director and Chairman, Southern Cross Electrical (Current)
- Non-Executive Director, Aurizon Holdings (Current)
- Non-Executive Director, Flinders Mines (Resigned 2012)
- Non-Executive Director, Neptune Marine Limited (Resigned 2013)

Michael Arnett

Status Non-Executive Director

Qualifications, special responsibilities and other Directorships

Mr Arnett was appointed as a Director on 27 July 2007.

Mr Arnett is a former consultant to, 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 Ltd and a Non-Executive Director of Seqwater.

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 Ltd (Current)
- Non-Executive Director, Nexus Energy Limited (Resigned 2012)

Jeffrey Dowling

Status Non-Executive Director

Qualifications, special responsibilities and other Directorships

Mr Dowling is a highly experienced corporate leader with 36 years' experience in professional services with Ernst & Young. He has held numerous leadership roles within Ernst & Young which focused on the mining, oil and gas and other industries.

His professional expertise centre around audit, risk and financial acumen derived from acting as lead partner on large public company audits, capital raisings and corporate transactions.

Mr Dowling's career with Ernst & Young culminated in his appointment as Managing Partner of the Ernst & Young Western Region for a period of five years. He also led Ernst & Young's Oceania China Business group, responsible for building Ernst & Young's Oceania relationships with Chinese Corporations.

Mr Dowling has a Bachelor of Commerce from University of Western Australia and is a fellow of the Institute of Chartered Accountants, the Australian Institute of company Directors and the Financial Services Institute of Australasia.

Mr Dowling is currently Chairman of Sirius Resources NL (ASX: SIR) and Pura Vida Energy NL and a non-Executive Director of Atlas Iron Limited (ASX: AGO).

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 co-ordination 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
Jeffrey Dowling(1)	6	6

(1) Since appointment on 21 August 2013.

During the 2014 financial year one meeting of the Nomination & Remuneration Committee was held. Certain responsibilities of the Nomination and Remuneration Committee were also considered at Board meetings by the full Board as required.

NRW's Board (L-R): Jeffrey Dowling, Michael Arnett, Ian Burston, John Cooper, Jules Pemberton.

Principal activities

NRW Holdings Limited provides diversified services to Australia's resource and infrastructure sectors through four business divisions, NRW Civil, NRW Mining, Action Drill and Blast and Action Mining Services. Further detail on the operation of each of these segments and the group is provided below.

RESULTS FOR THE FULL YEAR AND REVIEW OF OPERATIONS

Financial Performance

NRW reported Revenue of $1.1 billion and net after tax profits ("NPAT") of $44.2 million both lower than the same period last year (Revenue of $1.4 biillion and NPAT of $74.1 million). The reduction in business activity reflects the completion of a number of expansion programmes undertaken in iron ore and within a challenging market environment particularly in the contract mining Coal sector. It was however pleasing to secure the rail earthworks construction contract from Samsung C&T for the Roy Hill Project valued at $620 million, one of the largest projects to be undertaken by NRW.

The company's balance sheet continued to strengthen through the period with both cash balances and debt improving in the year to $155.5 million and $189.5 million respectively. Net debt reduced in the year by $30.1 million to $34.0 million reflecting strong cash flows from operations and lower Capex.

Profit before tax ("PBT") of $51.2 million was down on the same period last year reflecting lower activity across the business and an impairment expense ($4.8 million) further details of which are provided below. The full year effective tax rate at 14% reflects income tax and R&D credits. Net interest expense for the year was at a similar level to the previous financial year at $14.3 million.

NRW is a leading contractor in the mining and civil construction industries reporting its results through four business units the performance of which is outlined below:

	FY14			FY13		
	Revenue	Earnings	Margin	Revenue	Earnings	Margin
	$M	$M	%	$M	$M	%
Civil	842.3	59.8	7.1	860.6	92.0	10.7
Mining	186.9	13.1	7.0	404.5	17.9	4.4
Action Drill & Blast	110.0	7.0	6.4	150.5	16.8	11.2
Action Mining Services	28.0	(0.8)	(2.8)	41.8	3.3	7.9
Inter business sales	(32.7)	-		(83.1)	-	
Corporate costs		(8.9)			(10.6)	
Impairment		(4.8)			-	
Total Statutory Revenue / EBIT	1,134.5	65.5	5.8	1,374.4	119.4	8.7
Finance costs		(14.3)			(14.6)	
Taxation		(7.0)			(30.7)	
Net after tax earnings		44.2	3.9		74.1	5.4

NRW Civil Contracting

The provision of civil infrastructure and other construction services including rail formation, concrete works, bulk earthworks and detailed road and tunnel construction. The business secured a $620 million contract for the Roy Hill Project to construct approximately 330 kilometres of heavy haul rail formation. Sales in the year at $842.3 million were slightly down on the historic high levels reported last year and included work for Rio Tinto on a number of iron ore projects, earthworks for the Roy Hill mine site development and the Roy Hill Rail Project which was around 50% complete at 30 June 2014. The business delivered EBIT of $59.8 million, representing a 7.1% margin compared to 10.7% in the previous financial year reflecting a more competitive market.

NRW Mining Services

The provision of mining contracting services including earth moving, waste stripping, ore haulage and related ancillary services. Sales of $186.9 million were down on last year following the decision made by the client at the Middlemount Coal Mine to transition to a dry hire model and the loss of certain iron ore contracts as part of the industry majors cost improvement initiatives. Whilst EBIT reduced to $13.1 million, reflecting the sales reduction, it was pleasing to see an improvement in margins following cost restructuring initiatives implemented over the last 12 months and the positive contribution of some smaller projects completed during the year.

Action Drill and Blast

The provision of services to meet internal and external requirements regarding drilling and blasting activities in Australia predominantly in civil and mining projects. Revenues of $110 million and EBIT of $7 million were below last year due to lower civil work and consequently underutilisation of assets. The business secured a number of new contracts in the year including the drill and blast scope for the Roy Hill Rail Contract which improved utilisation in the second six months contributing to the better second half performance.

Action Mining Services

The provision of equipment repairs, sandblasting and painting services, service truck and water tanker fabrication and import services, including quarantine cleaning and the marketing and sales of the fabricated water and service trucks. Revenues in the business reduced to $28 million compared to $41.8 million in the prior comparative period reflecting a downturn in market activity. The lower revenues resulted in an operating loss of $0.8 million in the year compared to an operating profit of $3.3 million in the corresponding period. A number of business improvement and restructuring initiatives were implemented in the second half of the year. The business is expected to recover to profit in FY15 however reviews of the ongoing business concluded that the current carrying value of Goodwill be reduced by $4.8 million to reflect the more competitive market going forward. The impairment charge has been included in the full year result.

Balance Sheet, Operating Cash Flow and Capital Expenditure

Net assets increased by $19.1 million to $372.0 million in the year. Cash balances improved by $24.5 million to $155.5 million whilst debt reduced by $30.1 million to $189.5 million. The improvement in the level of net debt was due to the operating result in the period, lower capital expenditure and tax refunds. Capital expenditure of $29.6 million mostly relates to the buy out of drilling and civil fleet asset operating leases and major equipment maintenance. Capital expenditure was well below last year's level of $93.1 million which included the balance of equipment acquired to support the Middlemount Project and to grow the Drill and Blast business. Debt to Equity Gearing improved to 9.1% as at 30 June 2014. The business has undrawn facilities at year end which include $35 million for working capital, $90 million for contract guarantees/bonds and $71 million for asset financing.

People and Safety

NRW's success is built on our people, our combined passion and our underlying commitment to be a leading contractor in the resources and infrastructure industries. Workforce levels have increased in the year to 3,092 from 2,283 at June 2013 to support current major projects under construction. NRW remains committed to ensuring it retains core staff to maximise its capacity to secure and execute future work.

The company recognises that its long term success depends on the wellbeing and sustainable development of the communities in which it operates, comprising local communities and as well the traditional owners of the land. NRW has specific Indigenous employment targets and a successful Powerup Program which provides training and employment opportunities to Indigenous members of the community where the company works. The company also operates a number of projects in Joint venture with various Indigenous organisations to provide sustainable business opportunities to these groups and the communities they represent. Currently 8% of the workforce is Indigenous.

NRW is committed to achieving the highest possible performance in Occupational Health and Safety across its business operations. The success of programs core to the day to day management of safety like the "A Safe Day. Every Day" Program have contributed to further improvements to the safety performance of the company. The Lost Time Injury Frequency Rate (LTIFR) improved in the year to 0.17 compared to 0.55 in the previous financial year. The Total Recordable Injury Frequency Rate at 2.36 was significantly better than the previous year (5.47).

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.

Risk Management

NRW has risk management policies and procedures in place to provide early identification of business risks and to monitor the mitigation of those risks across all aspects of the business. These include risk assessment in the tender and contracting phase, management of specifically identified project risks, treasury management and credit risks. For further information in relation to NRW's risk management approach refer to principle 7 in the corporate governance statement.

Likely Developments and Outlook

Although the industry continues to face some headwinds NRW is well placed commencing FY15 with a strong balance sheet and solid order book of $1.1 billion. The group's balance sheet, funding facilities and solid cash position provide a strong foundation for future organic growth and to continue to review potential acquisitions or to implement Capital Management programs.

Revenues in FY15 which remain dependent on the timing of new work are expected to be between $1 billion to $1.2 billion of which circa $1.1 billion is currently in the order book.

Dividend

The Directors have declared a fully franked final dividend of 5 cents per share payable on 29 October 2014 maintaining the final dividend at the same level as last year (2013: 5 cents per share final dividend). Total dividends payable for the financial year will be 9 cents per share representing a payout ratio on after tax earnings of 57%, compared to a payout ratio of 49% in FY13.

Significant Events after Period End

No matter or circumstance has arisen since year end 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 periods.

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	3,014,404
Ian Burston	329,492
John Cooper	55,000
Michael Arnett	344,474
Jeffrey Dowling	90,000

Transactions between entities within the group and Director-related entities are set out in Note 34 to the financial statements.

Options over Unissued Shares or Interests

There were no options for ordinary shares on issue during the financial year, and none had been granted or were on issue as at the date of this report.

Performance Rights over Unissued Shares or Interests

As at the date of this report, there are 863,924 Performance Rights outstanding by the company. During the year 32,919 (2013: 96,849) 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.

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 46 to 59.

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 66 of this report.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 36 (page 117) 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 36 (page 117) 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 $269,525 (2013: $252,546).

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.

The NRW Audit and Risk Management Committee, comprising Mr Jeff Dowling (Chairman), Ian Burston and Mr Michael Arnett met twice during the financial year.

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 2014 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
Mr J Dowling	Non- Executive Director	Appointed as Non-Executive Director, 21 August 2013
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 A Walsh	Chief Financial Officer	Appointed 6 January 2014
Mr W Fair	General Manager - Action Drill & Blast Pty Limited	Appointed 1 March 2012
Mr D James	General Manager – Performance (group) and Executive Director of Action Mining Services	Appointed 4 March 2014
Mr K Hyman	Company Secretary, Risk Management & Legal	Appointed 10 July 2007
Mr T Raschella	Acting Chief Financial Officer	Acting appointment 7 August 2013 to 5 January 2014
Mr M Wallace	Chief Financial Officer	Appointed 8 December 2008 - Resigned 7 August 2013

The report refers to both Non-Executive Directors and Executive KMP. Unless noted Executive Directors are included in the 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
FY15	The financial year ending 30 June 2015
KMP	Key Management Personnel according to the definition of that term in the Corporations Act 2001 (Cth).
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. 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 that the remuneration received by Executive KMP displays 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.

The N&RC met once during the reporting period.

2. FIVE YEAR SNAPSHOT

Measure	2014	2013	2012	2011	2010
Market Capitalisation (30 June)	$256.6 million	$ 253.8 million	$842.2 million	$778.1 million	$246.2 million
Share Price at end of year	$0.92	$0.91	$3.02	$2.79	$0.98
Share Price at beginning of year	$0.91	$3.02	$2.79	$0.98	$0.95
Total Revenue	$1,134.5 million	$1,374.4 million	$1,360.8 million	$751.2 million	$615.6 million
EBITDA	$123.0 million*	$168.3 million	$195.5 million	$95.5 million	$87.5 million
EPS	15.9 cents	26.6 cents	34.8 cents	16.1 cents	14 cents
EPS Growth	(40.40%)	(23.3%)	116%	15%	(7%)
Net Profit After Tax	$44.2 million	$74.1 million	$97.1 million	$41.2 million	$35.1 million
Return on Capital Employed	16.7%	30.9%	44.6%	29.6%	31.4%
Interim Dividend paid	$0.04	$0.08	$0.08	$0.04	$0.03
Final Dividend declared in respect of the year	$0.05	$0.05	$0.10	$0.05	$0.03
Annual Total Shareholder Return (%)	9%	(67%)	15%	194%	9%

** Impairment charge of $4.8 million also added back to EBITDA.*

3. EXECUTIVE KMP REMUNERATION ARRANGEMENTS

3.1 Executive KMP Remuneration Strategy & Mix

NRW's executive remuneration program 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 program takes account 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.

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 program 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.

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 52).

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 FY12 award was intended as a transitionary award that provided for vesting in three tranches over three successive years. From FY13 onwards LTI awards vest 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 FY14 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 FY13 result to the ASX (i.e., on 21 August 2013 using VWAP of $1.0324), 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 FY14 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, CFO	20%	70%	30%	80%
Divisional General Managers	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; and
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 Total Recorded Injury Frequency Rate (TRIFR) 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 three LTI awards in place, being awards granted in FY12, FY13 and awards granted in the current reporting period (FY14).

The vesting criteria applicable to all 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 FY14 will be measured as to growth in NRW's EPS at the beginning of FY14 (end of FY13) to NRW's EPS at the end of FY16.
- 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 FY14 LTI Award are; Ausenco Limited, Macmahon Holdings Limited, Ausdrill Limited, Downer EDI Limited, Bradken Limited, Transpacific Holdings Limited, Sedgman Limited, Decmil Group Limited, Brierty Limited, Maca Limited and Watpac Limited (FY14 Comparator group). For FY14 NRW has used a comparator group that is the same as the FY13 Comparator group except Clough Limited has been removed as it is no longer listed. Clough has been replaced by Seymor White, which the Board felt represented a comparator company not currently in the comparator group.

The following table sets out the vesting period cut-in and scaling of each of the vesting hurdles for the FY12, FY13 and FY14 awards:

LTI Vesting Condition, Weighting	FY12 LTI Award		FY13 and FY14 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	100% of the ROCE limb vesting at 25% ROCE for most recently completed financial year	0% vesting at less than 19.99% ROCE for most recently completed financial year	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 vesting	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 vesting

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 and FY14 awards will be eligible to vest in a single tranche on 15 September 2015 and 15 November 2016 respectively, 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

If a KMP's employment with NRW ceases for reasons other than death or permanent disability, any unvested Performance Rights will lapse and expire unless the Board of NRW considers it appropriate in the circumstances to consider the vesting of any unvested shares. Where a KMP has died or becomes permanently disabled, 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.

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 withthe 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 up to six months 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

The following tables provide information on the remuneration of the Executive KMP for the year ending 30 June 2014 and comparable information for the previous year. Information is provided detailing

- Fixed Remuneration
- Short term incentive (STI) awards and the extent of STI forfeited in the year
- The weighting of measures within the STI and LTI scheme which were used in determining the extent of any award
- The number of Performance Rights granted in the year and the number of Performance Rights forfeited

The number of Performance Rights which vested in the year and the number of Performance Rights previously granted but which were forfeited in the year

The levels of Fixed remuneration to KMP was unchanged in the year. Minor changes in the remuneration table mostly reflect timing of payroll accruals and provision movements for the leave provisions.

4.2 Commentary on Performance

Overall the performance in the year was below the targets set by the board which resulted in significant parts of both the STI and LTI potential awards being forfeited. Revenue targets were exceeded at group level due to higher activity than planned in the Civil business. Profitability was below target and did not result in any award. Personal objectives including a continued improving Safety performance were met by some of the KMP. Personal objectives which were not met included equipment utilisation which was below the targets set by the board.

Final performance measures for the year resulted in the Managing Director and CEO achieving only 24.1% of the potential STI payment and consequently forfeiting 75.9% of the maximum STI payable under the scheme.

The STI objectives in the year are used to determine both the STI award and to determine the number of Performance Rights in the LTI scheme to be carried forward through the vesting period. As commented on above the level of performance in the year was below target and consequently the numbers of Performance rights retained as a percentage of the maximum number granted was relatively low. The CEO achieved 23.6% of the maximum number of rights granted under the scheme for FY14 resulting in 76.4% of rights being forfeited.

Performance Measures and STI and LTI outcomes FY14

KMP	Measures (STI& LTI)					Proportion of maximum STI Earned and Forfeited in FY14		Proportion of maximum LTI Earned and Forfeited in FY14	
	Group Financial	Divisional Financial	Personal	Safety	Total	Earned	Forfeited	Earned	Forfeited
	%	%	%	%	%	(%)	(%)	(%)	(%)
Mr J Pemberton	80	-	10	10	100	24.1	75.9	23.6	76.4
Mr W Rooney	40	40	10	10	100	21.1	78.9	22.6	77.4
Mr A J Walsh	40	-	50	10	100	36.2	63.8	N/A	N/A
Mr W Fair	30	50	10	10	100	12.9	77.1	10.9	79.1
Mr D James	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Performance Rights initially granted in the LTI scheme are retained or forfeited based on achievement against the annual targets. The retained rights are then subject to further performance criteria being met through the performance period. As detailed above, these criteria include meeting targets for Earnings per share growth, Return on Capital Employed and incrementing shareholder value compared to a benchmark group of companies, (RTSR). As each three year award period completes Performance Rights vest based on achievement against these criteria.

In the current financial year rights awarded in FY12 vested as disclosed in the FY13 annual accounts and as set out in the tables below. The number of rights which vested to KMP totalled 125,066. No further additional rights will vest on the 15th September 2014. Consequently 708,715 performance rights were forfeited.

FY12 LTI Awards vesting table

	Total Number of Performance Rights Granted under the FY12 Award	Tranche 1 Performance Rights that vested on 15 September 2012	Tranche 2 Performance Rights that vested on 15 September 2013	Tranche 3 Performance Rights eligible tovest on 15 September 2014	Total Performance Rights Forfeited
Mr J Pemberton	841,377	286,069	83,296	-	472,013
Mr W Rooney	348,448	118,472	34,496	-	195,480
Mr W Fair	73,479	24,983	7,274	-	41,222
Total	1,263,304	429,523	125,066	-	708,715

The FY13 LTI scheme remains in place until the performance period concludes at the end of FY15. The status of performance rights granted remains unchanged from that reported last year. In total 53,176 Performance rights have been granted. An updated assessment of the likely number of rights expected to vest on 15 September next year has been completed which shows only 18,075 of those rights are likely to vest given the results achieved in FY14. The reduction reflects the current market cycle and in particular awards which require similar performance to be achieved to that achieved at the top of the cycle.

FY13 LTI Awards and expected vesting

	Maximum potential number of Performance Rights for FY13 Award	No. Rights Forfeited	Total number of Performance Rights granted under the FY13 Award	Number of Performance Rights expected to vest on 15 September 2015
Mr J Pemberton	684,006	649,806	34,200	11,625
Mr W Rooney	255,362	248,017	7,345	2,497
Mr W Fair	88,317	76,686	11,631	3,953
Mr M Wallace	101,081	101,081	-	-
Total	1,128,766	1,075,590	53,176	18,075

The FY14 LTI scheme again includes a one year short term performance period which determines the final number of Performance rights to be retained of the maximum number granted under the scheme. Of the 2,946,980 maximum performance rights available to KMP 655,758 of those granted remain in place until the performance period concludes at the end of FY16.

FY14 LTI Awards and expected vesting

	Maximum potential number of Performance Rights for FY14 Award	No. Rights Forfeited	Total number of Performance Rights granted under the FY14 Award	No. of Performance Rights expected to vest on 15 November 2016
Mr J Pemberton	1,961,449	1,498,910	462,539	138,762
Mr W Rooney	732,274	566,567	165,707	49,712
Mr A J Walsh	-	-	-	-
Mr D James	-	-	-	-
Mr W Fair	253,256	225,744	27,512	8,254
Total	2,946,980	2,291,222	655,758	196,727

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 2014 and 30 June 2013:

IN AUD $		Short Term Benefits					Post Employment Benefits	Other Long Term Benefits	Share Based Payments	Total
Key management personnel	Year	Salary & fees	Termination Payment	STI cash bonus FY14	Non cash benefit [1]	Annual Leave [2]	Superannuation	Other [3]	Equity	
EXECUTIVE DIRECTORS										
Mr J Pemberton	2014	1,332,927	-	178,947	-	102,694	17,765	21,389	39,118	1,692,840
	2013	1,295,127	-	37,125	1,258	102,516	16,470	21,353	388,952	1,862,801
EXECUTIVES										
Mr W Rooney	2014	881,234	-	139,576	3,273	70,586	19,328	-	30,304	1,144,301
	2013	895,507	-	17,337	5,106	72,889	25,000	-	351,763	1,367,602
Mr A Walsh [5]	2014	295,751	-	75,000	-	23,326	6,549	-	-	400,626
	2013	-	-	-	-	-	-	-	-	-
Mr D James [6]	2014	129,667	-	-	-	10,168	7,519	-	-	147,354
	2013	-	-	-	-	-	-	-	-	-
Mr W Fair	2014	389,418	-	39,298	-	30,622	23,287	-	6,481	489,106
	2013	371,745	-	48,233	-	32,244	46,532	-	74,197	572,951
Mr K Hyman	2014	335,866	-	-	-	25,895	17,920	5,033	-	384,714
	2013	325,444	-	-	-	56,896	20,824	15,001	-	418,165
Mr T Raschella [4]	2014	173,216	-	-	646	8,770	6,978	1,828	-	191,438
	2013	-	-	-	-	-	-	-	-	-
Mr M Wallace [7]	2014	61,212	55,562	-	-	-	4,444	-	-	121,218
	2013	468,504	-	-	-	41,246	16,023	-	75,356	601,129
Total Compensated (Consolidated) - 2014	2014	3,599,291	55,562	432,821	3,919	272,061	103,790	28,250	75,903	**4,571,597**
Total Compensated (Consolidated) - 2013 [8]	2013	3,356,327	-	102,695	6,364	305,791	124,849	36,354	890,268	**4,822,648**

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 annual leave.
3-Represents the movement in accrued long service leave.
4-Mr T Raschella temporary appointment as Acting Chief Financial Officer for the period 7 August 2014 to 05 January 2014.
5-Mr A Walsh appointed as Chief Financial Officer 6 January 2014.
6-Mr D James appointed as General Manager – Performance (group) and Executive Director of Action Mining Services 4 March 2014.
7-M Wallace left the company on 7 August 2013.
8-General managers reporting to the Managing Director of the Civil and Mining business have been excluded from the KMP analysis.

FOR THE YEAR ENDED 30 JUNE 2014

For ordinary shares

Key Person	Held at 1 July 2013	Purchases[1]	Received as compensation	Received on options /rights exercised	Sales / transfers / net other change	Held at 30 June 2014
Dr I F Burston	329,492	-	-	-	-	329,492
Mr J Cooper	55,000	-	-	-	-	55,000
Mr M Arnett	344,474	-	-	-	-	344,474
Mr J Dowling	-	90,000	-	-	-	90,000
Mr J Pemberton	2,931,108	-	-	83,296	-	3,014,404
Mr W Rooney	118,472	118,472	118,472	39,001	-	157,473
Mr A Walsh	-	-	-	-	-	-
Mr W Fair	24,983	-	-	10,792	-	35,775
Mr K Hyman	-	-	-	-	-	-
Mr M Wallace	25,381	-	-	-	-	25,381
TOTAL	3,804,910	90,000	-	133,089	-	4,051,999

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

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
Dr I F Burston	329,492	-	-	-	-	329,492
Mr J Cooper	10,000	45,000	-	-	-	55,000
Mr M Arnett	344,474	-	-	-	-	344,474
Mr J Pemberton	2,534,539	110,500	-	286,069	-	2,931,108
Mr W Rooney	118,472	118,472	-	118,472	-	118,472
Mr W Fair	-	-	-	24,983	-	24,983
Mr K Hyman	-	-	-	-	-	-
Mr M Wallace	474	-	-	-	(22,474)	25,381
TOTAL	3,240,979	155,500	-	25,381	-	3,828,410

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

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

	Consolidated	
	2014	2013
Short term employee benefits	4,363,654	3,771,177
Other long term benefits	28,250	36,354
Post employment benefits	103,790	124,849
Share based payments	75,903	890,268
Total	**4,571,597**	**4,822,648**

5. NON-EXECUTIVE DIRECTORS 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	100,000
Mr M Arnett	100,000
Mr J Dowling	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 year ended 30 June 2014

IN AUD $	Short Term Benefits		Post Employment Benefits	Total
Non-executive directors	Salary & fees	Non cash benefit	Superannuation	
Mr I Burston	125,000	4,811	11,563	141,375
Mr J Cooper	100,001	3,304	9,250	112,557
Mr M Arnett	100,000	2,101	9,250	111,352
Mr J Dowling	83,847	3,892	7,756	95,495
FY14 NON-EXECUTIVE DIRECTORS TOTAL	408,848	14,108	37,819	460,779

For the financial year ended 30 June 2013

IN AUD $	Short Term Benefits		Post Employment Benefits	Total
Non-executive directors	Salary & fees	Non cash benefit	Superannuation	
Mr I Burston	125,000	9,087	8,438	173,775
Mr J Cooper	98,462	3,675	8,862	110,999
Mr M Arnett	100,000	7,368	9,000	116,368
Mr J Dowling	-	-	-	-
FY13 NON-EXECUTIVE DIRECTORS TOTAL	354,712	20,130	26,300	401,142

6. ADDITIONAL STATUTORY DISCLOSURES

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

Performance Rights Fair Value

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	23rd November 2011 & 12th March 2012			28 Nov 12	18 Jun 13	1 Jul 13	11 Nov 13
Award type				Performance Rights			
Vesting Conditions				Relative TSR, ROCE and EPS			
Share price at the grant date			$2.78	$1.48	$0.93	$0.88	$1.24
Tranche	1	2	3				
Vesting date	15 Sep 12	15 Sep 13	15 Sep 14	15 Sep 15	15 Sep 15	25 Nov 16	25 Nov 16
Expected life	0.8 years	1.8 years	2.8 years	3 years	2.2 years	3.4 years	3 years
Risk free interest rate	3.40%	3.09%	3.07%	2.66%	2.49%	2.88%	3.07%
Volatility	50%	50%	50%	50%	55%	60%	60%
Dividend yield	6.0%	6.0%	6.0%	9.0%	8.5%	8.50%	7.80%

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 RTSR condition is based on a Monte Carlo simulation whilst the EPS and ROCE conditions are based on Binomial Tree methodologies. Each valuation methodology used has been chosen from those available to incorporate an appropriate amount of flexibilty 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.

The following table sets out the basis of 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 FY13 and FY14 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).

		FY12 AWARDS							FY13 AWARDS			FY14 AWARDS		
		Tranche 1		Tranche 2			Tranche 3							
		Performance Rights that vested on 15 September 2012		Performance Rights that are eligible to vest on 15 September 2013			Performance Rights that are eligible to vest on 15 September 2014		Performance Rights that are eligible to vest on 15 September 2015			Performance Rights that are eligible to vest on 15 November 2016		
	Grant Date	EPS Growth & ROCE	RTSR	EPS Growth	ROCE	RTSR	EPS Growth & ROCE	RTSR	Grant Date	EPS Growth & ROCE	RTSR	Grant Date	EPS Growth & ROCE	RTSR
		($)	($)	($)	($)	($)	($)	($)		($)	($)		($)	($)
Mr J Pemberton	23/11/2011	2.65	1.70	2.49	2.65	1.70	2.35	1.61	28/11/2012	1.13	0.36	11/11/2013	0.66	0.44
Mr W Rooney	12/03/2012	3.73	2.93	3.52	3.52	2.64	3.31	2.50	18/06/2013	0.76	0.11	1/07/2013	0.98	0.68
Mr A Walsh	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr D James	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr W Fair	12/03/2012	3.73	2.93	3.52	3.52	2.64	3.31	2.50	18/06/2013	0.76	0.11	1/07/2013	0.98	0.68
Mr M Wallace	12/03/2012	3.73	2.93	3.52	3.52	2.64	3.31	2.50	18/06/2013	0.76	0.11	1/07/2013	0.98	0.68

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, 19 August 2014

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 2014.

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 2014, and the main corporate governance practices in place are set out below.

Principle 1: Lay Solid Foundation for Management and Oversight

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

Key responsibilities of the Board include:

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

Principle 2: Structure of the Board to Add Value

BOARD COMPOSITION

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

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

The Board currently has five Directors, four of whom are Non-Executive. The four 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
- Mr Jeffrey Dowling

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	7 years	2015 AGM
Mr Michael Arnett	27 July 2007	7 years	2014 AGM
Mr Julian Pemberton	1 July 2006	8 years	Not Applicable
Mr John Cooper	29 March 2011	3 years	2014 AGM
Mr Jeffrey Dowling	21 August 2013	Less than 1 year	2015 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 2014 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 dispatch 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

(a) NRW's Diversity policy incorporates measurable objectives as set by the Board and is assessed on an annual basis.

(b) NRW's Diversity policy can be found on the company's website www.nrw.com.au

(c) The measurable objectives include;

- The proportion of women employees in the whole organisation
- The proportion of women employees in Senior Executive roles; and
- The number of women on the Board

The Board had set an objective of women employed by the NRW Holdings group of 14.0%. For the year ended June 30, 2014 the actual percentage of women employed was 13.85%. It should be noted that within the NRW Civil & Mining (the largest segment employer) the actual number was 14.19%.

The number of senior women executives remained static at 16.67%.

During this year NRW has expanded the scope of its Graduate Program with seven new graduates including four women candidates accepted from the Human Resources and marketing streams.

There are no women members of the Board however the company remains committed to identifying suitable candidates for appointment.

NRW is a relevant employer under the Workplace Gender Equality Act and the company's most recent Gender Equality Indicators report is published on the website.

SECURITIES DEALING POLICY

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

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

Principle 4: Safeguard Integrity in Financial Reporting

AUDIT AND RISK MANAGEMENT COMMITTEE

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

The role of the Audit and Risk Management Committee includes:

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

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.

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

Principle 8: Remunerate Fairly and Responsibly

NOMINATION AND REMUNERATION COMMITTEE

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

Remuneration responsibilities:

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

- is designed to attract, maintain and motivate directors and senior management with the aim of enhancing the performance and long-term growth of the company;
- clearly sets out the relationship between the individual's performance and remuneration;
- 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 Financial Report and Statements 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 Financial Report and Statements.

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 meets its transparency obligations in the following manner:

- publishing a detailed Remuneration Report in the Annual Financial Report and Statements 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.

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte Touche Tohmatsu
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The Board of Directors
NRW Holdings Limited
181 Great Eastern Highway
Belmont WA 6104

19 August 2014

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 2014, 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, 19th August 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Consolidated	
	Notes	2014	2013
		$'000	$'000
Revenue	6	1,134,492	1,374,403
Finance income		1,990	786
Finance costs		(16,258)	(15,462)
Materials and consumables used		(209,495)	(243,343)
Employee benefits expense	8(a)	(386,159)	(426,805)
Subcontractor costs		(210,303)	(297,538)
Depreciation and amortisation expenses	8(a)	(52,753)	(48,885)
Impairment expense		(4,800)	-
Plant and equipment costs	8(a)	(195,128)	(226,169)
Other expenses		(10,398)	(12,224)
Profit before income tax		51,188	104,763
Income tax expense	9(a)	(6,952)	(30,656)
Profit for the year		44,236	74,107
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		(1)	28
Other comprehensive income (expense) for the year, net of tax		(1)	28
TOTAL COMPREHENSIVE INCOME		44,235	74,135
Profit Attributable to:			
Equity holders of the company		44,236	74,107
Total Comprehensive Income Attributable to:			
Equity holders of the company		44,235	74,135
		Cents	Cents
EARNINGS PER SHARE	10		
Basic earnings per share		15.9	26.6
Diluted earnings per share		15.8	26.5

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Consolidated	
	Notes	2014	2013
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	155,474	130,994
Receivables	12	200,541	205,052
Inventories	13	36,690	48,547
Current tax assets	9(c)	-	3,773
Other current assets	14	6,406	5,400
Total current assets		**399,111**	**393,766**
Non-current assets			
Intangibles	16	12,763	8,126
Property, plant and equipment	15	354,758	387,696
Goodwill	19	19,617	24,417
Total non-current assets		**387,138**	**420,239**
Total assets		**786,249**	**814,005**
LIABILITIES			
Current liabilities			
Payables	21	170,887	196,939
Borrowings	22	49,613	52,379
Current tax liabilities	9(c)	6,992	-
Provisions	23	17,178	16,139
Total current liabilities		**244,670**	**265,457**
Non-current liabilities			
Borrowings	22	139,867	167,191
Provisions	23	1,541	1,201
Deferred tax liabilities	9(d)	28,169	27,286
Total non-current liabilities		**169,577**	**195,678**
Total liabilities		**414,247**	**461,135**
Net assets		**372,002**	**352,870**
EQUITY			
Contributed equity	24	156,432	156,432
Reserves	25	2,772	2,777
Retained earnings	26	212,798	193,661
Total equity		**372,002**	**352,870**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Contributed equity	Foreign currency translation reserve	Share based payment reserve	Total Reserves	Retained earnings	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
BALANCE AT 1 JULY 2012		156,456	(242)	3,211	2,969	169,753	329,178
Profit for the year	26	-	-	-	-	74,107	74,107
Exchange differences arising on translation of foreign operations	25	-	28	-	28	-	28
Total comprehensive income for the year		-	28	-	28	74,107	74,135
Payment of dividends	27	-	-	-	-	(50.199)	(50,199)
Share based payments	25	-	-	1,042	1,042	-	1,042
Acquisition of treasury shares	24	(1,285)	-	-	-	-	(1,285)
Transfer to issued capital	24	1,261	-	(1,261)	(1,261)	-	-
BALANCE AT 30 JUNE 2013		156,432	(214)	2,992	2,778	193,661	352,871
BALANCE AT 1 JULY 2013		156,432	(214)	2,992	2,778	193,661	352,871
Profit for the year	26	-	-	-	-	44,236	44,236
Exchange differences arising on translation of foreign operations	25	-	(1)	-	(1)	-	(1)
Total comprehensive income for the year		-	(1)	-	(1)	44,236	44,235
Payment of dividends	27	-	-	-	-	(25,099)	(25,099)
Share based payments	25	-	-	226	226	-	226
Transfer to issued capital	24	231	-	(231)	(231)	-	-
Acquisition of treasury shares	24	(231)	-	-	-	-	(231)
		-	-	-	-	-	-
BALANCE AT 30 JUNE 2014		156,432	(215)	2,987	2,772	212,798	372,002

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

CONSOLIDATED STATEMENT OF CASH FLOWS

		Consolidated	
	Note	2014	2013
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,270,402	1,618,858
Payments to suppliers and employees		(1,156,701)	(1,453,433)
Interest paid		(16,258)	(15,462)
Interest received		1,990	786
Income tax paid		4,696	(46,213)
Net cash flow from operating activities	28(a)	104,129	104,535
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		5,324	12,326
Acquisition of property, plant and equipment		(29,555)	(93,138)
Net cash used in investing activities		(24,231)	(80,812)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		38,799	62,689
Repayment of borrowings and finance/hire purchase liabilities		(68,888)	(41,889)
Payment of dividends to shareholders		(25,099)	(50,198)
Acquisition of treasury shares		(231)	(1,285)
Net cash used in financing activities		(55,419)	(30,683)
NET INCREASE IN CASH AND CASH EQUIVALENTS		24,480	(6,961)
Cash and cash equivalents at beginning of the year		130,994	137,955
Cash and cash equivalents at the end of the year	11	155,474	130,994

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

1. GENERAL INFORMATION

NRW Holdings Limited (the 'company') is a public company listed on the Australian Securities Exchange which is 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 2014 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').

These financial statements were authorised for issue by the Directors on 18 August 2014.

2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, 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 controlled by the company and its subsidiaries. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 as disclosed where applicable. 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 operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group does not recognise its share of the gains and losses until it resells those assets to a third party.

2.7 Revenue recognition

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.

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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

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.

2.8 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.

2.9 Foreign currency translation

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.

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.

For the purpose of presenting consolidated financial statements of foreign operations, 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.

2.10 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.

2.11 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.

2.12 Employee benefits

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

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

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

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

2.13 Taxation

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

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 report period.

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.

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.

Research and Development Tax Offset

Whilst there exist several registrations for the tax offset surrounding research and development in the group no material amounts are expected in the near term. The repair and fabrication segment is in the final stages of testing and in due course marketing the research and development product currently underway.

2.14 Property, plant and equipment

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

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*
Major Plant and Equipment	*5 to 10 years (normally based on machine hours)*
Minor Plant and Equipment	*2 to 10 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 are normally reviewed at least annually. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

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

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

2.15 Intangible assets

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.

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.

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.

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).

2.16 Inventories

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

2.17 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.

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 based on the present value of future cash flows estimated to be required to settle the warranty obligation. Cash flows estimated based on the best estimate of the expenditure required to settle the group's obligation and history of warranty claims.

2.18 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.

2.19 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.

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.

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.

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.

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.

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.

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.

2.20 Financial liabilities and equity instruments

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.

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.

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.

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.

2.21 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.

2.22 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.

2.23 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.

2.24 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.

2.25 Earnings per share

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.

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.

2.26 Share-based payments

Share based compensation payments are provided to employees in accordance to the company's Long Term Incentive Plan ('LTIP') detailed in remuneration report.

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 the remuneration report. 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.

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.

Share based payments

The group measures the cost of equity settled transactions with key management personnel at the fair value of the equity instruments at the date at which they are granted. The fair value is determined using valuation methods detailed in the remuneration report. 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 as disclosed in the remuneration report. 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.

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.

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 2014 was $19.6 million (30 June 2013: $24.4 million). The Directors determined an impairment of goodwill during the current year of $4.8 million (2013: Nil). Details of the goodwill carrying amount can be found at Note 19.

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.

Useful lives of property, plant and equipment

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

Provision for warranties

As described in 2.17, the group recognises provisions for warranties for obligations in relation to specific construction contracts. The future outflow of cash has been estimated at the 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 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current year, the group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures' As a result the group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 (note 45.2.1 and 45.3.2 in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	The group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments have been applied retrospectively. As the group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statement.
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'	The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The amendments that are relevant to the group are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.
AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'	This standard makes amendment to AASB 1048 'Interpretation of Standards' following the withdrawal of Australian Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.
AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)	This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors. As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and Disclosures

In August 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', AASB 127 (as revised in 2011) 'Separate Financial Statements' and AASB 128 (as revised in 2011) 'Investments in Associates and Joint Ventures'. Subsequent to the issue of these standards, amendments to AASB 10, AASB 11 and AASB 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

The impact of the application of these standards is set out below.

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee has control over the investee is relevant to the group.
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 11 replaces AASB 131 'Interests in Joint Ventures', and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity). The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.
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'	AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	The group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes). AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements. AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the group has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see notes 15, 16 and 28 for the 2014 disclosures). Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	This standard amends AASB 10 and various Australian Accounting Standards to revise the transition guidance on the initial application of those Standards. This standard also clarifies the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

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 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015

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 AccountingStandards 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'.
- In December 2013 the AASB issued AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments. This amending standard has amended the mandatory effective date of AASB 9 to 1 January 2017. For annual reporting periods beginning before 1 January 2017, 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
Narrow-scope amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	30 June 2015
IFRS 14 Regulatory Deferral Accounts	1 January 2016	30 June 2017

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.

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.

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 works, bulk earthworks and detailed road and tunnel construction.
- **Mining Services.** The provision of mining contracting services including earth moving, waste stripping, ore haulage and related ancillary services.
- **Action Mining Services.** The provision of equipment repairs, sandblasting and painting services, service truck and water tanker fabrication and import services, including quarantine cleaning and the marketing and sales of the fabricated water and service trucks.
- **Action Drill & Blast.** The provision of services to meet internal and external requirements regarding drilling and blasting activities in Australia predominantly in civil and mining projects.

B) Geographical Information

The predominant core geographic region was Australia. The Guinea operations were completed during FY13.

Revenues and total assets for the two geographical segments comprise:

	Revenue from External Customers		Total Current and Non-Current Assets	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Australia	1,134,492	1,352,275	780,3498	807,652
West Africa - Guinea	-	22,128	5,901	6,353
Total	1,134,492	1,374,403	786,249	814,005

C) Reportable segment revenues and results

	Segment Revenue		Segment Profit (Loss)	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Civil Contracting	842,292	860,641	59,804	92,034
Mining Services	186,865	404,526	13,140	17,938
Action Drill & Blast	110,001	150,533	7,024	16,819
Action Mining Services	27,992	41,804	(780)	3,308
Eliminations	(32,658)	(83,102)	-	-
Total for continuing operations	1,134,492	1,374,402	79,188	130,099
Other unallocated expenses			(8,932)	(10,659)
Impairment expense			(4,800)	-
Net finance costs			(14,268)	(14,677)
Income tax expense			(6,952)	(30,656)
Profit for the period			44,236	74,107

D) Segment assets and liabilities

	Segment Assets	
	2014 $'000	2013 $'000
Civil Contracting	386,641	291,422
Mining Services	256,497	395,788
Action Drill & Blast	62,509	52,782
Action Mining Services	31,092	41,720
Other unallocated assets	49,510	32,292
Consolidated assets	786,249	814,005

	Segment Liabilities	
	2014 $'000	2013 $'000
Civil Contracting	(187,337)	(172,930)
Mining Services	(139,265)	(213,400)
Action Drill & Blast	(44,982)	(37,009)
Action Mining Services	(3,985)	(7,464)
Other unallocated liabilities	(38,679)	(30,332)
Consolidated liabilities	(414,248)	(461,135)

E) Information about major customers

Included in revenues arising from sales of Civil of $842.3m (2013: $860.6m) (see 5.C above) are revenues of approximately $361.3m (2013: $420.5m) which arose from the sales to the group's largest customer. Similarly, included in revenues arising from sales of Mining of $186.9m (2013: $404.5m) (see 5.C above) are revenues of approximately $116.2m (2013: $161.8m) which arose from the sales to the group's second most significant customer. No other single customer contributed 10% or more to the group's revenue for both 2014 and 2013.

F) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Civil Contracting	12,293	11,198	10,937	11,825
Mining Services	26,696	32,187	670	51,581
Action Drill & Blast	5,454	3,996	13,889	15,924
Action Mining Services	688	425	2,451	1,815
Other	7,622	1,078	1,607	12,003
Total for continuing operations	52,753	48,885	29,554	93,148

6. REVENUE

	Consolidated	
	2014	2013
	$'000	$'000
Revenue from all sources	1,134,492	1,374,403
Total Revenue	1,134,492	1,374,403

7. NET FINANCE EXPENSE

	Consolidated	
	2014	2013
	$'000	$'000
Interest Income	1,990	786
Total finance Income	1,990	786
Interest on obligations under finance leases	(16,246)	(15,450)
Interest on bank overdrafts and loans	(12)	(13)
Total finance expenses	(16,258)	(15,462)
Net finance expense	(14,268)	(14,677)

8. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

A) Other expenses

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

	Consolidated	
	2014	2013
	$'000	$'000
Depreciation of non-current assets	(49,654)	(43,930)
Amortisation	(3,099)	(4,955)
	(52,753)	(48,885)
Operating lease payments	(7,840)	(12,928)
Rental hire payments	(152,956)	(156,096)
Plant and other related costs	(34,332)	(57,145)
	(195,128)	(226,169)
Employee benefits expense:		
Wages and salaries	(364,247)	(396,984)
Superannuation contributions	(21,686)	(28,779)
Share based payments	(226)	(1,042)
	(386,159)	(426,805)

9. INCOME TAXES RELATING TO CONTINUING OPERATIONS

A) Recognised in profit or loss

	Consolidated	
	2014	2013
	$'000	$'000
Current tax expense		
Current year income tax	16,551	19,002
Adjustments for prior years income tax	(10,483)	524
	6,068	19,526
Deferred tax expense		
Origination and reversal of temporary differences	884	11,130
Total tax expense	6,952	30,656

B) Reconciliation of effective tax rate

	Consolidated	
	2014 $'000	2013 $'000
Profit for the period	51,188	104,763
Income tax using the company's domestic tax rate of 30%	15,356	31,429
Changes in income tax expense due to:		
Effect of expenses that are not deductible in determining taxable profit	503	161
Impairment losses on goodwill that are not deductible	1,440	-
Effect of previously unrecognised and unused tax losses	(1,155)	2
Adjustments recognised in the current year in relation to the current tax of prior years (effect of expenses that are not deductible in determining taxable profit)	225	(504)
Adjustments recognised in the current year in relation to the current tax of prior years (effect of income that is exempt from taxation)*	(9,194)	-
Adjustments recognised in the current year in relation to the current tax of prior years (effect of research and development concession)	(219)	(435)
Effect of different income tax rates for subsidiaries operating in a different tax jurisdiction	(4)	4
Total income tax expense	6,952	30,656
Effective tax rate	13.58%	29.26%

** An uncertain tax position was provided for in the prior year. The position has now been finalised and the provision reversed.*

C) Current tax assets and liabilities

	Consolidated	
	2014 $'000	2013 $'000
Current tax assets and liabilities		
Income tax receivable	-	3,773
Income tax payable	(6,992)	-
	(6,992)	3,773

The group is not part of a tax consolidated group.

D) Deferred tax balances

	Assets		Liabilities		Net	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Share based payments	311	313	-	-	311	313
Costs of equity raising FY2011	134	267	-	-	134	267
Provisions	5,560	5,202	-	-	5,560	5,202
Work in progress (construction)	-	-	(1,339)	(10,313)	(1,339)	(10,313)
Inventories	-	-	(8,787)	(9,098)	(8,787)	(9,098)
PP&E	88	171	(21,970)	(14,237)	(21,882)	(14,067)
Other creditors and accruals	3,031	3,169	(357)	-	2,673	3,169
Other assets	72	17	(4,911)	(2,775)	(4,839)	(2,758)
Deferred tax assets / (liabilities)	9,196	9,138	(37,364)	(36,424)	(28,169)	(27,286)

10. EARNINGS PER SHARE

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

	Consolidated	
	2014 $'000	2013 $'000
Profit for the year	44,236	74,107
Weighted average number of shares for the purposes of basic earnings per share	278,875	278,877
Basic earnings per share	15.9 cents per share	26.6 cents per share
Shares deemed to be issued for no consideration in respect of:		
-Performance rights	1,178	271
Weighted average number of shares used for the purposes of diluted earnings per share	280,053	279,148
Diluted earnings per share	15.8 cents per share	26.5 cents per share

11. CASH AND CASH EQUIVALENTS

	Consolidated	
	2014 $'000	2013 $'000
Cash and cash equivalents	155,474	130,994
	155,474	130,994

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

12. RECEIVABLES

A) Trade and other receivables

	Consolidated	
	2014 $'000	2013 $'000
Current receivables		
Trade receivables	45,999	67,096
Other receivables	1,591	434
Retentions	3,882	4,324
Securities (property bonds)	-	80
Subtotal	**51,472**	**71,934**
Construction work in progress (Note 20)	149,069	133,118
Total trade & other receivables	**200,541**	**205,052**

The average credit period on sales is normally 30 to 60 days. Allowances for doubtful debts are recognised against trade receivables where review of carrying values determines amounts are non-collectable.

B) Movement in the allowance for doubtful debts:

	Consolidated	
	2014 $'000	2013 $'000
Balance at the beginning of the year	-	-
Impairment losses recognised on receivables	52	-
Amounts written off during the year as uncollectible	(41)	-
Balance at end of year	**11**	**-**

C) Ageing of impaired trade receivables

	Consolidated	
	2014 $'000	2013 $'000
60-90 days	2	-
90-120 days	-	-
120+ days	9	-
Balance at end of year	**11**	**-**

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. No further allowance is deemed to be required in excess of the allowance for doubtful debts.

D) Age of receivables that are past due but not impaired

	Consolidated	
	2014 $'000	2013 $'000
60-90 days	649	3,112
90-120 days	682	159
120+ days	1,579	3,124
Total	2,910	6,395

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.

13. INVENTORIES

	Consolidated	
	2014 $'000	2013 $'000
Raw materials and consumables	34,139	42,953
Work in progress	2,551	5,594
Balance at 30 June	36,690	48,547

14. OTHER CURRENT ASSETS

	Consolidated	
	2014 $'000	2013 $'000
Prepayments	6,407	5,400
Total	6,407	5,400

15. PROPERTY, PLANT AND EQUIPMENT

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

	Land $'000	Buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Cost					
Balance at 30 June 2012	-	6,246	1,205	518,026	525,477
Effect of foreign currency exchange differences	-	-	-	9	9
Additions	3,218	1,201	34	76,090	80,543
Disposals	-	-	-	(36,771)	(36,771)
Balance as at 30 June 2013	**3,218**	**7,447**	**1,239**	**557,354**	**569,258**
Effect of foreign currency exchange differences	-	-	-	1	1
Additions	-	24	164	27,607	27,795
Reclassified to intangibles	-	-	-	(6,183)	(6,183)
Disposals	-	(957)	-	(13,151)	(14,108)
Balance as at 30 June 2014	**3,218**	**6,514**	**1,403**	**565,628**	**576,763**
Depreciation					
Balance at 30 June 2012	-	928	461	157,910	159,299
Depreciation and amortisation expense	-	1,052	131	42,698	43,881
Effect of foreign currency exchange differences	-	-	-	4	4
Disposals	-	-	-	(21,621)	(21,621)
Balance as at 30 June 2013	**-**	**1,980**	**592**	**178,991**	**181,563**
Depreciation and amortisation expense	-	733	143	48,777	49,654
Effect of foreign currency exchange differences	-	-	-	1	1
Reclassified to intangibles	-	-	-	(207)	(207)
Disposals	-	(605)	-	(8,400)	(9,005)
Balance as at 30 June 2014	**-**	**2,108**	**735**	**219,162**	**222,005**
Carrying values					
At 30 June 2013	**3,218**	**5,467**	**647**	**378,363**	**387,696**
At 30 June 2014	**3,218**	**4,406**	**668**	**346,466**	**354,758**

16. INTANGIBLES

Intangibles held by the consolidated entity include:

	Software and System Development	Licences	Total
	$'000	$'000	$'000
Cost			
Balance at 30 June 2012	1,005	-	1,005
Additions	11,165	1,429	12,594
Disposals	(51)	-	(51)
Balance as at 30 June 2013	12,119	1,429	13,548
Additions	1,735	24	1,759
Reclassified from property, plant and equipment	6,185	-	6,185
Disposals	-	-	-
Balance as at 30 June 2014	20,039	1,453	21,492
Amortisation			
Balance 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
Amortisation expense	2,566	533	3,099
Reclassified from property, plant and equipment	207	-	207
Disposals	-	-	-
Balance as at 30 June 2014	7,694	1,035	8,729
Carrying values			
At 30 June 2013	7,198	927	8,126
At 30 June 2014	12,345	418	12,763

17. CONSOLIDATED ENTITIES

Parent entity	Principle Activities	Country of incorporation	Ownership interest 2014	2013
NRW Holdings Limited	Holding Company	Australia	-	-
Wholly owned subsidiaries				
NRW Pty Ltd as trustee for NRW Unit Trust	Civil and Mining	Australia	100%	100%
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 is as follows:

	Consolidated	
	2014	2013
	$'000	$'000
Statement of comprehensive income		
Revenue	1,134,492	1,374,333
Finance income	1,990	786
Finance costs	(16,258)	(15,462)
Materials and consumables used	(209,494)	(243,322)
Employee benefits expense	(386,040)	(426,147)
Subcontractor costs	(210,423)	(298,751)
Depreciation and amortisation expenses	(52,728)	(48,871)
Impairment expense	(4,800)	-
Plant and equipment costs	(195,128)	(226,067)
Other expenses	(10,321)	(11,819)
Profit before income tax	**51,290**	**104,680**
Income tax expense	(6,989)	(30,627)
Profit for the year	**44,301**	**74,053**

	Consolidated	
	2014	2013
	$'000	$'000
Other comprehensive income		
Exchange differences arising on translation of foreign operations	-	-
Total comprehensive income for the year	**44,301**	**74,053**

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

	Consolidated	
	2014	2013
	$'000	$'000
Statement of financial position		
Assets		
Current assets		
Cash and cash equivalents	155,438	131,029
Trade and other receivables	200,541	205,052
Inventories	36,690	48,547
Current tax assets	-	3,733
Other current assets	6,395	5,388
Total current assets	**399,064**	**393,750**
Non-current assets		
Property, plant and equipment	354,741	392,544
Intangibles	12,763	3,236
Goodwill	19,617	24,417
Financial assets	3	3
Total non-current assets	**387,124**	**420,199**
Total assets	**786,188**	**813,949**
Liabilities		
Current liabilities		
Trade and other payables	170,960	193,390
Borrowings	49,613	52,379
Current tax liabilities	7,066	-
Provisions	17,178	19,910
Total current liabilities	**244,817**	**265,679**
Non-current liabilities		
Borrowings	139,867	167,191
Provisions	1,541	1,201
Deferred tax liabilities	28,170	27,286
Total non-current liabilities	**169,578**	**195,677**
Total liabilities	**414,395**	**461,356**
Net assets	**371,793**	**352,593**
Equity		
Issued capital	156,432	156,432
Reserves	2,987	2,991
Retained earnings	212,374	193,170
Total equity	**371,793**	**352,593**

18. UNINCORPORATED JOINT OPERATIONS

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

Name of Operation	Principal Activity	Group Interest	
		2014	2013
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%
NRW Njamal ICRG Joint Venture	Bulk Earthworks and services for the Iron Bridge (North Star Magnetite Project) for IB Operations PL (Fortescue Metals Group Limited).	50%	-

There has been no change in the group's ownership or voting interests for the reported years with the exception of the recently created new joint operations being NRW Njamal ICRG JV.

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	
	2014	2013
	$'000	$'000
Statement of financial performance		
Income	178,912	320,817
Expenses	(170,890)	(308,950)
Statement of financial position		
Current assets	43,815	69,176
Non-current assets	-	387
Current liabilities	37,339	61,961

19. GOODWILL

The carrying amount of goodwill is tested for impairment annually 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. The AMS business, the acquisition of which gave rise to the goodwill, sustained a loss in FY14 giving rise to a potential impairment. Internal reviews of the business valuation resulted in the recognition of a $4.8 million impairment. This impairment review was based on the historic performance of the business through a number of market cycles. The key driver in the valuation was historic cash flow. Estimated growth rates were assessed at 2.5% which were also included in the terminal valuation. The weighted average cost of capital used in the valuation, on a pre-tax basis, including a risk margin was 18.0% (2013: 18.0%).

The assessment was supported by the current board approved business plan. Given the valuation methodology which included a significant risk factor in the discount rate and the business plan support, the Directors concluded that any reasonable changes in the key assumptions on which the recoverable amount was based would not cause the cash generating unit to exceed the recoverable amount.

Cost

	Consolidated	
	2014	2013
	$'000	$'000
Balance at beginning offinancial year	27,127	27,127
Balance at end of financial year	**27,127**	**27,127**

Accumulated impairment

	Consolidated	
	2014	2013
	$'000	$'000
Balance at beginning offinancial year	(2,710)	(2,710)
Impairment losses recognised during the year	(4,800)	-
Balance at end of financial year	**(7,510)**	**(2,710)**

Carrying value

	Consolidated	
	2014	2013
	$'000	$'000
Balance at beginning offinancial year	24,417	24,417
Impairment losses recognised during the year	(4,800)	-
Balance at end of financial year	**19,617**	**24,417**

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

	Consolidated	
	2014	2013
	$'000	$'000
Contracts in progress		
Construction costs incurred plus recognised profits less recognised losses to date	1,261,655	1,343,617
Less: progress billings	1,112,586	1,210,499
	149,069	133,118
Recognised and included in the consolidated financial statements as amounts due:		
- from customers under construction contracts	163,770	139,191
- to customers under construction contracts	(14,701)	(6,073)
	149,069	133,118

21. PAYABLES

	Consolidated	
	2014	2013
	$'000	$'000
Current payables		
Trade payables	67,141	115,671
Goods and service tax	3,517	936
Non trade payables	14,830	14,940
Accruals	85,399	65,392
	170,887	196,939

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.

22. BORROWINGS

A) The group borrowings is comprised of:

	Consolidated	
	2014	2013
	$'000	$'000
Secured at Amortised Cost		
Current		
Finance lease liability	48,451	52,379
Insurance funding	1,162	-
Total Current	49,613	52,379
Non-Current		
Finance lease liability	139,867	167,191
Total Non-Current	139,867	167,191
Group Total	189,480	219,570

B) Finance facilities:

Consolidated finance facilities as at 30 June 2014

Finance description	Face value (limit) $'000	Carrying amount (utilised) $'000	Unutilised amount (utilised) $'000
Asset Financing (1)	260,400	189,477	70,923
Working Capital	35,000	-	35,000
Guarantees and other funds	63,500	45,662	17,838
Other	1,162	1,162	-

(1) Terms range from 2 to 5 years

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	35,000	-	35,000
Guarantees and other funds	63,500	32,284	31,216
Other	-	-	-

(1) Terms range from 2 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 (including goodwill) and unpaid/uncalled capital of the company excluding security attaching to other asset financiers.

23. PROVISIONS

	Consolidated	
	2014	2013
	$'000	$'000
Current		
Employee benefits	16,101	14,220
Warranty	1,077	1,919
Total current provisions	**17,178**	**16,139**
Non-current		
Employee benefits	1,354	1,201
Warranty	187	-
Total non-current provisions	**1,541**	**1,201**
Total current and non-current provisions	**18,719**	**17,340**

		Consolidated	
	Warranty provision (i)	Employee benefits (ii)	Total
	$'000	$'000	$'000
Balance at 1 July 2013	**1,919**	**15,421**	**17,340**
Provisions made during the year	-	19,804	19,804
Reductions arising from payments	-	(17,770)	(17,770)
Reductions resulting from re-measurement	(655)	-	(655)
Balance at 30 June 2014	**1,264**	**17,455**	**18,719**
Short-term provisions	1,077	16,101	17,178
Long-term provisions	187	1,354	1,541
Total balance at 30 June 2014	**1,264**	**17,455**	**18,719**

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 have been estimated at the best estimate of the expenditure required to settle the Group's obligation and history of warranty claims.

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

24. CONTRIBUTED EQUITY

Fully paid ordinary shares

	Consolidated	
	2014	2013
	$'000	$'000
Ordinary shares		
278,877,219 fully paid ordinary shares		
(2013: 278,877,219)	156,432	156,432

All issued shares are fully paid and rank equally. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

	Consolidated			
	2014	2013	2014	2013
	# No. '000	# No. '000	$'000	$'000
Fully paid ordinary shares. Balance at the beginning of the financial year	278,877	278,888	156,432	156,456
Acquisition of treasury shares	(146)	(587)	(231)	(1,285)
Transfer to contributed equity	146	576	231	1,261
Share issue costs	-	-	-	-
Balance at the end of the period	278,877	278,877	156,432	156,432

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 the directors remuneration report.

25. RESERVES

	Consolidated	
	2014	2013
	$'000	$'000
Share based payment reserve	2,987	2,991
Foreign currency reserve	(215)	(214)
Total reserves	**2,772**	**2,777**

	Consolidated	
	2014	2013
	$'000	$'000
Share based payment reserve		
Balance at the beginning of the financial year	2,992	3,211
Equity compensation	-	-
Shares issued for vested rights	(231)	(1,261)
Share based payments	226	1,042
Balance at the end of the financial year	**2,987**	**2,992**

	Consolidated	
	2014	2013
	$'000	$'000
Foreign currency translation reserve		
Balance at the beginning of the financial year	(214)	(242)
Exchange differences arising on translation of foreign operations	(1)	28
Balance at the end of the financial year	**(215)**	**(214)**
Total reserves	**2,772**	**2,777**

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

26. RETAINED EARNINGS

	Consolidated	
	2014	2013
	$'000	$'000
Balance at the beginning of the financial year	193,661	169,753
Net profit attributable to members of the parent entity	44,236	74,107
Dividends paid (Note 27)	(25,099)	(50,199)
Balance at the end of the financial year	**212,798**	**193,661**

27. DIVIDENDS

A) Dividends paid

	2014		2013	
	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts paid:				
Fully paid ordinary shares, fully franked				
Final dividend to 30 June 2013:	5.00	13,944		
Interim dividend to 31 December 2013:	4.00	11,155		
Final dividend to 30 June 2012			10.00	27,888
Interim dividend to 31 December 2012			8.00	22,311
		25,099		50,199
Unrecognised amounts:				
Fully paid ordinary shares, fully franked				
Final dividend to 30 June 2013			5.00	13,944
Final dividend to 30 June 2014	5.00	13,944		

On 18 August 2014, 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 2014.

B) Franking account

	Consolidated	
	2014	2013
	$'000	$'000
Franking account balance at 1 July	65,352	40,692
Australian income tax paid/(refund)[1]	(4,696)	46,174
Franking credits attached to dividends paid:		
- as final dividend	(5,976)	(11,952)
- as interim dividend	(4,781)	(9,562)
Franking account balance at 30 June	49,899	65,352
Franking credits that will arise from the payment /(refund) of income tax payable as at reporting date	7,066	(3,733)
Franking credits that will arise from the payment of dividends declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	(5,976)	(5,976)
Net franking credits available	50,989	55,643

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

28. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

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

	Consolidated	
	2014	2013
	$'000	$'000
Profit for the period	**44,236**	**74,107**
Adjustments for:		
Loss/(gain) on sale of property, plant and equipment	(221)	2,811
Net foreign exchange (gain)/loss	(1)	29
Depreciation and amortisation	52,753	48,885
Impairment	4,800	-
Share based payment expense	226	1,042
Operating profit before changes in working capital and provisions	**101,793**	**126,873**
Change in trade and other receivables	4,511	75,386
Change in inventories	11,857	(15,173)
Change in other assets	(1,007)	(1,253)
Change in trade and other payables	(26,052)	(53,479)
Change in provisions and employee benefits	1,379	(12,262)
Change in provision for income tax	10,764	(26,686)
Change in deferred tax balances	884	11,129
Net cash from operating activities	**104,129**	**104,535**

29. FINANCIAL INSTRUMENTS

Financial risk management

The Board has ultimate responsibility to manage the group's risk management policy. 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 to allow new growth. In addition, the going concern basis is reviewed throughout the year, ensuring adequate working capital is available.

Primarily interest bearing debt, cash, trade receivables and payables comprise the financial instruments in the group. The group has minimal foreign currency risks, although remnant operations exist in Guinea West Africa, including some assets that are strategically held there for new project development and bids. No cash is held other than to meet the day to day running costs of these remnant operations. This is constantly reviewed and reformulated where relevant to take into account changing markets and expected demand for these services that will utilise this equipment.

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. During the year there has not been any material change to project needs or funding arrangements. 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	
	2014	2013
	$'000	$'000
Borrowings (Note 22)	189,480	219,570
Cash (Note 11)	(155,474)	(130,994)
Net Debt	**34,006**	**88,576**
Equity	372,002	352,870
Net Debt to Equity Ratio	**9%**	**25%**

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 and remains largely unchanged from prior year. Under this arrangement a progressive drawdown is used to support the acquisition of new assets. Subsequently repayments are grouped into a tranche where a hire purchase schedule is set up at a fixed rate and set residual payment. Repayments are generally made quarterly (some historical borrowings remain as monthly repayments) and the progressive draw incurs interest only. Furthermore, the residual in most cases is set at 25% and term of the borrowing tends to be set for five years or as deemed relevant to that plant utilisation and life.

The bank requires covenants and ratio calculations to be met. The covenants are calculated quarterly. The Board continues to review its risk associated with any covenants and borrowing conditions on a regular basis.

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.

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. If the group were to consider a swing of 5% in the interest rate or cost of funds, there would not be a material impact to the cost of capital.

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 suitable credit control program, continuously monitoring forecast and actual cash flows, and considering the level of capital commitment commensurate with project demand and other market forces.

The estimated contractual maturity for its financial liabilities and financial assets are set out in the following tables. The tables show the effective interest rates and average interest rates as relevant to each class.

A) Consolidated interest and liquidity analysis 2014

	Effective interest rate %	Total $'000	0 to 30 days $'000	31 days to < 1 year $'000	1 to 5 yrs $'000	> 5yrs $'000
Financial assets						
Cash and cash equivalents	1.90%	155,474	155,474	-	-	-
Trade and other receivables	-	200,541	101,319	99,222	-	-
		356,015	256,793	99,222	-	-
Financial liabilities						
Asset financing	6.79%	216,649	1,823	59,536	155,290	-
Trade and other payables	-	170,887	96,667	74,220	-	-
		387,536	98,490	133,756	155,290	-

B) Consolidated interest and liquidity analysis 2013

	Effective interest rate %	Total $'000	0 to 30 days $'000	31 days to < 1 year $'000	1 to 5 yrs $'000	> 5yrs $'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	-

Foreign exchange and currency exposure

The group reports its functional currency in Australian dollars.

The Board considers that movements in foreign currency will have virtually no impact on operating profits, given that most projects are agreed and billed in Australian dollars and cash holdings in other currency other than AUD is negligible. Should foreign operations expand then suitable risk measures would be put in place accordingly. 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 transactions dealing in foreign currency are dealt with at spot.

The cash balances held in Guinea at 30 June 2014 (at spot) was $35,521 AUD (2013: $35,198 AUD).

Market movements are considered a 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 2014 stands at $45.7 million (2013: $32.3 million) and bonds held stand at $208.0 million (2013: $100.6 million).

30. FINANCE LEASES

Finance leases as lessee

Non-cancellable finance leases are payable as follows:

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

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 5.56% to 11.08% (2013: 7.0% to 10.25%).

	Minimum future lease payments		Present value of minimum future lease payments	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
No later than 1 year	61,359	61,658	49,613	52,379
Later than 1 year and not later than 5 years	155,290	194,482	139,867	167,191
Later than five years	-	-	-	-
Minimum future lease payments(1)	**216,649**	**256,140**	**189,480**	**219,570**
Less future finance charges	(27,169)	(36,571)	-	-
Present value of minimum lease payments	**189,480**	**219,570**	**189,480**	**219,570**

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

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

	Consolidated	
	2014	2013
	$'000	$'000
Current borrowings	49,613	52,379
Non-current borrowings	139,867	167,191
	189,480	**219,570**

31. OPERATING LEASES

Operating leases as lessee

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

	Consolidated	
	2014	2013
	$'000	$'000
Less than one year	-	8,278
Between one and five years	-	101
More than five years	-	-
	-	8,379

Property lease rentals are payable as follows:

	Consolidated	
	2014	2013
	$'000	$'000
Less than one year	3,175	3,037
Between one and five years	9,156	11,462
More than five years	-	867
	12,331	15,366

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.

32. CAPITAL AND OTHER COMMITMENTS

	Consolidated	
	2014	2013
	$'000	$'000
Capital expenditure commitments – Plant and equipment and Other		
Within one year	1,386	3,980
Between one and five years	-	23,083
Later than five years	-	-
	1,386	27,063

33. CONTINGENCIES

	Consolidated	
	2014	2013
	$'000	$'000
Bank guarantees	45,663	32,284
Insurance bonds	207,984	100,592
Balance at the end of the financial year	253,647	132,876

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. It is considered that the outcome of these claims will not have a materially adverse impact on the financial position of the consolidated entity.

34. RELATED PARTIES

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

A) Trading summary

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

Key management person and/or related party.	Transaction Booked in Group	Transaction Value 2014 $	Transaction Value 2013 $
(i) Other related party – Expense			
Mr W Fair – Northwest Quarries Pty Ltd	Purchase of of construction materials.	4,355,253	7,096,922
(ii) Inter Group Transactions			
NRW Pty Ltd – Purchases from Action Mining Services	Repairs and maintenance, plant and module purchases and labour hire.	8,935,604	10,644,444
NRW Pty Ltd – Sales to Action Mining Services	Back charges for labour and miscellaneous.	22,869	-
NRW Pty Ltd – Revenue from NRW Holdings	Transfer of grants and government incentives or payments received	-	316,227
NRW Pty Ltd - Sales to NRW-NYFL Joint Venture	Subcontractor Services	49,867,452	108,059,714
NRW Pty Ltd - Sales to NRW Eastern Guruma Joint Venture	Subcontractor Services	280,881,517	339,877,555
NRW Pty Ltd – Sales to OTOC Joint Venture	Subcontractor Services	-	480,691
NRW Pty Ltd – Sales to The Mid West Rail Joint Venture	Subcontractor Services	-	5,032,084
NRW Pty Ltd – Sales to City East Alliance	Subcontractor Services	-	623,244
NRW Pty Ltd – Sales to NRW- Eastern Guruma-NYFL Joint Venture	Subcontractor Services	801,920	73,755,163
NRW Pty Ltd – Sales to Action Drill & Blast	Back charges for plant, labour and other re project works	1,053,661	12,811
NRW Pty Ltd - Purchases from NRW Guinea SARL	Management Fee and cost back charges	119,186	1,212,930
Action Drill & Blast – Sales to NRW-Eastern Guruma-NYFL Joint Venture	Subcontractor Services	-	12,598,914
NRW Pty Ltd – Purchases from Action Drill & Blast	Drill & Blast Services and back charges	27,279,470	72,083,292
Action Drill & Blast – Sales to NRW-Eastern Guruma Joint Venture	Drill & Blast Services and back charges	3,659,143	13,044,018
Action Drill & Blast – Purchases from Action Mining Services	Repairs and maintenance, plant and module purchases and labour hire.	380,242	546,373
NRW Pty Ltd – interest charged from ACN 107 724 274	Interest levied on intercompany loan balances	4,585,809	-
ACN 107 724 274 – interest charged from Action Mining Services	Interest levied on intercompany loan balances	544,310	-

B) Related party outstanding balances

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

	Consolidated	
	2014 $'000	2013 $'000
Account Receivable Balances		
Other related parties	-	-
Total related party assets	-	-
Accounts Payable Balances		
Other related parties	9	2,104
Total related party payables	9	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.

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

	Consolidated	
	2014	2013
Short term employee benefits	4,363,654	3,771,177
Other long term benefits	28,250	36,354
Post employment benefits	103,790	124,849
Share based payments	75,903	890,268
Total	4,571,597	4,822,648

Detailed information on remuneration of key management personnel is set out in the Remuneration Report in the Directors Report.

35. EVENTS AFTER THE REPORTING PERIOD

Other than the events noted 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.

36. AUDITOR'S REMUNERATION

	Consolidated	
	2014	2013
	$	$
Audit services		
Auditors of thec ompany		
Deloitte Touche Tohmatsu	310,000	306,525
Other Services		
Deloitte Touche Tohmatsu		
- Coal levy audits	13,174	23,344
- Procurement strategy	513,798	230,000
Total	**836,972**	**559,869**

37. PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 30 June 2014 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	
	2014	2013
	$'000	$'000
Assets		
Current assets	247,353	220,782
Non-current assets	34,089	34,745
Total assets	**281,442**	**255,527**
Liabilities		
Current liabilities	8,424	230
Non-current liabilities	(595)	-
Total liabilities	**7,829**	**230**
Equity		
Contributed equity	156,456	156,456
Retained earnings	114,469	96,149
Reserves		
Share based payment reserve	2,688	2,692
Total equity	**273,613**	**255,297**

(B) Financial performance

	Parent	
	201t4	2013
	$'000	$'000
Profit for the year	43,421	31,328
Total comprehensive income	43,421	31,328

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

	Parent	
	2014	2013
	$'000	$'000
Debt borrowings	189,480	219,570

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

- NRW Pty Ltd ATF NRW Unit Trust
- Action Drill & Blast Pty Ltd
- Actionblast 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) are 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.

	2013 OLD	Adj.	2013 NEW
Profit for the year	32,631	(1,303)	31,328
Other comprehensive income (expense) for the year, net of tax	-	-	-
Total comprehensive income	32,631	(1,303)	31,328

	2013 OLD	Adj.	2013 NEW
Total current assets	222,085	(1,303)	220,782
Total non-current assets	34,745	-	34,745
Total assets	256,830	(1,303)	255,527
Total current liabilities	230	-	230
Total non-current liabilities	-	-	-
Total liabilities	230	-	230
Contributed equity	156,456	-	156,456
Reserves	2,692	-	2,692
Retained earnings	97,452	(1,303)	96,149
Total equity	256,600	(1,303)	255,297

The shareholder information set out below was applicable as at 4th August 2014. 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	197,061,131	70.66	135	1.63
10,001 to 100,000	58,591,789	21.01	2,134	25.79
5,001 to 10,000	13,574,477	4.87	1,667	20.15
1,001 to 5,000	8,882,769	3.19	2,837	34.28
1 to 1,000	777,845	0.28	1,502	18.15
Total	278,888,011	100.00	8,275	100.00
Unmarketable parcels	74,668	0.03	497	6.01

NRW's 20 Largest Shareholders

Rank	Name	Shares	% Interest
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	50,577,150	18.14
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	48,290,609	17.32
3	NATIONAL NOMINEES LIMITED	19,170,374	6.87
4	CITICORP NOMINEES PTY LIMITED	12,814,643	4.5
5	CITICORP NOMINEES PTY LIMITED<COLONIAL FIRST STATE INV A/C>	7,095,593	2.54
6	ZERO NOMINEES PTY LTD	5,338,688	1.91
7	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED<BKCUST A/C>	3,772,328	1.35
8	BNP PARIBAS NOMS PTY LTD<DRP>	2,656,102	0.95
9	JULIAN ALEXANDER PEMBERTONTHE J P TRUST	2,540,014	0.91
10	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,505,064	0.90
11	BRISPOT NOMINEES PTY LTD<HOUSE HEAD NOMINEE NO 1 A/C>	2,084,788	0.75
12	NATIONAL NOMINEES LIMITED<N A/C>	1,730,000	0.62
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,662,885	0.60
14	QIC LIMITED	1,541,366	0.55
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	1,324,346	0.47
16	MR STEVEN SCHALIT & MS CANDICE SCHALIT<SCHALIT FAMILY S/F A/C>	1,035,498	0.37
17	PRUDENTIAL NOMINEES PTY LTD	1,020,000	0.37
18	NATIONAL EXCHANGE PTY LTD	1,000,000	0.36
19	MR PETER DE SAN MIGUEL	843,367	0.30
20	ABN AMRO CLEARING SYDNEYNOMINEES PTY LTD<CUSTODIAN A/C>	834,286	0.30

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
Celeste Funds Mgt	20,985,408	7.5
Dimensional Fund Advisors	14,365,093	5.2

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.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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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 2014, the statement of profit or 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 67 to 118.

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 2014 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 46 to 59 of the directors' report for the year ended 30 June 2014. 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 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Perth, 19 August 2014

APPENDIX 4E
RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Change up / (down)	Year ended 30 June 2014	Year ended 30 June 2013
	%	$'000	$'000
Revenues from ordinary activities	(17.4)	1,134,492	1,374,403
Profit from ordinary activities after tax attributable to members	(40.31)	44,236	74,107
Total Comprehensive Income	(40.33)	44,235	74,135
Interim Dividend			
Date dividend is payable		9 April 2014	28 March 2013
Record date to determine entitlements to dividend		12 March 2014	4 March 2013
Interim dividend payable per security (cents)		4.0	8.0
Franked amount of dividend per security (cents)		4.0	8.0
Final Dividend			
Date dividend is payable		29 October 2014	29 October 2013
Record date to determine entitlements to dividend		10 October 2014	11 October 2013
Final dividend payable per security (cents)		5.0	5.0
Franked amount of dividend per security (cents)		5.0	5.0
Ratios and Other Measures			
Net tangible asset backing per ordinary security		1.22	1.15

Commentary on the Results for the Year

A commentary for the results for the year is contained in the statutory financial report dated 19 August 2014.

Status of Accounts

This statutory financial report is based on audited accounts

NRW HOLDINGS LIMITED - ACN 118 300 217

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